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COURTESY RECORDING

AMENDED AND RESTATED

DECLARATION OF

COVENANTS, CONDITIONS, RESTRICTIONS

AND RESERVATION OF EASEMENTS

FOR

PRINCETON TERRACE

A MASTER PLANNED COMMUNITY

LOCATED IN SANDY, UTAH

TABLE OF CONTENTS

FOR

AMENDED AND RESTATED

DECLARATION OF COVENANTS, CONDITIONS,

RESTRICTIONS AND RESERVATION OF EASEMENTS

FOR

PRINCETON TERRACE

P R E A M B L E:..... 1

 INTRODUCTION TO THE PROPERTIES 2

ARTICLE I DEFINITIONS AND INTERPRETATION..... 2

 1.1. (RESERVED.)..... 2

 1.2. DESIGN GUIDELINES..... 2

 1.4. ARTICLES..... 3

 1.5. ASSESSMENT..... 3

 1.6. ASSESSMENT RESIDENCE..... 3

 1.7. BOARD OR BOARD OF DIRECTORS..... 3

 1.8. BUDGET..... 3

 1.9. BYLAWS..... 3

 1.10. CAPITAL IMPROVEMENT..... 3

 1.11. CAPITAL IMPROVEMENT AND ASSESSMENT..... 3

 1.12. CITY..... 3

 1.13. CLOSE OF ESCROW..... 3

 1.15. COMMON AREA..... 3

 1.16. COMMON ASSESSMENT..... 3

 1.17. COMMON EXPENSES..... 4

 1.18. RESIDENCY GUIDELINES..... 4

 1.19. COMPLIANCE ASSESSMENT..... 4

 1.20. DECLARANT..... 5

 1.21. COMMON..... 5

 1.22. (RESERVED.)..... 5

1.23.	FAMILY.....	5
1.24.	FHA.....	5
1.25.	FHLMC.....	5
1.26.	FISCAL YEAR.....	5
1.27.	FNMA.....	5
1.28.	GNMA.....	5
1.29.	GOVERNING DOCUMENTS.....	5
1.30.	IMPROVEMENT.....	5
1.31.	INCLUDES, INCLUDING.....	6
1.32.	PAD.....	6
1.33.	MAINTENANCE FUNDS.....	6
1.34.	MANAGER.....	6
1.35.	ASSOCIATION.....	6
1.36.	ASSOCIATION PROPERTY.....	6
1.37.	DECLARATION.....	6
1.38.	MEMBER.....	7
1.39.	MEMBERSHIP.....	7
1.40.	MORTGAGE.....	7
1.41.	MORTGAGEE.....	7
1.42.	SINGLE-FAMILY ATTACHED & DETACHED AREA(S).....	7
1.44.	NEIGHBORHOOD BUILDER.....	7
1.45.	(RESERVED.).....	7
1.46.	NOTICE AND HEARING.....	7
1.47.	OWNER.....	7
1.48.	PERSON.....	7
1.49.	(RESERVED.).....	7
1.50.	PLAT, PLAT MAP, OR MAP.....	8
1.51.	PROPERTIES.....	8
1.52.	RECONSTRUCTION ASSESSMENT.....	8
1.53.	RECORD OR FILE.....	8
1.54.	RESERVES.....	8
1.55.	RESIDENCE.....	8
1.56.	RESIDENTIAL AREA.....	8
1.58.	SUBDIVISION.....	8
1.59.	SUPPLEMENTAL DECLARATION.....	8
1.60.	TELECOMMUNICATONS FACILITIES.....	8
1.61.	TELECOMMUNICATIONS SERVICES.....	9

1.62. VA.....	9
1.63. INTERPRETATION OF DECLARATION.....	9
1.63.1. General Rules.....	9
1.63.2. Statements in Italics.....	9
1.63.3. Intent of Declarant.....	9
1.63.5. Relationship to Other Governing Documents.....	10
1.63.6. Relationship of Planning Documents.....	10
1.63.7. Severability.....	10
ARTICLE II RESIDENTIAL AREA USE RESTRICTIONS.....	10
2.1 SINGLE FAMILY OCCUPANCY.....	10
2.1.1 Compliance With Law.....	11
2.1.2 Streets and Parking Areas.....	11
2.1.3 Exterior Effects.....	11
2.1.4 Insurance.....	11
2.1.5 Consistent.....	11
2.2 NUISANCES.....	11
2.3 SIGNS.....	11
2.3.1 Declarant and Neighborhood Builder Signs.....	11
2.3.2 Entry Monuments.....	12
2.3.3 Pads.....	12
2.3.4 Sale or Lease.....	12
2.3.5 Other Approved Displays.....	12
2.4 PARKING AND VEHICULAR RESTRICTIONS.....	12
2.4.1 Authorized Vehicles.....	12
2.4.2 Restricted Vehicles.....	12
2.4.3 General Restrictions.....	13
2.4.4 Parking and Street Regulations.....	13
2.5 ANIMAL RESTRICTIONS.....	13
2.6 EXTERIOR ITEMS.....	14
2.7 TEMPORARY BUILDINGS.....	14
2.9 INSTALLATIONS.....	14
2.10 ANTENNAE AND SATELLITE DISHES.....	14
2.11 DRILLING.....	16
2.12 LEASES AND TIMESHARES.....	16
2.12.1 General Rule.....	16

2.12.2	Limitation on Subleasing or Assignment of Pad.....	16
2.12.3	Prospective Application.	16
2.12.4	Authorization to Enter Lease.	17
2.12.5	Submission of Lease.	17
2.12.6	Hardship Exemption.	17
2.12.7	Enforcement.....	17
2.12.8	Liability of Owner for Tenant Conduct.....	18
2.12.9	Association’s Governing Documents.	18
2.12.10	No Transient or Hotel Purposes.	18
2.12.11	No Lease of less Than Entire Pad / Parking Space.....	18
2.12.12	Exception for Hortino, LLC.	18
2.13	DRAINAGE.	19
2.14	WATER SUPPLY SYSTEMS.	19
2.15	VIEW OBSTRUCTIONS.	19
2.16	SOLAR ENERGY SYSTEMS.....	19
2.17	(RESERVED.).....	19
2.18	INSTALLATION LANDSCAPING.	19
ARTICLE III		19
THE ASSOCIATION.....		19
3.1	ORGANIZATION.....	20
3.2	DUTIES AND POWERS.	20
3.3	SPECIFIC DUTIES AND POWERS.	21
3.3.1	Association Property.	21
3.3.2	Sewers and Storm Drains.....	21
3.3.3	Utilities.....	21
3.3.4	Granting Rights.	22
3.3.5	Telecommunications/Fiber Optic/Related Contracts.....	22
3.3.6	Right of Entry	22
3.4	COMMENCEMENT OF ASSOCIATION MAINTENANCE OBLIGATIONS	22
3.4.1	General Rule.	22
3.4.2	(Reserved.).....	22
3.5	CONVEYANCE OF ASSOCIATION PROPERTY.	22
ARTICLE IV DESIGN CONTROL		23
4.1	MEMBERS OF COMMITTEE.....	23
4.2	POWERS AND DUTIES.	23

4.2.1	General Powers and Duties.....	23
4.2.2	Issuance of Design Guidelines.	24
4.2.3	Retaining Consultants.	24
4.3	RIGHTS OF APPOINTMENT.	24
4.3.1	By Declarant.....	24
4.3.2	By the Board.	24
4.3.3	Notice of Appointment.	24
4.4	REVIEW OF PLANS AND SPECIFICATIONS	24
4.4.1	Improvements Requiring Approval.....	24
4.5	APPLICATION PROCEDURE.	24
4.6	STANDARD FOR APPROVAL.....	25
4.7	PRINCETON TERRACE DESIGN GUIDELINES.	26
4.8	MEETINGS OF THE COMMITTEE	26
4.9	NO WAIVER OF FUTURE APPROVALS.	26
4.10	COMPENSATION OF MEMBERS.	26
4.11	INSPECTION OF WORK AND RIGHT TO ORDER REMEDY.	26
4.11.1	Time Limit.....	26
4.11.2	Remedy.	26
4.12	SCOPE OF REVIEW.	26
4.13	VARIANCE.	27
4.14	PRE-APPROVALS.	27
4.15	APPEALS.....	27
4.15.1	Persons Who Have Appeal Rights.	27
4.15.2	Appeals of Association Decisions.....	27
4.15.3	Appeals of Decisions of Committee.	27
ARTICLE V	OWNERS' MEMBERSHIP AND VOTING RIGHTS.....	27
5.1	MEMBERSHIP INFORMATION.	28
5.2	DECLARANT'S VETO RIGHT.....	28
5.3	ACTIONS SUBJECT TO DECLARANT'S VETO.	28
5.3.1	Change in Design.	28
5.3.2	Committee.	28
5.3.3	Community Guidelines.....	28
5.3.4	Reduction in Services.	28
5.3.6	(Reserved.).....	28
5.3.7	Amendments.	28

ARTICLE VI	OWNERS' PROPERTY RIGHTS AND PROPERTY EASEMENTS.....	28
6.1	OWNERS' EASEMENT OF ENJOYMENT OVER ASSOCIATION PROPERTY.....	29
6.1.1	Association Exercise of Powers.	29
6.1.2	Suspension of Privileges.	29
6.1.3	Transfer of Property.	29
6.1.4	Declarant's Right to Access.	29
6.1.5	Declarant and Neighborhood Builder Rights.	29
6.1.6	Restricting Access.	29
6.1.7	Association Property Improvements.	29
6.1.8	Access to Public.	29
6.1.9	Other Easements.	30
6.2	EASEMENTS FOR VEHICULAR/PEDESTRIAN TRAFFIC.....	30
6.3	EASEMENTS FOR EMERGENCY VEHICULAR ACCESS AND PUBLIC SERVICE PURPOSES.....	30
6.4	EASEMENTS FOR PRIVATE AND PUBLIC UTILITY PURPOSES.....	30
6.5	EASEMENT FOR DECLARANT AND NEIGHBORHOOD BUILDERS.....	30
6.6	TELECOMMUNICATIONS EASEMENTS.....	30
6.6.1	Reservation of Telecommunications Easements.	30
6.6.2	Rights in Connection with Telecommunication Easements.	30
6.6.3	Limits on Use of the Properties.	31
6.7	MISCELLANEOUS EASEMENTS.....	31
6.7.1	Drainage.	31
6.7.2	Maintenance and Repair.	31
6.7.3	Easements on Plats.	31
6.7.4	Encroachments	31
6.9	WAIVER OF USE.....	31
6.10	RIGHT TO GRANT ADDITIONAL EASEMENTS.....	31
ARTICLE VII	ASSESSMENT COLLECTION.....	32
7.1	CREATION OF ASSESSMENT OBLIGATION.....	32
7.2	MAINTENANCE FUNDS.....	32
7.2.1	General Operating Fund.	32
7.2.2	General Reserve Fund.	32
7.2.5	Miscellaneous Maintenance Funds.	32
7.3	PURPOSE OF ASSESSMENTS.....	32
7.3.1	General Operations.	32

7.3.2	General Reserves.	33
7.4	ASSESSMENT COMPONENTS, RATES AND EXEMPTIONS	33
7.4.1	Assessment Residences.	33
7.4.2	General Assessment Component.	33
7.4.4	Excess Funds.	33
7.5	LIMIT ON COMMON ASSESSMENT INCREASES	34
7.5.1	Increases in the General Assessment Component.	34
7.5.3	Provisions Applicable to All Components of Common Assessments	34
7.6	SPECIAL ASSESSMENTS	34
7.6.1	Authorization.	34
7.7	COMMENCEMENT OF COMMON ASSESSMENTS	34
7.8	COLLECTION OF COMMON ASSESSMENTS	34
7.9	EXEMPT PROPERTY	35
7.9.1	Public Property.	35
7.9.3	Common Area.	35
7.9.4	Other.	35
7.10	CAPITALIZATION OF ASSOCIATION	35
7.10.1	Sale by Declarant or Neighborhood Builder	35
ARTICLE VIII	RESIDENTIAL AREA MAINTENANCE OBLIGATIONS	36
8.1	MAINTENANCE OBLIGATIONS OF OWNERS	36
8.1.1	General Responsibilities - Pads	36
8.1.2	General Responsibilities - Residences	36
8.1.3	Insurance Obligations.	36
8.1.4	Damage to Residences-Reconstruction	36
8.2	MAINTENANCE OBLIGATIONS OF THE ASSOCIATION	37
8.2.1	Responsibilities.	37
8.2.2	Inspection.	37
8.2.3	Damage to Association Property.	37
8.3	COMMON WALLS; ROOFS	37
ARTICLE IX	DAMAGE AND CONDEMNATION OF ASSOCIATION PROPERTY	39
9.1	REPAIR AND RECONSTRUCTION	39
9.2	OWNERS' RESPONSIBILITIES	39
9.3	EMINENT DOMAIN	39
ARTICLE X	INSURANCE OBLIGATION OF ASSOCIATION	39
10.1	CASUALTY INSURANCE	39

10.2	INSURANCE OBLIGATIONS OF OWNERS.....	40
10.3	WAIVER OF SUBROGATION.....	40
10.4	LIABILITY AND OTHER INSURANCE.....	40
10.5	NOTICE OF EXPIRATION REQUIREMENTS.....	41
ARTICLE XI RIGHTS OF MORTGAGEES.....		41
11.1	GENERAL PROTECTIONS.....	41
11.2	WRITTEN NOTIFICATION.....	41
11.3	RIGHT OF FIRST REFUSAL.....	41
11.4	ACQUISITION BY MORTGAGEE.....	41
11.5	RIGHTS UPON REQUEST.....	42
11.6	PAYMENTS OF DELINQUENT AMOUNTS.....	42
11.7	CONTRACTS.....	42
ARTICLE XII ENFORCEMENT.....		42
12.1	ENFORCEMENT OF RESTRICTIONS.....	42
12.1.1	Violations Identified by the Association.....	42
12.1.2	Violations Identified by an Owner.....	43
12.1.3	Legal Proceedings.....	43
12.1.4	Limitation on Expenditures.....	43
12.1.5	Additional Remedies.....	43
12.1.6	No Waiver.....	43
12.1.7	Right to Enforce.....	43
12.2	NONPAYMENT OF ASSESSMENTS.....	44
12.2.1	Remedies.....	44
12.2.2	The Association’s Lien.....	44
12.2.3	Foreclosure Sale.....	44
12.2.4	Cumulative Remedies.....	45
12.2.5	Assessments After Foreclosure.....	45
12.2.6	Receivers.....	45
12.3	DISPUTES WITH DECLARANT PARTIES.....	45
ARTICLE XIII DISCLOSURES.....		49
13.1	NO REPRESENTATIONS OR WARRANTIES.....	49
13.2	OFFERS OF DEDICATION.....	49
13.3	NONLIABILITY.....	49
13.4	INTRANET.....	49
13.5	NATURE OF THE COMMRESIDENCEY.....	50
13.6	ASSOCIATION BUDGETS.....	50

ARTICLE XIV GENERAL PROVISIONS	50
14.1 TERM.....	51
14.2 TERMINATION AND AMENDMENT.....	51
14.2.1 City Approval.....	51
14.2.2 Member Approval.....	51
14.2.3 Mortgagee Approval.....	51
14.2.4 Termination.....	52
14.2.5 Notice to Mortgagees.....	52
14.2.6 Certification of Amendments.....	52
14.2.7 Amendment Before First Close of Escrow.....	52
14.2.8 Other Amendments.....	53
14.2.9 Amendment by the Board.....	53
14.3 NO PUBLIC RIGHT OR DEDICATION.....	53
14.4 CONSTRUCTIVE NOTICE AND ACCEPTANCE	53
14.5 NOTICES.....	53
14.6 ADDITIONAL PROVISIONS.....	53
ARTICLE XV LAND CLASSIFICATIONS	54
ARTICLE XVI.....	54
[RESERVED.].....	54
ARTICLE XVII DECLARANT AND NEIGHBORHOOD BUILDER RIGHTS AND EXEMPTIONS	54
17.1 INTEREST OF DECLARANT.....	54
17.2 RIGHTS.....	54
17.2.1 Subdivision	55
17.2.2 Sales	55
17.2.3 Development.....	55
17.2.4 Construction.....	55
17.2.5 Signs	55
17.2.6 Creating Additional Easements.....	55
17.2.7 Sales and Leasing.....	55
17.2.9 Modifications.....	55
17.3 EXEMPTION.....	55
17.4 EXEMPTION FROM DESIGN RESTRICTIONS.....	55
17.5 ASSIGNMENT OF RIGHTS.....	56
17.6 EASEMENT RELOCATION.....	56
17.7 DECLARANT’S REPRESENTATIVE	56

17.9 RELATIONSHIP TO OTHER RESTRICTIONS.....	56
EXHIBIT A.....	58
EXHIBIT B.....	59
EXHIBIT C.....	60

**AMENDED AND RESTATED
DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND
RESERVATION OF EASEMENTS
FOR
PRINCETON TERRACE SUBDIVISION**

This Amended and Restated Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for PRINCETON TERRACE is made by ETV HOLDINGS, LLC, a Utah Limited Liability Company, (“**Declarant**”). The capitalized terms used in the Preamble are defined in Article I.

P R E A M B L E:

A. The Declarant is the Owner of the Subdivision, which is real property in Sandy City, County of Salt Lake, Utah, described on the attached legal description as **Exhibit A**:

B. Declarant and all of the Neighborhood Builders have agreed or will agree that all of the Residential Area will be developed with certain common objectives, and that Owners of Pads within the Residential Area will have certain common interests. The Residential Area will be developed with objectives designed to benefit all within the Properties. This common development scheme created by Declarant imposes reciprocal burdens and benefits on all of the Properties.

C. Declarant deems it desirable, for the efficient preservation of the amenities in the Properties, to create a subdivision in a master planned community. The general plan of development of the Properties will include forming a corporation pursuant to the Utah Revised Nonprofit Corporations Act to which will be assigned the powers of (1) owning, maintaining and administering the Association Property, (2) administering and enforcing the Governing Documents, (3) collecting and disbursing Assessments and maintaining the association property. The Members of the Association will be the Owners of Pads in the Properties, as further provided in Article III of this Declaration.

D. Declarant declares that the Properties will be transferred, encumbered, leased, used and improved subject to this Declaration, which is for the purpose of enhancing the attractiveness and desirability of the Properties, in furtherance of a general plan for the protection, maintenance, subdivision, improvement and sale of the Properties. The covenants, conditions, restrictions, reservations, easements and equitable servitudes in this Declaration will (1) run with and burden the Properties and be binding upon all Persons having or acquiring any interest in the Properties, their heirs, successors and assigns; (2) inure to the benefit of the Properties and all interests therein; (3) inure to the benefit of and be binding upon Declarant, the Neighborhood Builders, and their respective successors-in-interest, each Owner and each Owner’s successors in interest; and (4) may be enforced by Declarant, any Neighborhood Builder, any Owner and the Association.

E. This Declaration supersedes and replaces in its entirety all prior declarations and restrictive covenants, namely:

- a) Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for East Town Village Town Homes located in Sandy City, Utah

recorded on June 9, 2011, as Entry No. 1195616 at book 9929, page 7554, in the office of the Salt Lake County Recorder, state of Utah.

- b) Declaration of Restrictive Covenant recorded on November 4, 2015, as Entry No. 12164363 at book 10376, page 6624, in the office of the Salt Lake County Recorder, state of Utah.
- c) Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Princeton Terrace, a Master Planned Community located in Sandy City, Utah recorded on July 2, 2020, as Entry No. 13317606 at book 10972, page 8433, in the office of the Salt Lake County Recorder, state of Utah.
- d) Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Princeton Terrace, a Master Planned Community located in Sandy City, Utah recorded on August 31, 2020, as Entry No. 13380549 at book 11010, page 6737, in the office of the Salt Lake County Recorder, state of Utah.
- e) Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Princeton Terrace, a Master Planned Community located in Sandy City, Utah recorded on February 1, 2021, as Entry No. 13552094 at book 11110, page 397, in the office of the Salt Lake County Recorder, state of Utah.
- f) Fourth Amendment to the Amended and Restated Declaration of Condominium for East Town Village Condominium for East Town Village Condominium an Expandable Utah Condominium Project recorded on July 1, 2021, as Entry No. 13706252 at book 11200, page 2881, in the office of the Salt Lake County Recorder, state of Utah.

INTRODUCTION TO THE PROPERTIES

Declarant has established this Declaration to provide a governance structure for the community in the Properties. The Association is the homeowner's association formed to manage, maintain and govern the Properties. The Association's powers are described in Sections 3.2 and 3.3. The majority of the Association's business is overseen by its Board of Directors. Day-to-day activities are supervised by the Association's officers and the Community Manager.

Procedures for calling Member meetings are also contained in the Bylaws.

ARTICLE I DEFINITIONS AND INTERPRETATION

The following defined terms shown in bold have the meanings given in this Article and are subject to the limitations described in this Article.

1.1. (RESERVED.)

1.2. DESIGN GUIDELINES. Design Guidelines mean the design standards, guidelines, procedures and rules adopted pursuant to Article IV.

1.3. (RESERVED.)

1.4. ARTICLES. Articles mean the Articles of Incorporation of the Association as amended or restated. A copy of the initial Articles is attached as *Exhibit B*.

1.5. ASSESSMENT. Assessment means any Common Assessment, Capital Improvement Assessment, Compliance Assessment or Reconstruction Assessment.

1.6. ASSESSMENT RESIDENCE. Assessment Residence means a Residence of value assigned to Pads that is used to calculate each Pad's share of Common Expenses and to establish the number of votes assigned to each Pad.

1.7. BOARD OR BOARD OF DIRECTORS. Board or Board of Directors means the Association's Board of Directors.

1.8. BUDGET. Budget means a written, itemized estimate of the Association's income and Common Expenses.

1.9. BYLAWS. Bylaws mean the Bylaws of the Association initially in the form of Exhibit C, as amended or restated.

1.10. CAPITAL IMPROVEMENT. Addition of an Improvement to a Common Area or Association Property which did not previously exist, or expansion of an existing Improvement to a Common Area or Association Property, or installation of a better-quality facility, product, or repair to an existing Improvement to a Common Area or Association Property.

1.11. CAPITAL IMPROVEMENT AND ASSESSMENT. Capital Improvement Assessment means a charge against the Owners and their Pads and representing a portion of the cost to the Association for installing or constructing Capital Improvements on the Association Property. Capital Improvement Assessments will be levied in the same proportion as Common Assessments.

1.12. CITY. City means Sandy City, Utah, and its various departments, divisions, employees and representatives.

1.13. CLOSE OF ESCROW. Close of Escrow means the date on which a deed is Recorded conveying a Pad to a member of the public. The term "Close of Escrow" does not include the Recordation of a deed (i) between Declarant and (a) any successor to any rights of the Declarant or (b) any Neighborhood Builder, (ii) or between Neighborhood Builders.

1.14. (RESERVED).

1.15. COMMON AREA. Common Area means land within the Properties (a) designated in the recorded Plat as "common area," (b) owned or maintained by the Association for the primary benefit of the Owners.

1.16. COMMON ASSESSMENT. Common Assessment means a charge against the Owners and their Pads to be used to satisfy Common Expenses. Common Assessments are composed of a "General Assessment Component".

1.17. COMMON EXPENSES. Common Expenses means those expenses for which the Association is responsible under this Declaration, including, but not limited to, the actual and estimated costs of the following:

- Maintaining, managing and operating the Common Area;
- Unpaid Capital Improvement Assessments, Common Assessments, Compliance Assessments and Reconstruction Assessments;
- Any commonly metered utilities or other commonly metered charges not paid for the Association;
- Managing and administering the Association;
- Compensation paid by the Association to managers, accountants, attorneys and Association employees and contractors;
- All utilities, landscaping, trash pickup and other services benefiting the Association Property or Common Area;
- Maintaining address identification signs;
- Fire, casualty and liability insurance, worker's compensation insurance, and other insurance covering the Properties and the directors, officers and agents of the Association;
- Bonding the members of the Association Board of Directors, its officers and other representatives;
- Taxes paid by the Association;
- Amounts paid by the Association for discharge of any lien or encumbrance levied against the Properties;
- Reasonable reserves;
- Providing protective services for the Association Property or other portions of the Properties;
- Payments under contracts entered into by the Association;
- Expenses designated as Common Expenses in Supplemental Declarations;
- All other expenses incurred by the Association for any reason whatsoever in connection with the Properties, for the common benefit of the Owners.

1.18. RESIDENCY GUIDELINES. Community Guidelines mean the Community Guidelines adopted, amended or restated by the Board.

1.19. COMPLIANCE ASSESSMENT. Compliance Assessment means a charge against a particular Owner directly attributable to or reimbursable by that Owner equal to the cost

incurred by the Association for corrective action performed pursuant to the Governing Documents, or a fine or penalty assessed by the Board, plus interest and other charges on such Compliance Assessments as provided for in the Governing Documents. Compliance Assessments may include any collection costs, expenses and reasonable attorneys' fees.

1.20. DECLARANT. Declarant means ETV HOLDINGS, LLC, a Utah limited liability company, its successors and any Person to which it shall have assigned any rights hereunder by express written assignment. Any such assignment may include some or all of the rights of the Declarant and may be subject to such purposes, conditions or limits as ETV HOLDINGS, LLC, may impose in its sole and absolute discretion. As used in this Section, "successor" means a Person who acquires Declarant or substantially all of its assets, or who merges with Declarant, by sale, merger, reverse merger, consolidation, sale of stock or assets, operation of law or otherwise.

1.21. COMMON WALLS. Common Wall(s) means the walls in each structure that divide and are located between any two (2) adjoining Residences in a single structure. The Common Walls are used by the Owners of adjoining Residences in a single structure, and are subject to the provisions of Section 8.3 and the subsections thereof.

1.22. (RESERVED.)

1.23. FAMILY. Family means (a) one Person or a group of natural Persons related to each other by blood, marriage or adoption, or (b) a group of natural Persons defined by Sandy City Zoning Code to be a family.

1.24. FHA. FHA means the Federal Housing Administration of the United States Department of Housing and Urban Development and its successors.

1.25. FHLMC. FHLMC means the Federal Home Loan Mortgage Corporation created by Title II of the Emergency Home Finance Act of 1970, and its successors.

1.26. FISCAL YEAR. Fiscal Year means the fiscal accounting and reporting period of the Association.

1.27. FNMA. FNMA means 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 its successors.

1.28. GNMA. GNMA means the Government National Mortgage Association administered by the United States Department of Housing and Urban Development, and its successors.

1.29. GOVERNING DOCUMENTS. Governing Documents mean this Declaration, all Supplemental Declarations, the Articles, Bylaws, the Design Guidelines and the Community Guidelines.

1.30. IMPROVEMENT. Improvement means any structure, vegetation or appurtenance including buildings, walkways, irrigation systems, garages, roads, driveways, parking areas, fences, walls, stairs, decks, landscaping, antennae, the paint on all exterior surfaces, windbreaks, patio covers, railings, gates, poles, exterior air conditioning and water-softening fixtures or equipment.

1.31. INCLUDES, INCLUDING. Whether capitalized or not, includes and including mean “includes without limitation” and “including without limitation,” respectively.

1.32. PAD. Pad means a pad or parcel of land shown on a Recorded subdivision plat of any portion of the Properties, including any Pad or Residence or building pad or site in a Residential Area, but not the Common Area. Pad will also mean any portion of a lot or parcel of land designated as a Pad in a Supplemental Declaration.

1.33. MAINTENANCE FUNDS. Maintenance Funds mean the accounts created for the Association receipts and disbursements pursuant to Article VII.

1.34. MANAGER. Manager means the Person or Entity who provides professional community management for the Association.

1.35. ASSOCIATION. Association means the PRINCETON TERRACE ASSOCIATION, a Utah nonprofit corporation, its successors and assigns. This Association was formed on May 20, 2020 by filing Articles of Incorporation with the State of Utah.

1.36. ASSOCIATION PROPERTY. Association Property means all the real property and Improvements which are owned in fee simple by the Association, or for which the Association has rights or obligations by easement, lease, encroachment permit, license or other agreement. Association Property may include areas on public property designated by a local government agency for maintenance by the Association pursuant to this Declaration, any Supplemental Declaration, any agreement or Recorded plat. The Association Property of the Subdivision will be identified in the Plat and/or designated in Recorded Supplemental Declarations. On the last Close of Escrow for the Properties, the Association Property will include all of the Improvements, including the landscaping, fencing and irrigation system (payment for the pressurized irrigation service bill on the common areas is the responsibility of the Homeowners Association), located at C/O PRINCETON TERRACE ASSOCIATION: 8371 S. State Street, Suite 202, Sandy, UT 84070. Moreover, and notwithstanding anything to the contrary herein, the Association property shall include the property described on Exhibit “D” hereto.

1.37. DECLARATION. Declaration means this entire instrument, and its exhibits, as amended or restated. This Declaration supersedes and replaces in its entirety all prior declarations and restrictive covenants, namely:

1.37.1. Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for East Town Village Town Homes located in Sandy City, Utah recorded on June 9, 2011, as Entry No. 1195616 at book 9929, page 7554, in the office of the Salt Lake County Recorder, state of Utah.

1.37.2. Declaration of Restrictive Covenant recorded on November 4, 2015, as Entry No. 12164363 at book 10376, page 6624, in the office of the Salt Lake County Recorder, state of Utah.

1.37.3. Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Princeton Terrace, a Master Planned Community located in Sandy City, Utah recorded on July 2, 2020, as Entry No. 13317606 at book 10972, page 8433, in the office of the Salt Lake County Recorder, state of Utah.

1.37.4. Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Princeton Terrace, a Master Planned Community located in Sandy City, Utah recorded on August 31, 2020, as Entry No. 13380549 at book 11010, page 6737, in the office of the Salt Lake County Recorder, state of Utah.

- 1.37.5.** Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Princeton Terrace, a Master Planned Community located in Sandy City, Utah recorded on February 1, 2021, as Entry No. 13552094 at book 11110, page 397, in the office of the Salt Lake County Recorder, state of Utah.
- 1.37.6.** Fourth Amendment to the Amended and Restated Declaration of Condominium for East Town Village Condominium for East Town Village Condominium an Expandable Utah Condominium Project recorded on July 1, 2021, as Entry No. 13706252 at book 11200, page 2881, in the office of the Salt Lake County Recorder, state of Utah.
- 1.38. MEMBER.** Member means any Person owing a Membership and the Declarant.
- 1.39. MEMBERSHIP.** Membership means the property, voting and other rights and privileges, duties and obligations of Members.
- 1.40. MORTGAGE.** Mortgage means any instrument Recorded against one or more Pads, or other portions of the Properties to secure the performance of an obligation and includes a mortgage and a deed of trust.
- 1.41. MORTGAGEE.** Mortgagee means a Person to whom a Mortgage is made and includes the beneficiary under a Mortgage or the assignees of such Mortgage identified in a Recorded assignment of rights under the Mortgage, or a beneficiary of a deed of trust.
- 1.42. SINGLE-FAMILY ATTACHED & DETACHED AREA(S).** Single-Family Area(s) means the real property classified as the Single-Family Area in the Declaration, which is or will be developed with Improvements suitable for Single-Family attached 1-5 Residences of townhomes, and/or Single-Family detached Cottage Homes.
- 1.43. (RESERVED.)**
- 1.44. NEIGHBORHOOD BUILDER.** Neighborhood Builder means a Person or Company designated by Declarant as a Neighborhood Builder in a Recorded document. Some of the Persons Declarant intends to designate as Neighborhood Builders are Persons or Companies who acquire a portion of the Properties for the purpose of (i) developing such portion for resale to the general public, or (ii) in the case of a Single-Family townhome, developing such portion for sale, lease, investment or occupancy.
- 1.45. (RESERVED.)**
- 1.46. NOTICE AND HEARING.** Notice and Hearing means written notice and a hearing before the Board as provided in the Bylaws, this Declaration or Community Guidelines.
- 1.47. OWNER.** Owner means the Person or Persons, including Declarant and the Neighborhood Builders, holding fee simple interest of record to any or Pad. The term "Owner" includes a seller under an executory contract of sale but excludes Mortgagees.
- 1.48. PERSON.** Person means a natural individual or any entity with the legal capacity to hold title to real property.
- 1.49. (RESERVED.)**

1.50. PLAT, PLAT MAP, OR MAP. A final subdivision plat covering any real property in the Site Plan, as recorded in the office of the County Recorder, Salt Lake County, Utah, as the same may be amended by duly recorded amendments thereto.

1.51. PROPERTIES. Properties mean all of the real property described in **Exhibit A** encumbered by this Declaration. References in this Declaration to the Properties are to the Properties as a whole and to portions of the Properties.

1.52. RECONSTRUCTION ASSESSMENT. Reconstruction Assessment means a charge against the Owners and their Pads representing a portion of the Association's cost to reconstruct any Improvements on the Association Property. Reconstruction Assessments will be levied in the same proportion as Common Assessments.

1.53. RECORD OR FILE. Record or File means, with respect to any document, entry of such document in the records of the Recorder for the County.

1.54. RESERVES. Reserves mean Association funds set aside for funding periodic painting and maintaining of the components of the Association Property which would not reasonably be expected to recur on an annual or more frequent basis and for payment of deductible amounts for insurance policies which the Association obtains. The amount of Reserves will be determined annually by the Board pursuant to reserve cost guidelines established in accordance with prudent property management practices.

1.55. RESIDENCE. Residence means the structure intended for use and occupancy by one Family and located on Pad or in the residence of townhome or cottage home in the Residential Area.

1.56. RESIDENTIAL AREA. Residential Area means the real property which is so classified in this Declaration. The Residential Area is designated for development of Pads. The Residential Area may include Common Area. The residential area is divided into 3 categories: (i) – Townhomes – Plan "A"; (ii) Townhomes – Plan "B"; and (iii) Cottage Homes.

1.57. (RESERVED.)

1.58. SUBDIVISION. The Subdivision is the real property described in Paragraph A of the Preamble to this Declaration.

1.59. SUPPLEMENTAL DECLARATION. Supplemental Declaration means an instrument Recorded to supplement this Declaration, as such instrument is amended or restated.

1.60. TELECOMMUNICATIONS FACILITIES. Telecommunication Facilities means (1) Improvements, equipment and facilities for (i) telecommunications, (ii) transfer of audio, video and data signals, (iii) transfer of any other signals used for transmission of intelligence by electrical, light wave, wireless frequencies or radio frequencies, and (iv) any other methods of communication and information transfer; (2) all associated Improvements, equipment and facilities, including but not limited to outside plant ducts, manholes, riser cables, protection equipment, communications rooms, antennas, power outlets, power conditioning and back-up power supplies, cross connect hardware, copper, fiber, and coaxial cables, towers, broadcasting and receiving devices, conduits, junction boxes, wires, cables, fiber optics, and any other necessary or appropriate enclosures and connections; and (3) power generation serving the Improvements, equipment and

facilities described in subparts (1) and (2) of this sentence. Declarant intends to have the term "Telecommunication Facilities" be interpreted as broadly as possible and to include relocated facilities, expansion of facilities, and/or facilities fused for any and all new technology that replaces any Telecommunication Facilities. If there is a doubt as to whether an item fits within the definition of Telecommunication Facilities, the term is to be interpreted to include that item.

1.61. TELECOMMUNICATIONS SERVICES. Telecommunications Services means Telecommunication Facilities, Improvements, and services for cable television, communications, telecommunications, antenna, high-speed data, telephony and all related vertical services, intranet, internet, information transfer (including wireless transfer), transmission, video and other similar services. Declarant may expand this definition in any Supplemental Declaration.

1.62. VA. VA means the Department of Veterans Affairs of the United States of America and its successors.

1.63. INTERPRETATION OF DECLARATION.

1.63.1. General Rules. This Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development of a master planned community and for the maintenance of the Association Property. Any violation of this Declaration is a nuisance. The Governing Documents shall be interpreted so as to be consistent with applicable laws and regulations, including ordinances and regulations of the appropriate Local Governmental Agencies. The Article and Section headings are for convenience only and may not be considered or referred to in resolving questions of interpretation or construction. As used in this Declaration, the singular includes the plural and the plural the singular; and the masculine, feminine and neuter each include the other, unless the context dictates otherwise. Except as otherwise expressly provided in this Declaration, any reference in this Declaration to time for performance of obligations or to elapsed time means consecutive calendar days, months, or years, as applicable. *Exhibit A* is incorporated in this Declaration by this reference. All references made in this Declaration to statutes are to those statutes as amended or restated or to subsequently enacted replacement statutes. Unless otherwise indicated, references to Articles, Sections and Exhibits are to Articles, Sections and Exhibits of this Declaration.

1.63.2. Statements in Italics. The portions of the Governing Documents printed in italics are provided as simplified, general explanations of the purposes of the Articles, Sections or paragraphs of the Governing Documents and the scheme of governance for the Properties. The statements in italics are provided for convenience and may not be considered in resolving questions of interpretation or construction of the Governing Documents.

1.63.3. Intent of Declarant. Declarant intends that the Properties be developed for one-Family residential townhomes and cottage homes, all consistent with this Declaration. In addition, Declarant, at its option, may designate areas for maintenance, recreational, or other purposes.

1.63.4. (Reserved.)

1.63.5. Relationship to Other Governing Documents. If there are conflicts or inconsistencies between this Declaration and the Articles, Bylaws, and then the provisions of this Declaration shall prevail.

1.63.6. Relationship of Planning Documents. The Governing Documents do not transfer to the Members or the Association any rights acquired by Declarant pursuant to any planning documents; all of these rights are retained by Declarant. Declarant has the right to pursue to completion any electric energy facilities, improvements, roads and/or infrastructure that Declarant deems necessary to benefit Declarant and to entitle and allow Declarant to realize the full potential of the Development.

1.63.7. Severability. The provisions hereof are independent and severable, and a determination of invalidity or partial invalidity or unenforceability of any one provision or portion hereof by a court of competent jurisdiction does not affect the validity or enforceability of any other provision.

1.63.8. Governing Law. This Declaration shall be governed by and construed in accordance with the laws of the State of Utah (without giving effect to its choice of law principles). All suits or actions of any kind brought to interpret or enforce the terms of, or otherwise arising out of or relating to, this Declaration shall be filed and litigated solely in the state or federal courts in the State of Utah. Each party hereby consents to the personal and subject matter jurisdiction of said courts, and agrees that personal service of any complaint, pleading, subpoena, or summons may be made by certified mail, return receipt requested, and with the return receipt returned to the sender marked as delivered, undeliverable or rejected, at the address provided pursuant to this Declaration.

ARTICLE II RESIDENTIAL AREA USE RESTRICTIONS

This Article establishes limits on the use of Pads in the Residential Area. The Association has the power to enforce the use restrictions. Potential purchasers of Pads in the Residential Area should read these use restrictions closely to make sure they can use their property as they intend, without violating these use restrictions. In some cases, the Association is given the power to delegate its authority to enforce certain use restrictions to the Owners. Some of the use restrictions apply not only to the Properties, but to public areas adjacent to the Properties. This is to prevent Owners and occupants from circumventing the use restrictions by placing items that are prohibited in the Properties (such as an unsightly, inoperable vehicle) on adjacent public property and leaving other Pads that are negatively impacted without a remedy.

The Residential Area shall be held, used and enjoyed subject to the following restrictions. Supplemental Declarations may add use restrictions or replace the use restrictions contained in this Article for the property the Supplemental Declarations encumber.

2.1 SINGLE FAMILY OCCUPANCY. Each Residence shall be used only for (a) residential purposes. Subject to Article II, Section 2.12 of this Declaration, an Owner may rent his Residence to a single Family provided that the Residence is rented pursuant to a lease or rental agreement which is (a) in writing and (b) subject to all of the provisions of the Governing Documents. Residences may be used for business or commercial activities so long as the following requirements are met:

2.1.1 Compliance With Law. The activities are conducted in conformance with all applicable Local Governmental Agency ordinances, including the City Code;

2.1.2 Streets and Parking Areas. The patrons or clientele do not overburden the streets or parking areas in the Properties, considering the streets and parking areas are a part of a residential community, not a commercial development;

2.1.3 Exterior Effects. The existence or operation of such activities does not produce sounds, odors or materials outside the boundaries of the Pad, or Neighborhood Property that are excessive or inappropriate for a residential community;

2.1.4 Insurance. The activity does not increase the Association's liability or casualty insurance obligation or premium; and

2.1.5 Consistent. The activities are consistent with the character of the Residential Area and the Properties as a whole and conform to the other provisions of this Declaration, as determined by the Board.

Offices operated by the manager, for the sole purpose of managing the Association, are exempt from the restrictions contained in this Section.

Except as authorized in this Section 2.1, no part of the Residential Area may be used for any business, commercial (including auctions or similar events), manufacturing, mercantile, storage, vending or other nonresidential purposes, including any activity for which the provider is compensated or receives any consideration, regardless of whether the activity is engaged in full or part-time, generates or does not generate a profit, or requires or does not require a license.

2.2 NUISANCES. No noxious or offensive activities may be carried on upon the Properties or on any public street abutting or visible from the Properties. No Owner may (a) permit or cause anything to be done or kept on the Properties or on any public street abutting the Properties which may (i) increase the rate of insurance in the Properties, (ii) result in the cancellation of such insurance, or (iii) obstruct or interfere with the rights of other Owners, or (b) commit or permit any nuisance thereon or violate any law. Each Owner shall comply with all requirements of the local or state health authorities and with all other applicable governmental ordinances regarding occupancy and use of a Pad, including the Residence thereon. Each Owner is accountable to the Association and other Owners for the conduct and behavior of Persons residing in or visiting his Pad. The Association has the power to require that any damage to the Association Property, personal property of the Association, or property of another Owner caused by such Persons shall be repaired at the sole expense of the Owner of the Pad where such Persons are residing or visiting. The Association is entitled to determine if any noise, odor, or activity producing such noise or odor constitutes a nuisance. The Board has the right to delegate responsibility for enforcing any of the restrictions on nuisances contained in this Section to the Owners. Any violation of this Declaration is a nuisance.

2.3 SIGNS. All signs, posters, billboards, balloon advertising devices and other displays of any kind must comply with the Area Plan and City Code. In addition, they shall not be displayed within the Properties except as follows:

2.3.1 Declarant and Neighborhood Builder Signs. Signs of any size or configuration used by Declarant or the Neighborhood Builders in connection with the

development of the Properties and the sale, lease or other disposition of Pads, townhomes, and cottage homes;

2.3.2 Entry Monuments. Entry monuments and similar community identification signs either maintained by the Association;

2.3.3 Pads. Subject to the following; one (1) nameplate or similar Owner name identification, and one (1) sign advising of the existence of security services protecting a Pad;

2.3.4 Sale or Lease. One (1) sign which may be displayed on each Pad, townhome or cottage home advertising the Pad or Residence for sale or lease; however, such sign must comply with the Association Guidelines; and

2.3.5 Other Approved Displays. Other displays such as decorative flags or holiday displays authorized in the Community Guidelines.

2.4 PARKING AND VEHICULAR RESTRICTIONS. The Association may enforce the parking and vehicular restrictions, subject to Article XII.

2.4.1 Authorized Vehicles. The following vehicles are Authorized Vehicles: standard passenger vehicles, including automobiles, passenger vans designed to accommodate eight (8) or fewer people, motorcycles and pick-up trucks having a manufacturer's rating or payload capacity of one (1) ton or less. Authorized Vehicles may be parked in any portion of the Properties intended for parking of motorized vehicles, subject to the restrictions in the other portions of the Governing Documents. No Owner may park any vehicle in a manner which extends beyond the boundaries of a parking space or into streets or sidewalks within the Properties. The Association has the power to identify additional vehicles as Authorized Vehicles.

- 2.4.2 Restricted Vehicles.** The following vehicles are Restricted Vehicles:
- (i) recreational vehicles (e.g., motor homes, travel trailers, camper vans, snowmobiles and boats),
 - (ii) commercial-type vehicles (e.g., stake bed trucks, tank trucks, dump trucks, step vans, concrete trucks, and limousines),
 - (iii) buses or vans designed to accommodate more than eight (8) people (unless the vehicle is operated by the Association),
 - (iv) vehicles having more than two (2) axles,
 - (v) trailers, inoperable vehicles or parts of vehicles,
 - (vi) aircraft,
 - (vii) other similar vehicles, or
 - (viii) any vehicle or vehicular equipment deemed a nuisance by the Board.

Restricted Vehicles may not be parked, stored or kept on any public or private street within, adjacent to or visible from the Properties or any other Association Property parking area unless (a) they are owned and used by the Association, (b) they are parked for limited periods in specified locations, as authorized in the Community Guidelines, or (c) they are parked within an Owner's fully enclosed garage with the door closed. If a vehicle qualifies as both an Authorized Vehicle and a Prohibited Vehicle, then the vehicle is presumed to be a Prohibited Vehicle, unless the vehicle is expressly classified as an Authorized Vehicle in writing by the Board. The Association has the power to identify additional vehicles as Restricted Vehicles. Some areas of the Properties may be developed so that Prohibited Vehicles may be stored on Pads. These areas may be exempted from this restriction in the Supplemental Declarations for the areas. Supplemental Declarations may establish additional or different restrictions on parking Prohibited Vehicles.

2.4.3 General Restrictions. All vehicles owned or operated by or within the control of an Owner or a resident of an Owner's Pad and kept within the Properties must be parked in the assigned carport, parking space or garage of that Owner to the extent of the space available. Each Owner shall ensure that any such carport, parking space or garage accommodates at least the number of Authorized Vehicles for which it was originally constructed by Declarant or a Neighborhood Builder. No repair, maintenance or restoration of any vehicle may be conducted on the Properties except as authorized by the Community Guidelines provided such activity is not undertaken as a business, and provided that such activity may be prohibited entirely by the Board if the Board determines that it constitutes a nuisance.

2.4.4 Parking and Street Regulations. The Board may establish regulations in the Community Guidelines regarding any private streets and parking areas not assigned to individual Pads. These regulations may include setting speed limits, restricting types of vehicles that may be used in different areas, designating "parking," "guest parking," "temporary Owner parking" and "no parking" areas, setting time limits for parking vehicles in the Association Property parking areas, and requiring registration of vehicles or use of parking permits. The Association has the power, subject to the City Traffic Code, to enforce all parking and vehicle use regulations applicable to the Properties, including removing violating vehicles from the Properties without advance notice to the owner of the vehicle. Nothing in this Section 2.4 shall be construed as prohibiting enforcement of City Code and Area Plan parking restrictions by the City.

2.5 ANIMAL RESTRICTIONS. Except as approved in writing by the Declarant or Board, the only pets that may be raised, bred or kept in the Residential Area are animals that comply with the City Code and that are either (i) domestic dogs, cats, fish, birds and other usual household pets, or (ii) animals authorized to be kept on the Properties in the Community Guidelines. Animals cannot be raised, bred or kept for commercial purposes in violation of the Governing; and all animals must kept in compliance with the restrictions in this Section 2.5. Documents. No pet or animal is permitted to be raised, bred, or kept in the Residential Area that weighs more than seventy-five pounds (75 lbs). No exotic animals are permitted to be raised, bred, or kept in the Residential Area. Exotic animals include, at a minimum, any animal imported from out of the United States, any animal which requires a license or permit to raise, breed, or keep, and any animal identified as vulnerable, endangered, or threatened by the International Union for Conservation of Nature. No Residence may be used to raise, breed, or keep more than two (2) authorized pets. The Board may prohibit any pet which, in the Board's opinion, constitutes a nuisance, or threat to the health, safety, or welfare of the community. Animals within the Properties must be either kept within an enclosure

or on a leash held by a Person capable of controlling the animal. Any Person shall be liable to each and every other Person for any unreasonable noise or damage to Person or property caused by any pets brought or kept upon the Properties by such Person. Persons shall clean up after their pets use any portion of the Properties or public street abutting or visible from the Properties. Any Person who keeps any animal, insect or reptile within the Properties, whether in compliance with or in violation of the Governing Documents, shall indemnify, defend and hold harmless the Association, its officers, directors, contractors, agents and employees from any claim brought by any Person against the Association, its officers, directors, agents and employees for personal injuries or property damage caused by such animal, insect or reptile.

2.6 EXTERIOR ITEMS. Weeds, rubbish, debris, items designated as unsightly in the Community Guidelines and trash may not be kept or permitted upon the Properties or on any public area abutting or visible from the Properties. Trash may be kept in sanitary containers located in appropriate areas screened from view in accordance with the Community Guidelines and Design Guidelines, and no odor may be permitted to arise therefrom so as to render the Properties or any portion thereof unsanitary, offensive or detrimental to any other property in the vicinity thereof or to its occupants. Trash containers for individual Owners may be exposed to view only when set out for a reasonable period of time not to exceed twelve (12) hours before and after scheduled trash collection hours. Trash containers may be kept on Common Area so long as they are contained within an enclosure installed by Declarant or approved by the Declarant. No exterior fires are permitted, except barbecue fires contained within receptacles therefore and fire pits in enclosed areas and designed so that they do not create a fire hazard.

2.7 TEMPORARY BUILDINGS. Outbuildings, sheds, tents, shacks, or other temporary buildings or Improvements may not be placed upon any portion of the Properties, without the prior written consent of the Declarant. Garages, carports, trailers, campers, motor homes, recreation vehicles or other vehicles may not be kept or used as residences in the Properties.

2.8 (RESERVED.)

2.9 INSTALLATIONS. Projections of any type, except those allowed in this Declaration, are not permitted above the roof of any building within the Properties, except chimneys and vent stacks originally installed, by Declarant or a Neighborhood Builder. Portable and fixed basketball backboard and other sports apparatus are subject to regulation by the Community Guidelines. No fence or wall may be erected, altered or maintained around any Residence or on any Pad except with the Declarant's prior approval. No patio cover, wiring, or air conditioning fixture, or other Improvement may be installed on the exterior of a Residence or be allowed to protrude through the walls or roof of the Residence except those items installed during the original construction of the Residence without the Declarant's prior written approval. The Association has the power to prohibit or restrict use of aluminum foil, newspaper, paint, reflective tint or any other material as window coverings.

2.10 ANTENNAE AND SATELLITE DISHES. Owners (excluding Declarant and Neighborhood Builders) are prohibited from placing any Telecommunications Facilities, or from permitting any Telecommunications Facilities to be placed, on any portion of the Properties for any purpose, except for an "Approved Antenna," as is more fully defined below.

In order to preserve the aesthetic and visual integrity of the Properties, but subject to any contrary provisions of applicable law, no Telecommunications Facilities, including but not limited to exterior radio antenna, television antenna, "C.B." antenna, satellite dish, over-the-air reception

device, microwave transmitting shall be constructed, placed or maintained anywhere within the Properties except as more fully set forth below.

Any Antenna equal to or less than one (1) meter in diameter, that falls within the scope of, or is otherwise covered by Telecommunications Act of 1995, and the provisions of 47 C.F.R. 1.400, as may be amended from time to time, or any subsequent federal or state law applicable to common-interest communities ("Approved Antenna"), shall be permitted upon any Pad, Townhome, Cottage Home, or Common Area. Installation of any Approved Antenna shall comply with any and all requirements and guidelines adopted by the City of Sandy, as well as any and all applicable Community Guidelines, including, but not limited to, any preferred placement locations; provided, however, that such Community Guidelines may not unreasonably increase the cost of installing, maintaining, or using the Approved Antenna, unreasonably delay installation of the service, or unreasonably interfere with the quality of reception. Subject to the requirements of 47 C.F.R. 1.4000, the Declarant may prohibit the installation of any Approved Antennae if the installation, location or maintenance of such Approved Antenna unreasonably affects the safety of Owners, or of agents or employees of the Association for any other safety related reason. The Board of Directors may require that the Approved Antenna be relocated consistent with the established preferred placement locations so long as the location does not: (a) unreasonably delay or prevent installation, maintenance use of an Approved Antenna, (b) unreasonably increase the cost of an Approved Antenna, or (c) unreasonably interfere with acceptable quality reception.

The Association may also (A) prohibit an Owner from installing an Approved Antenna on property which such Owner does not own or is not entitled to exclusively use or control under the Governing Documents or (B) allow an Owner to install an antenna other than an Approved Antenna subject to the approval of the Declarant.

The Declarant may prohibit the installation of any Antenna that does not fall within the scope of the Telecommunications Act of 1995 and the provisions of 47 C.F.R. 1.4000, as may be amended from time to time ("Unapproved Antenna"). In order for an Owner to install an Unapproved Antenna, the Owner must submit a written request to the Declarant and satisfy all of the terms, conditions and requirements of Article IV of the Declaration, which governs design control within the Association.

Notwithstanding anything in this Section to the contrary, master antennae or cable television antennae may, but need not, be provided by Declarant, and Declarant may grant easements for the installation and maintenance of any such master or cable television service. This Section 2.10 shall not apply to, nor restrict, wireless Antennae, master Antennae, cable television Antennae, microcell or head end system for any cable television system, installed or approved by Declarant or by a franchised or licensed cable television operator approved by Declarant, or to any Telecommunications Facilities installed or approved by Declarant; provided, however, that the location of any of the aforementioned Antennae shall not unreasonably affect the safety of the Owners, or of agents or employees of the Association. Roof mounted satellite dishes, cellular (cell) towers and related exterior equipment located outside the Residential Areas shall be permitted, provided the same have been approved by the Declarant.

This Section is intended to be a restatement of the authority granted to the Association under applicable law. All amendments, modifications, restatements and interpretations of the law applicable to the installation, use or maintenance of an antenna shall be interpreted to amend, modify, restate or interpret this Section.

2.11 DRILLING. No oil drilling, oil, gas or mineral development operations, oil refining, geothermal exploration or development, quarrying or mining operations of any kind may be conducted upon the Properties, nor are oil wells, tanks, tunnels or mineral excavations or shafts permitted upon the surface of any Pad or below the surface of the Properties. Except as required for development of City water sources, no derrick or other structure designed for use in boring for water, oil, geothermal heat or natural gas may be erected, maintained or permitted in the Properties.

2.12 LEASES AND TIMESHARES.

2.12.1 General Rule. It is intended that the Association shall be subject to specific rental restrictions in an attempt to protect property values. If a Pad or Residence is purchased after the recordation of this document, then the Association and Owners shall strictly adhere to the following rental restrictions. The number of permissible rentals, after the recording of this document, shall be based on the total number of Pads and Residences within the Association, except as otherwise provided in this Declaration, no Owner may further partition or subdivide his Pad including any division of such Owner's Pad time-share estates or time-share uses. This restriction against time-share estates or time-share uses does not prohibit an Owner from leasing his Pad. At no time shall more than seventy percent (70%) of the Pads within the portion of the Subdivision which is residential townhomes and cottage homes be leased or rented to any third-party. Subject to the above, a Pad may be leased only after the Board of Directors determines that the Pad is eligible for lease. A Pad is eligible for lease only if an Owner submits an "Application for Approval to Offer a Pad For Lease" to the Board. "Leasing or renting" of a Pad the granting of a right to use or occupy a Pad for a specific term or indefinite term (with rent stated on a periodic basis), in exchange for the payment of rent (money, property or other goods or services of value); but shall not mean and include joint ownership of a Pad by means of joint tenancy, tenancy-in-common or other forms of co-ownership where the occupant of the Pad has an ownership interest of 50% or more. There shall be a minimum Lease Term of six (6) months and a maximum Lease Term (including all lease extensions) of one hundred twenty (120) months, unless approved in writing by the Declarant or the Board. During any Lease Term, any subleases, if permitted, shall follow the pattern of eligibility described in this Section 2.12.1 and neither the lessee/tenant nor the occupants of any Pad shall change. At the end of each Lease Term and prior to entering into a new lease contract for a Pad Owner shall resubmit the above-mentioned application entitled "Application for Approval to offer a Pad for Lease" to the Board or its managing agent, which, if granted, will be based on the eligibility requirements described in this Section 2.12.1 and the Lease form approval requirements referenced in Section 2.12.5 herein.

2.12.2 Limitation on Subleasing or Assignment of Pad. No subleasing or assignment of a lease or rental agreement (the "Lease") is permitted except with the prior written approval of the Board of Directors in accordance with subsection 2.12.1 above.

2.12.3 Prospective Application. The lease restriction set forth in subsection 2.12.1, above, shall only have prospective application. This restriction does not prevent an Owner that is leasing or contemplating leasing his Pad prior to the recordation of this Declaration, from leasing his Pad to new tenants after recordation of this Declaration. However, the lease restriction shall apply to all Owners and their Pads purchased after recordation of this Declaration;

For purposes hereof, "Owner Occupied" shall mean either of the following:

- (1) The Owner or any member of the Owner's Family occupies the Pad for a period of at least seven days; or
- (2) Any person occupies the Pad with the consent of the Owner other than pursuant to a Lease which complies with the terms hereof.

Notwithstanding anything to the contrary herein, if an Owner sells his Pad at a time when a Lease is in effect with respect to that Pad, the Lease shall continue to its termination. However, subject to subsection 2.12.1 above, the purchaser of the Pad shall not have the right to lease the Pad after the purchaser takes title to the Pad except for the remainder of the term of the Lease in place at the time the Owner acquired title to the Pad.

2.12.4 Authorization to Enter Lease. Prior to offering a Pad for lease, the Owner must receive written notice from the Association that the Pad is eligible for lease in accordance with subsection 2.12.1 above.

2.12.5 Submission of Lease. All leases shall be in writing, executed by all parties to the Lease, shall provide that the Lease is subject in all respects to the terms and provisions of this Declaration and the Association's Governing Documents and any restrictions or provisions therein, as may be amended from time to time, and shall state that any failure by the tenant to comply with the terms of the Governing Documents shall constitute a default under the Lease. All Owners who entered Leases prior to the recordation of this Declaration shall submit copies of their existing Lease of their Pad to the Board of Directors or its managing agent, within thirty (30) days after notice of recordation of this Declaration. For all other Owners interested in Leasing a Pad after the recordation of this Declaration, the form of the contemplated Lease document that will be entered into shall be submitted for approval to the Board of Directors, or its managing agent, not less than ten (10) calendar days before any Lease contract for the Pad or Residence is entered into. Within ten (10) calendar days of submission, the Board of Directors or its managing agent shall respond to the Owner with a written approval or disapproval of the form of the Lease document and a statement of lease eligibility or non-eligibility based on the lease eligibility requirements of Section 2.12.1 above. Without a written statement from the Board of Directors or its managing agent giving approval of the lease form and confirming lease eligibility, an Owner shall not be permitted to enter into a Lease contract for a Pad. Within thirty (30) days after a Lease contract has been entered into, Owners shall submit a fully executed copy of the Lease to the Board of Directors or its managing agent. All Leases, and the tenants thereunder, shall be registered with the Association and the Association shall have the right to charge a registration fee to each Owner, in an amount determined by the Board of Directors, for each new tenant registered with the Association.

2.12.6 Hardship Exemption. Notwithstanding anything in this Declaration to the contrary, any Owner of a Pad may apply to the Board of Directors for an exemption from the lease restriction set forth in subsection 2.12.1 above, upon a showing of hardship. A hearing before the Board on this matter shall be consistent with the Board's standards for providing notice and a hearing, as set forth in the Governing Documents and consistent with Utah law, as may be amended.

2.12.7 Enforcement. The Board of Directors is empowered with the right to enforce the lease restrictions set forth in subsection 2.12.1 above. Any Owner who fails to obtain prior written authorization to offer a Pad for lease, as set forth in subsection 2.12.1

above, or to provide the Association with a copy of the Lease on a Pad, within the time set forth in subsection 2.12.5 above, shall be subject to a reasonable fine as determined by the Board and consistent with the Governing Documents; additionally, the Board shall have standing to and may initiate eviction proceedings to remove the tenant, after first giving the Owner an opportunity to cure the violations. Any Owner who fails to disclose the existence of a Lease on a Pad is subject to the percentage lease restriction at the time of disclosure or discovery of the Lease. Thus, if the Lease was actually executed and entered at the time when less than seventy percent (70%) of the Pads are leased, but not disclosed to or discovered by the Association until more than seventy percent (70%) of the Pads are leased, then the Owner will be in violation of the lease restrictions set forth in subsection 2.12.1 above. Any Owner that leases his Pad in violation of the lease restriction set forth in subsection 2.12.1 above shall be subject to a reasonable fine as determined by the Board of Directors; additionally, the Board shall have standing to and may initiate eviction proceedings to remove the tenant, after first giving the Owner an opportunity to cure the violations.

2.12.8 Liability of Owner for Tenant Conduct. It shall be the obligation of any Owner who rents or leases his Pad to provide the tenant with copies of relevant portions of this declaration. Any Pad owner who leases his property shall be liable for the acts of his tenant. Further the Pad owner leasing his Pad shall continue to be bound by all the covenants and restrictions contained in this declaration.

2.12.9 Association's Governing Documents. It shall also be the obligation of any Owner to assure compliance with all of the covenants, conditions and restrictions in the Governing Documents. Notwithstanding the execution of a Lease, the Owner shall be fully responsible and liable to the Association for all violations of the Governing Documents by his tenants, and without limitation, shall be responsible for payment of any assessments or fines incurred by his tenants. A tenant shall have no obligation to the Association to pay assessments imposed by the Association. The Board shall have the power and standing to initiate eviction proceedings to remove the tenant for violations of the Association's Governing Documents, after first giving the Owner an opportunity to cure the violations.

2.12.10 No Transient or Hotel Purposes. No Owner shall lease his/her Pad for transient motel or hotel purposes. Such purposes include those which are "Airbnb", rental pools and similar short-term rentals. Any Lease which is either for a period of less than six (6) months or pursuant to which the lessor provides any services normally associated with a motel or hotel shall be deemed to be for transient or hotel purposes.

2.12.11 No Lease of less Than Entire Pad / Parking Space. No Owner shall lease less than the entire Pad, including but not limited to, basements, rooms, garages, etc. No Owner may lease the exclusive use areas or restricted Common Areas the Owner has the exclusive right to use separate and apart from the Pad to which it is appurtenant, including but not limited to any assigned parking spaces.

2.12.12 Exception for Hortino, LLC. Except as provided below, the provisions of Sections 2.12.1 through 2.12.7 and 7.10.1 through 7.10.2 shall not apply to the pads allocated to Hortino, LLC that were promised prior to the recordation of this instrument, rather such pads held by Hortino, LLC or any successor or assigns of Hortino, LLC shall be and remain rentable or leasable by Hortino, LLC or its successors or assigns in perpetuity. If Hortino, LLC or any successor or assigns of Hortino, LLC elects to sell its pads for money

consideration (rather than for company interests or through non-monetary transactions such as mergers, reorganizations, and distributions) to a buyer not affiliated with Hortino, LLC or its successors or assigns through being controlled by, under common control with, or controlling the seller and where the sale is not part of the sale of substantially all the assets of the seller, then in such event, this Section 2.12.12 shall no longer apply to the pads sold. All pads subject to this Section 2.12.12 nevertheless will be taken into account as rented or leased pads in determining which other pads might be rentable or leasable under the provisions of this Section 2.12.

2.13 DRAINAGE. Rain gutters, down spouts, drainage systems or the established drainage pattern for a Pad, or Common Area originally installed or established by Declarant or a Neighborhood Builder, may not be altered or interfered with unless an adequate alternative provision is made with the Board's prior written approval, which must be consistent with the geotechnical report produced for each development pod identified in the Area Plan. "Established" drainage means the pattern and drainage Improvements which exist at the time that such Pad, or Common Area is conveyed to a purchaser from Declarant or a Neighborhood Builder, and includes drainage from the Pads, and Common Area and Association Property onto adjacent Pads, Common Area and Association Property.

2.14 WATER SUPPLY SYSTEMS. Individual water supply or water softener systems are prohibited on any Pad unless such system is designed, located, constructed and equipped in accordance with the requirements of any applicable water district, and all other local governmental agencies with jurisdiction.

2.15 VIEW OBSTRUCTIONS. Each Owner acknowledges that any construction or installation by Declarant, any Neighborhood Builder or the Association may impair the view of such Owner and consents to such impairment. Each Owner acknowledges that there are no guaranteed views within the Properties, and no Pad is assured the existence or unobstructed continuation of any particular view unless a Supplemental Declaration specifically provides otherwise.

2.16 SOLAR ENERGY SYSTEMS. Each Owner may install a solar energy system which serves his Pad so long as (a) the design and location of the solar energy system meet the requirements of all applicable governmental ordinances, (b) said design and location receives the prior written approval of the Declarant or Board and (c) the solar energy system complies with the Governing Documents, as amended from time to time.

2.17 (RESERVED.)

2.18 INSTALLATION LANDSCAPING. All landscaping to be provided by the Association and to be done in accordance with a plan approved by the Committee.

ARTICLE III THE ASSOCIATION

The success of the community is dependent upon the support and participation of each Owner in its governance and administration. This Declaration and the Association's Articles of Incorporation and Bylaws establish the Association as the mechanism through which each Owner is able to provide that support and participation. This Article briefly describes the organization of the Association, its powers, duties, authorized activities and prohibited activities. (These items are

spelled out in detail in the Association's Articles of Incorporation and Bylaws.) This Article also identifies the standards of care used to govern the Properties.

3.1 ORGANIZATION. The homeowner's association organized to manage and maintain the Properties is or shall be incorporated under the name of "Princeton Terrace Association," as a corporation not for profit organized under the Utah Revised Nonprofit Corporation Act, Utah Code Ann. §§ 16-6a-101, *et seq.*, as amended.

3.2 DUTIES AND POWERS. The Association has the duties and powers set forth in the Articles, Bylaws, this Declaration and the Supplemental Declarations, which include the general and implied powers of a nonprofit corporation, generally to do all things that a corporation organized under the laws of the State of Utah may lawfully do which are necessary or proper in operating for the peace, health, comfort, safety and general welfare of its Members, subject only to the limit upon the exercise of such powers set forth in the Articles, Bylaws, this Declaration and the Supplemental Declarations. Subject to Section 5.3 of this Declaration, the powers and duties of the Association include but are not limited to, the following:

- (a) Adopt and amend Community Guidelines for the use of the Common Areas;
- (b) Adopt and amend Design Guidelines;
- (c) Adopt and amend budgets for revenues, expenditures and reserves and collect Assessments for Common Expenses from the Owners;
- (d) Hire and discharge managing agents and other employees, agents and independent contractors;
- (e) Subject to Section 12.1.4 of the Declaration, institute, defend or intervene in litigation or administrative proceedings in its own name on behalf of itself or two or more Owners on matters affecting the Properties;
- (f) Make contracts and incur liabilities;
- (g) Regulate the use, maintenance, repair, replacement and modification of Common Areas;
- (h) Cause additional Improvements to be made as part of the Common Areas;
- (i) Subject to applicable provisions of Utah law, acquire, hold, encumber and convey in its own name any right, title or interest to real estate or personal property;
- (j) Grant easements, leases, licenses and concessions through or over the Common Areas;
- (k) Impose and receive any payments, fees or charges for the use, rental or operation of the Common Areas and for services provided to the Owners;
- (l) Impose charges for late payment of Assessments;

- (m) Impose construction penalties when authorized pursuant to the Design Guidelines;
- (n) Impose reasonable fines for violations of the Governing Documents of the Association;
- (o) Impose reasonable charges for the preparation and recordation of any amendments to the Declaration or any statements of unpaid Assessments, and impose reasonable fees for preparing and furnishing the documents for resale of any Pad in the Properties.
- (p) Provide for the indemnification of its officers and directors and maintain directors' and officers' liability insurance.
- (q) Assign its right to future income, including the right to receive Assessments for Common Expenses, but only to the extent the Declaration expressly so provides;
- (r) Exercise any other powers conferred by the Declaration or Bylaws;
- (s) Subject to applicable provisions of Utah law, direct the removal of vehicles improperly parked on the Common Areas or improperly parked on any drive, driveway, street, alley or other thoroughfare within the Properties and subject to the Declaration, in violation of the Governing Documents.
- (t) Exercise any other powers necessary and proper for the governance and operation of the Association.

All of the Association's powers shall be exercised by its Board of Directors except those powers reserved in specific provisions of the Articles, Bylaws, this Declaration or the Supplemental Declarations to the Members.

3.3 SPECIFIC DUTIES AND POWERS. In addition to its general powers and duties, the Association has the specific powers and duties listed in the Articles and Bylaws, some of which are summarized below:

3.3.1 Association Property. The power and duty to accept, maintain and manage the Association Property.

3.3.2 Sewers and Storm Drains. The power and duty to maintain any private sewer systems and any private storm drains or drainage facilities within the Association Property if the drains and systems are not maintained by a local governmental agency or a utility company.

3.3.3 Utilities. The power and duty to obtain, for the benefit of the Properties, all commonly metered water, gas and electric services, as needed, and the power but not the duty to provide for refuse collection and other utilities serving Pads if the utilities are not individually metered.

3.3.4 Granting Rights. The power to grant exclusive or nonexclusive easements, licenses, rights of way or fee interests in portions of the Association Property, to the extent any such grant is reasonably required (i) for public or private utilities facilities to serve the Association Property, Common Area and the Pads, (ii) for purposes of conformity with the as-built location of Improvements installed by Declarant or Neighborhood Builders, (iii) in connection with any lawful lot line adjustment, (iv) for purposes consistent with the intended use of the Properties as a master planned community, or (v) for any other purpose permitted under this Declaration. Any easement grants made pursuant to this Section shall not interfere with previously designated utility easements. The Board may remove Association Property from the encumbrance of the Declaration in connection with any pad line adjustment.

3.3.5 Telecommunications/Fiber Optic/Related Contracts. The Board shall have the power to enter into, accept an assignment of, or otherwise cause the Association to comply with contracts with Telecommunication Service providers and Telecommunication Facilities owners (both, a “Telecommunication Provider”), pursuant to which the Telecommunication Provider serves as the exclusive provider of Telecommunication Services and/or Telecommunication Facilities to each Residence, and Pad in the Property. The Board shall also have the power to enter into or contract on behalf of the Association for similar bulk rate service contracts of any nature deemed in the Association’s best interests.

3.3.6 Right of Entry. The power but not the duty to enter upon any Pad, or Common Area, as necessary, for the purpose of inspecting any portion of the Properties and to enforce the Governing Documents.

3.4 COMMENCEMENT OF ASSOCIATION MAINTENANCE OBLIGATIONS

3.4.1 General Rule. The Association’s obligation to maintain the Association Property shall commence on conveyance of such property to the Association. The Declarant or Neighborhood Builder shall be responsible for paying all expenses related to the Association Property which are incurred before or simultaneously with the conveyance of the Association Property to the Association. The initial nature, design, quantity, quality and all other attributes of the Association Property shall be determined (i) in Declarant’s sole and absolute discretion, or (ii) by a Neighborhood Builder which owns or controls Pads with Declarant’s written consent.

3.4.2 (Reserved.)

3.5 CONVEYANCE OF ASSOCIATION PROPERTY. Conveyance of any Association Property to the Association shall occur (i) for Residential 1-5 Townhome Residence Area, after the last Close of Escrow for all Pads of the Properties, or (ii) for a Cottage Home Residence Area, after the later to occur of (a) the last to occur of issuance of a certificate of occupancy or its equivalent by a Local Governmental Agency for an Townhome or Cottage Home Residence or occupancy or issuance of a Certificate of Occupancy (or its equivalent) by the City, whichever occurs last, for an Townhome or Cottage Home Residence. The Association must accept title to and maintenance responsibility for each portion of Association Property when title and maintenance responsibility is tendered by Declarant, whether in fee simple, by easement or otherwise, and the Association shall execute each deed and any accompanying escrow instructions if requested to do so by Declarant. Conveyance of Association Property as herein defined shall occur

as follows: (a) 48 - Plan "A" Townhomes; (b) 10 - Plan "B" Townhomes, all of which will include common areas, open space, walking trails and other amenities as recorded on the Plat or amended Plat; (c) 5 - Cottage Homes, which will include common areas, open space, walking trails and other amenities as recorded on the Plat or amended Plat. No Owner shall interfere with the exercise by the Association, Declarant of rights under this Section.

3.6 OWNERS DEDICATION & CONSENT TO RECORD. The Declarant in conjunction with the Association reserves the right to cause the parcel(s) to be divided into lots, pads, parcels, lanes, drive courts or alleys, together with easements as set forth herein and with the powers dedicate, for perpetual use, all roads, streets, drive courts, alleys as non-exclusive water sanitary sewer, storm sewer, public utility, streetlight, and drainage ease, easement, as well as vehicular and pedestrian access easement for the use of the pad owners and their invitees, except within the vertical space above or below any structures that are attached to and are an integral part of a residential building. The Association, Declarant and pad owners also convey to any and all public utility companies a perpetual, non-exclusive easement over the public utility easements shown on this plat, the same to be used for the installation, maintenance and operation of the facilities, or for other typical purposes, indicated for those easements as shown hereon (see Exhibit "C" attached hereto).

ARTICLE IV DESIGN CONTROL

Jurisdiction over design, construction and aesthetic aspects of the Properties is given to the Committee. The Committee is a three-person committee initially appointed by the Declarant and eventually appointed by the Board of Directors of the Association. The Committee must approve all plans for landscaping modifications in the Properties before the modifications are made. The Committee also has the right to review modifications as they are constructed and give final approval of completed modifications.

In addition to establishing the Committee, this Article establishes the procedures for pre-approving certain Improvements, granting variances and appealing decisions of the Committee.

4.1 MEMBERS OF COMMITTEE. The Committee shall be composed of three (3) members, with the exact number of members set by the Board. The Committee has the right to recommend adoption of Design Guidelines or amendments thereto, containing standards, guidelines, procedures and rules, against which to examine any request made pursuant to this Article. The Board of Directors shall act on any recommendation made by the Committee and is responsible for adopting and amending the Design Guidelines. Board members may also serve as Committee members.

4.2 POWERS AND DUTIES.

4.2.1 General Powers and Duties. The Committee shall consider and act upon all plans and specifications submitted for its approval under the Governing Documents, including inspection of work in progress to assure conformance with plans approved by the Committee, and shall perform such other duties as the Board assigns to it. The Committee shall not have the power to enforce the Governing Documents. This power is reserved to the Board.

4.2.2 Issuance of Design Guidelines. The Board of Directors shall issue, regularly review, and, if necessary, amend its Community and Design Guidelines. The Design Guidelines and all changes thereto must be approved by the Board. The Design Guidelines shall include procedures for submitting plans for approval, may require a fee to accompany each application for approval, and may identify additional factors which the Committee will consider in reviewing submissions. The Committee may provide that fees it imposes be uniform, or that fees will be determined in any other reasonable manner, such as by the reasonable cost of consultants or the cost of the construction, alterations or installations contemplated. The Committee may charge applicants for the cost of consultants the Committee uses in reviewing applications. The Committee may require such detail in plans and specifications submitted for its review as it deems proper.

4.2.3 Retaining Consultants. The Board of Directors has the power but not the duty to retain Persons to advise the Committee in connection with decisions; however, the Committee does not have the power to delegate its decision-making power.

4.3 RIGHTS OF APPOINTMENT.

4.3.1 By Declarant. The members of the Committee shall be appointed by Declarant until Close of Escrow for all of the Pads and cottage home Residences in the Properties, after which time, members of the Committee shall be appointed by the Board. Committee members appointed by the Board must be Members, but Committee members appointed by Declarant are not subject to this limit. Declarant may, by written assignment, at any time, transfer its right to appoint one or more Committee Members to the Board.

4.3.2 By the Board. Subject to Section 4.3.1 above, the Board may appoint and remove those members of the Committee that Declarant does not appoint. Committee members appointed by the Board shall serve for terms determined by the Board or until their respective successors are appointed.

4.3.3 Notice of Appointment. If a Committee member is appointed or removed while both Declarant and the Board have rights of appointment, written notice of such appointment or removal must be given by the appointing party to the other party.

4.4 REVIEW OF PLANS AND SPECIFICATIONS.

4.4.1 Improvements Requiring Approval. Even if the Pad, or Common Area is located in the Community, no exterior construction, installation or alteration of an Improvement in the Properties by an Owner may be commenced until the plans and specifications therefor showing the nature, kind, shape, height, width, color, materials and location thereof have been submitted to and approved in writing by the Committee; however, any Improvement may be repainted without Committee approval so long as the Improvement is repainted its original color or another color that has been approved by the Committee.

4.5 APPLICATION PROCEDURE. Until changed by the Board, the address for submission of plans and specifications is the Association's principal office. The form of application used by the Committee and shall be determined by the Board of Directors for use by the Committee.

If the Committee receives plans and specifications it determines are not complete, the Committee may reject the application. The Committee shall give notice of its decision and the reasons therefor to the Owner submitting the plans and specifications (“**Applicant**”) at the address set forth in the application within fifteen (15) days after the Committee receives all required materials and information. Any application submitted shall be deemed denied if the Committee fails to transmit written approval or a request for additional information or materials to the Applicant within fifteen (15) days after the Committee receives all required material. No construction or installation shall commence until written approval is obtained from the Committee.

4.6 STANDARD FOR APPROVAL. The Committee shall approve plans and specifications submitted for its approval only if it determines that:

- (a) the installation, construction or alteration contemplated thereby in the locations indicated will not be detrimental to the appearance of the surrounding area of the Properties as a whole,
- (b) the appearance of any structure affected thereby will be in harmony with the surrounding structures,
- (c) the installation, construction or alteration will not detract from the beauty and attractiveness of the Community or the enjoyment thereof by the Members,
- (d) if applicable, the maintenance thereof will not become a burden on the Association, and
- (e) the installation, construction or alteration is consistent with the Design Guidelines.

The Committee may condition its approval of plans and specifications for any Improvement upon any of the following:

- (1) 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 all or any portion of the Properties as a result of such work,
- (2) such changes therein as the Committee considers appropriate,
- (3) (if applicable) the Applicant’s agreement to grant appropriate easements to the Association for the maintenance of the Improvements,
- (4) the Applicant’s agreement to install (at its sole cost) water, gas, electrical or other utility meters to measure any increased consumption,
- (5) (if applicable) the Applicant’s agreement to reimburse the Master Association for the cost of such maintenance, or
- (6) the Applicant’s agreement to complete the proposed work within a stated period of time.

The Applicant shall meet any review or permit requirements of all Local Governmental Agencies and other regulatory agencies having jurisdiction prior to making any construction, installation or alterations permitted hereunder. The Applicant must obtain Committee approval before submission to the City for a building permit.

4.7 PRINCETON TERRACE DESIGN GUIDELINES. All new construction in the Properties must comply with the Princeton Terrace Design Guidelines. The Princeton Terrace Design Guidelines may be changed or amended at any time at the discretion of the Board of Directors. The Princeton Terrace Design Guidelines currently in effect can be obtained from the Association at their principal office., located at 8371 S. State St., Suite 202, Sandy, UT 84070.

4.8 MEETINGS OF THE COMMITTEE. The Committee shall meet as necessary to perform its duties. The vote or written consent of a majority of the Committee constitutes an act of the Committee.

4.9 NO WAIVER OF FUTURE APPROVALS. The Committee's approval of any plans and specifications for any work done or proposed or in connection with any matter requiring the Committee's approval does not waive any right to withhold approval of any similar proposals, plans and specifications subsequently submitted for approval.

4.10 COMPENSATION OF MEMBERS. The Committee's members shall receive no compensation for services rendered, other than reimbursement for reasonable expenses incurred in performing their duties.

4.11 INSPECTION OF WORK AND RIGHT TO ORDER REMEDY. The Committee or its duly authorized representative may inspect any work for which approval of plans is required under this Article ("Work"). The right to inspect includes the right to require any Owner to take such action as is necessary to remedy any noncompliance with the Committee-approved plans consistent with governmental approvals for the Work or with the requirements of the Governing Documents ("Noncompliance").

4.11.1 Time Limit. The Committee's right to inspect the Work and notify the responsible Owner of any Noncompliance shall terminate sixty (60) days after the Committee has received written notice from the Owner that the Work is complete.

4.11.2 Remedy. If an Owner fails to remedy any Noncompliance within sixty (60) days after the date of notification of Noncompliance from the Committee, the Committee shall notify the Board in writing of such failure, and the Association shall proceed in accordance with Section 12.1.1 of this Declaration.

4.12 SCOPE OF REVIEW. Subject to Section 4.4.3 above, the Committee shall review and approve, conditionally approve or disapprove all plans submitted to it for any proposed construction, installation or alteration solely on the basis of aesthetic considerations, consistency with the Governing Documents, height of landscaping materials at maturity, and the overall benefit or detriment which would result to the immediate vicinity and the Properties generally. The Committee shall consider the aesthetic aspects of the design, placement of buildings, landscaping, color schemes, exterior finishes and materials and similar features. The Committee is not responsible for reviewing, nor may its approval of any plan or design be deemed approval of, any plan or design from the standpoint of structural safety or conformance with law.

4.13 VARIANCE. The Committee may authorize variances from compliance with any of the design and landscaping provisions of the Governing Documents, including restrictions on height, size, materials, floor area or placement of structures, or similar restrictions, when circumstances such as topography, natural obstructions, hardship, aesthetic or environmental consideration may require. Such variances must be evidenced in writing, must be approved and signed by a majority of the Committee Members and become effective upon Recordation. If a variance is granted, no violation of the covenants, conditions and restrictions contained in the Governing Documents shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of such a variance does not waive any of the terms and provisions of the Governing Documents for any purpose except as to the particular property and particular provision hereof covered by the variance, nor does it affect the Owner's obligation to comply with all laws affecting the use of his Residence, Pads, including all zoning and land use laws of Sandy City as set forth in the Sandy City Development Code or as modified by the General Plan.

4.14 PRE-APPROVALS. The Committee may pre-approve types or classes of construction activities if, in the exercise of the Committee's judgment, pre-approval of such types or classes of Improvements is appropriate in carrying out the purposes of the Governing Documents and the type or class of Improvement has been approved by the Board of Directors and is included in the Design Guidelines.

4.15 APPEALS.

4.15.1 Persons Who Have Appeal Rights. Only an Applicant may appeal rejection of an application. The Persons granted appeal rights by this Section 4.12.1 are referred to in Sections 4.12.2 and 4.12.3 as "Appellants."

4.15.2 Appeals of Association Decisions. Appeals (if any) of decisions by the Association's Committee to the board of directors of the Association shall be in accordance with the appropriate Declaration.

4.15.3 Appeals of Decisions of Committee. Subject to the policies and procedures adopted by the Board, the Applicant has the right to appeal decisions by the Committee to the Board of Directors of the Association. The Committee is only responsible for ensuring that the Applicant is advised of its decision. Decisions made by the Association Board are not appealable. This limit on appeals from Association Board decisions is not a limit on the Association Board's ability to amend or modify a decision it has issued under circumstances it considers appropriate. The Board shall further adopt policies and procedures for appeals of Committee decisions.

**ARTICLE V
OWNERS' MEMBERSHIP AND VOTING RIGHTS**

Each Person who purchases a Pad or Residence in the Properties becomes a Member of the Association with certain rights and privileges. Membership rights, limits on Memberships and transfer of Memberships, voting rights and rights of co-owners are all described in detail in the Articles and Bylaws. Some Membership information is summarized here. Declarant's veto rights are also described in this Article. Declarant is given the right to veto certain actions by the

Association because of Declarant's long-term financial and philosophical commitment to development of the Properties.

As described in the Articles and Bylaws, the Declarant has the right to appoint a majority of the Directors of the Association. This system is used to allow Declarant, who will be extensively involved in the Properties for a long period of time, to ensure that the Association fulfills its purposes. By allowing the Members to elect increasing numbers of representatives to the Board on a gradual basis, the Declarant encourages Member participation and trains the Members in operation of the Association so that when the Declarant is no longer involved with the Properties, the Members can effectively operate the Association.

5.1 MEMBERSHIP INFORMATION. Every Owner automatically acquires a Membership and retains the Membership until the Owner's Pad ownership ceases, at which time such Owner's Membership shall automatically cease. Ownership of a Pad is the sole qualification for Membership. Neither the issuance nor the holding of shares of stock is necessary to evidence Membership in the Association. The classes of voting Membership shall be as set forth and described in the Bylaws. All Memberships in the Association are appurtenant to the Pads and shall not be separated from the Pad to which the Memberships appertain.

5.2 DECLARANT'S VETO RIGHT. So long as Declarant owns any portion of the Properties, Declarant has a right to veto any of the actions listed in Section 5.3 if proposed to be taken by the Association. This right shall terminate on the date on which Declarant no longer owns or has a Mortgage interest in any portion of the Properties.

5.3 ACTIONS SUBJECT TO DECLARANT'S VETO. The following actions are subject to Declarant's veto:

5.3.1 Change in Design. Any change in the general, overall design and landscaping design of the Properties;

5.3.2 Committee. All decisions of the Committee, decisions made on appeal to the Board, and any decision to terminate the Committee;

5.3.3 Community Guidelines. Adoption of any change to the Design Guidelines;

5.3.4 Reduction in Services. Any significant reduction of Association Property services, the amount of Common Assessments or entering into contracts for maintenance or other goods and services benefiting the Association at contract rates which are fifteen percent (15%) or more below the reasonable cost for such maintenance, goods or services;

5.3.5 (Reserved.)

5.3.6 (Reserved.)

5.3.7 Amendments. All proposed amendments to this Declaration.

**ARTICLE VI
OWNERS' PROPERTY RIGHTS AND PROPERTY EASEMENTS**

Living or working in a master planned community involves sharing and cooperation. The various types of properties and uses in the Properties require the creation of special property rights and provisions to address the needs of the variety of Persons living and working in the Properties. The property rights acquired by Owners and other Persons are described in this Article along with limits on the exercise of those rights.

6.1 OWNERS' EASEMENT OF ENJOYMENT OVER ASSOCIATION PROPERTY. Every Owner has a right and easement of ingress and egress and of enjoyment in, to and over the Association Property, and such easement is appurtenant to and shall pass with title to every Pad, subject to the following:

6.1.1 Association Exercise of Powers. The Association's exercise of its powers.

6.1.2 Suspension of Privileges. Subject to Utah law, as amended, the Association's right to enforce provisions of the Governing Documents by suspending the Membership rights and other rights and easements of any Owner (and of the Persons deriving rights and easements from an Owner) to use the Association Property. The suspension of an Owner's right to use the Common Area does not prohibit the Owner, resident, tenant or guest of the Owner from using any vehicular or pedestrian ingress or egress to or from the Residence including any area used for parking.

6.1.3 Transfer of Property. Subject to the limits established in the Articles and Bylaws and applicable provisions of Utah law, the Association's right to transfer all or a part of the Association Property.

6.1.4 Declarant's Right to Access. The right of Declarant, the Neighborhood Builders and their respective sales agents, representatives and prospective purchasers to the nonexclusive use of the Association Property and Common Area, without cost, for access and use to market and dispose of the Properties, until neither Declarant nor any Neighborhood Builder owns any portion of the Properties; however, such use shall not unreasonably interfere with the rights of enjoyment of the other Owners established by this Declaration.

6.1.5 Declarant and Neighborhood Builder Rights. The easements, rights and reservations of Declarant and the Neighborhood Builders established in this Declaration.

6.1.6 Restricting Access. The Association's right to reasonably restrict access to landscaped areas, open space areas and other areas of the Association Property designated by the Board. A Supplemental Declaration may designate exclusive use areas in portions of the Association Property for the exclusive use or maintenance by one or more Owners (such as common driveway areas).

6.1.7 Association Property Improvements. The Association's right to maintain, reconstruct and refinish any Improvement on the Association Property.

6.1.8 Access to Public. The Association's right to make portions of the Association Property available for use by Persons who are not residents or Owners in the Properties on such terms and at such times as are negotiated by the Association.

6.1.9 Other Easements. The easements reserved in the other Sections of this Article.

6.2 EASEMENTS FOR VEHICULAR/PEDESTRIAN TRAFFIC. Declarant reserves, for the benefit of all Owners nonexclusive easements appurtenant to all the Pads, and Common Area in the Properties for vehicular and pedestrian traffic over the private streets and walkways within the Association Property, subject to the parking and street restrictions in Article II.

6.3 EASEMENTS FOR EMERGENCY VEHICULAR ACCESS AND PUBLIC SERVICE PURPOSES. Declarant reserves easements over the Properties for public services of the Local Government Agencies, including the right of law enforcement and fire protection personnel to enter upon any part of the Properties for the purpose of carrying out their official duties and for emergency vehicle access.

6.4 EASEMENTS FOR PRIVATE AND PUBLIC UTILITY PURPOSES. Declarant reserves easements over the Association Property for public and private utility purposes, including the right of any public utility of access over the Association Property for purposes of reading and maintaining meters, and using and maintaining fire hydrants located in the Properties. Declarant also reserves reciprocal, nonexclusive easements over all Pads, Common Area and the Association Property, for installation and maintenance of utility Improvements.

6.5 EASEMENT FOR DECLARANT AND NEIGHBORHOOD BUILDERS. Declarant reserves for its benefit, for the benefit of the Neighborhood Builders, and their agents, employees, contractors, customers and invitees and for the benefit of their successors and assigns, a nonexclusive easement appurtenant to the Properties, over the Association Property for access, use and enjoyment, to show the Properties to prospective purchasers, or to develop, market, sell, lease or otherwise dispose of the Properties. Such easement shall continue for so long as Declarant or a Neighborhood Builder owns any portion of the Properties.

6.6 TELECOMMUNICATIONS EASEMENTS.

6.6.1 Reservation of Telecommunications Easements. The term “Telecommunication Easement Area” used in this Section 6.6 means the Common Area, and the portion of each Pad with a width measured from each Pad line and extending two feet into the Pad and with a length equal to each Pad line. To the maximum extent allowed by law, Declarant excepts and reserves from the Telecommunication Easement Area and retains the right to transfer and assign exclusive and nonexclusive easements in gross for the purposes of installing, maintaining, operating and relocating Telecommunication Facilities and conducting Telecommunication Services in the Properties. Declarant also reserves, together with the right to grant and transfer all or a portion of the same, exclusive and nonexclusive easements in gross over and under the Telecommunication Easement Area for the purpose of access for the Telecommunication Services and to the Telecommunication Facilities. The easements reserved in this Section 6.6 are referred to as “Telecommunication Easements.”

6.6.2 Rights in Connection with Telecommunication Easements. The holder of any Telecommunication Easements has the right to trim and remove landscaping whenever, in easement holder’s reasonable judgment, it is necessary for the convenient and safe use of the Telecommunication Easements. The Telecommunication Facilities will not

be deemed to be affixed to or a fixture of the Properties unless otherwise indicated in a Recorded instrument. No one other than the holder of the Telecommunication Easements has the right to access, operate, or move the Telecommunication Facilities.

6.6.3 Limits on Use of the Properties. No Person shall alter any Telecommunication Facilities without the prior consent of owner of the Telecommunication Facilities. No Person shall grant or dedicate any easements, licenses or other rights on, across, under or over or affecting the Properties that interfere, compete or conflict with the terms of any Recorded grants of Telecommunication Easements. Association, the Owners and the Sub Associations shall execute and allow to be Recorded against the Properties such documents as are reasonably required in connection with exercise or protection of rights as established in a Recorded grant of Telecommunication Easements.

6.7 MISCELLANEOUS EASEMENTS. Declarant reserves the following easements, along with the right to transfer them, for the benefit of all of the Properties, and for the benefit of all of the Owners:

6.7.1 Drainage. Reciprocal, nonexclusive easements for drainage of water over, across and upon Pads, Common Areas (excluding the buildings and areas proposed to include a building) resulting from the normal use of the Pads, and Common Areas.

6.7.2 Maintenance and Repair. Nonexclusive easements over the Properties for access to perform necessary maintenance, repair or replacement of any Improvement constructed by Declarant or a Neighborhood Builder.

6.7.3 Easements on Plats. Easements as shown on any Recorded subdivision plat of any portion of the Properties.

6.7.4 Encroachments. Easements for minor encroachment and maintenance if any Improvement in a Pad, or Common Area encroach upon any Pad, or Common Area as a result of construction by Declarant or a Neighborhood Builder or as a result of construction or reconstruction approved by the Committee, repair, shifting, settlement or movement of any portion of the Properties.

6.8 (RESERVED.)

6.9 WAIVER OF USE. No Owner may exempt himself/herself from personal liability for Assessments levied by the Association, nor release his Pad from the liens and charges hereof, by waiving use of the Property or any facilities thereon or by abandoning such Owner's Pad.

6.10 RIGHT TO GRANT ADDITIONAL EASEMENTS. Declarant reserves easements over the Association Property for the exclusive use by an Owner or Owners of contiguous property as a yard, recreational, gardening, or landscaping area. Any such easement may be transferred by Declarant prior to conveying the last Pad in the Properties. The transfer must be approved in advance by the Board. The purpose of the easement, the portion of the Pad to which the easement is appurtenant, and any restrictions on use of the easement area shall be identified in the Recorded document used to transfer the easement. Nothing in this Declaration shall be construed as giving the Declarant the right to alter existing utility easements.

**ARTICLE VII
ASSESSMENT COLLECTION**

One of the obligations of Owners is to contribute financially to support the operations of the Association. The Association funds its operations through collection of different kinds of assessments: Common Assessments, Capital Improvement Assessments, Reconstruction Assessments, Compliance Assessments and Transfer Fees. This Article describes how the different types of assessments are collected and used by the Association. This Article also sets limits on the amount of certain assessments that can be charged to Owners.

7.1 CREATION OF ASSESSMENT OBLIGATION. Declarant and each Neighborhood Builder, for each Pad owned by Declarant or a Neighborhood Builder, covenants to pay, and each Owner of a Pad, or Apartment is deemed to covenant to pay to the Association (a) Common Assessments, (b) Capital Improvement Assessments, (c) Compliance Assessments, (d) Reconstruction Assessments and (e) Transfer Fees. All Assessments, together with interest, late fees, costs, transfer fees and reasonable attorneys' fees for the collection thereof, are a charge and shall be and become a lien upon the Pad against which such Assessment is made. Each Assessment, together with interest, late fees, costs, transfer fees and reasonable attorneys' fees, is also the personal obligation of the Owner of the Pad at the time when the Assessment fell due. No Owner may except himself/herself from liability for his Assessment obligation by any waiver of the use or enjoyment of, or by the abandonment of his portion of the Properties, but an Owner will not be liable for Assessments accruing after consummation of a transfer of his portion of the Properties accomplished in accordance herewith.

7.2 MAINTENANCE FUNDS. The Maintenance Funds may be established as trust accounts at a banking or savings institution and may be combined so long as the funds are treated as separate funds for accounting purposes. The Board shall budget, establish and keep at least the following accounts (the "Maintenance Funds"):

7.2.1 General Operating Fund. A General Operating Fund for current expenses of the Association.

7.2.2 General Reserve Fund. General Reserve Fund for the deposit of Reserves.

7.2.3 (Reserved.)

7.2.4 (Reserved.)

7.2.5 Miscellaneous Maintenance Funds. Other Maintenance Funds as the Board deems necessary.

7.3 PURPOSE OF ASSESSMENTS. Assessments and any other amounts deposited into the Maintenance Funds shall be used exclusively to (a) promote the Owners' recreation and welfare, (b) improve and maintain the Association Property, and (c) discharge any other Association obligations. Disbursements from the particular Maintenance Funds shall be limited to specific purposes as follows:

7.3.1 General Operations. Disbursements from the General Operating Fund shall be made for payment of Common Expenses.

7.3.2 **General Reserves.** Disbursements from the General Reserve Fund shall be made solely for payment for Reserve expenditures.

7.3.3 (Reserved.)

7.3.4 (Reserved.)

7.4 **ASSESSMENT COMPONENTS, RATES AND EXEMPTIONS.** Each annual Common Assessment is an aggregate of separate assessments for each of the Maintenance Funds, reflecting an itemization of the amounts of prospective deposits into the General Operating and Reserve Funds, and other Maintenance Funds established by the Association. Common Assessments shall be assessed against the Owners of Pads as follows:

7.4.1 **Assessment Residences.** Each Owner shall pay to the Association a proportionate share of all Assessments provided for in this Declaration, as may be amended from time to time, as follows:

(a) **Pads in Residential Area.** Each Pad or Residence in a Residential Area improved with Residence or designated for residential use, and the Owner thereof, shall be allocated one (1) Assessment Residence, on the first calendar day of the calendar month following the date of recordation of this Declaration.

(b) (Reserved.)

(c) (Reserved.)

(d) **Special Allocation.** Declarant may identify any Common Expense which is an element of the General Assessment Component as subject to a special allocation. The Common Expense and special allocation must be identified in this Declaration or a Supplemental Declaration. A special allocation is made when all Pads subject to assessment are obligated to pay an expense, but the expense is allocated in a proportion based on something other than Assessment Residences. If Telecommunication Services are provided through the Association, they may be subject to a special allocation.

(e) (Reserved.)

7.4.2 **General Assessment Component.** The General Assessment Component is composed of Common Expenses of the Association exclusive of Common Expenses Budgeted and shall be allocated among all of the Residential Area Pads, and any other areas in the Properties based upon the number of Assessment Residences chargeable to each Pad, and Residence. The proportionate share of the General Assessment Component of Common Expenses chargeable to Residential Area and other area Pads shall be a fraction, the numerator of which shall be the number of Assessment Residences allocated to such Residence or Pad, and the denominator of which shall be the total number of Assessment Residences allocated to all Residential Area.

7.4.3 (Reserved.)

7.4.4 **Excess Funds.** During the term of any subsidy agreement between Declarant or any Neighborhood Builder and the Association, all funds remaining in the

Maintenance Funds in excess of the amounts used for the operation and payment of Common Expenses of the Properties (including Reserves) shall be accumulated to fund future Maintenance Fund deficits. After the termination of any subsidy agreement, the Board of Directors may determine that funds remaining in the Operating Funds, in excess of the amounts used for the operation of the Properties, may, in the discretion of the Board, be used to reduce the following year's Common Assessment attributable to such Maintenance Funds or transferred into the Reserve Fund.

7.5 LIMIT ON COMMON ASSESSMENT INCREASES.

7.5.1 Increases in the General Assessment Component. During the Fiscal Year in which Common Assessments commence, the Board may increase the General Assessment Component by more than twenty percent (20%) of the General Assessment Component disclosed for the Properties in the Budget provided by Declarant on the first Close of Escrow in the Property. After the Fiscal Year in which Common Assessments commence, the Board may unilaterally increase the General Assessment Component up to twenty percent (20%) of the General Assessment Component for the immediately preceding Fiscal Year.

7.5.2 (Reserved.)

7.5.3 Provisions Applicable to All Components of Common Assessments.

(a) **Supplemental Common Assessments.** If the Board determines that Common Expenses may be properly paid by collection of a Common Assessment in an amount less than the maximum authorized Common Assessment, the Board may levy a Common Assessment which is less than the maximum authorized amount. If the Board determines that the Common Assessment being collected is or will become inadequate to pay all Common Expenses, the Board shall immediately determine the approximate amount of the inadequacy and levy a supplemental Common Assessment, subject to the limitations described in subsections 7.5.1 and 7.5.2 above.

7.6 SPECIAL ASSESSMENTS

7.6.1 Authorization. The Board may levy, in any Fiscal Year, a Capital Improvement Assessment or Reconstruction Assessment (each, a "Special Assessment" for purposes of this Section 7.6) applicable to that Fiscal Year only for purposes authorized in this Declaration or any Supplemental Declaration.

7.6.2 (Reserved.)

7.6.3 (Reserved.)

7.7 COMMENCEMENT OF COMMON ASSESSMENTS. Common Assessments shall commence as to each Pad containing Single Family Residential Area on the first day of the first month after the Close of Escrow. The first Common Assessment shall be prorated for the number of months remaining in the Fiscal Year.

7.8 COLLECTION OF COMMON ASSESSMENTS. The Board shall fix the amount of the Common Assessment against each Pad at least thirty (30) days in advance of each

Common Assessment period. Common Assessments shall be calculated annually based on a budget adopted at least annually by the Association in accordance with any requirements, if any, imposed by Utah law. The Board may at any time ratably increase or decrease the Common Assessments to such levels as shall be reasonably necessary in the judgment of the Association Board to cover the obligations of the Association hereunder, including provision for reasonable reserves for replacements. The Association is obligated to maintain Common Assessments at a level sufficient to enable payment of all costs of maintenance of the Common Areas. Written notice of any change in the amount of any Common Assessment, Capital Improvement Assessment or Reconstruction Assessment shall be sent via first-class mail to every Owner subject thereto not less than thirty (30) days prior to the increased Assessment becoming due. The due dates and late fees shall be established by resolution of the Board. The Association shall, upon demand and for a reasonable charge furnish a certificate setting forth whether the Assessments on a specified Pad are current. The Association may use any method of collecting Assessments allowed by law including charging credit cards or electronic transfers. At the Association's discretion, the additional cost of any method of collection may be collected from the Owner electing the method of collection and does not have to be divided equally among all Owners.

7.9 EXEMPT PROPERTY. The following property is exempt from the obligation to pay Assessments:

7.9.1 Public Property. All portions of the Properties dedicated to and accepted by a Local government agency.

7.9.2 (Reserved.)

7.9.3 Common Area. All Common Area.

7.9.4 Other. Any areas exempted from Assessments in a Supplemental Declaration.

7.10 CAPITALIZATION OF ASSOCIATION.

7.10.1 Sale by Declarant or Neighborhood Builder. Upon the sale of a Pad by an Owner other than the Declarant or a Neighborhood Builder, each new Owner shall be pay the Association an amount equal to one half percent (0.5%) of the value of the Pad, inclusive of any Residences and/or improvements (the "**Transfer Fee**").¹ For purposes of the determining the amount of the Transfer Fee, the value of the Pad is the highest of: (i) the value of the Pad, including any improvements, as determined by the property tax assessor on the date of the transfer of title; (ii) the purchase price paid for the Pad, including any improvements; or (iii) the value of the Pad, including any improvements, as determined in an appraisal obtained by the Association (in the Board's discretion). The Transfer Fee shall be collected from the Owner of each Pad at the Close of Escrow for the purchase of the Pad. The Transfer Fee shall be deposited by the purchaser (prospective Owner) into the purchase and sale escrow and distributed therefrom, at the Close of Escrow to the Association. The Transfer Fee provision shall not be considered as an advance payment of Assessments or a transfer fee. Each Pad Transfer Fee may be collected and then contributed to the Association

¹ The Transfer Fee is a "reinvestment fee" pursuant to Utah Code Ann. § 57-1-46(1)(i) (enacted 2010, as amended). Transfer Fees may be used by the Association for (A) common planning, facilities, and infrastructure; (B) obligations arising from an environmental covenant; (C) community programming; (D) resort facilities; (E) open space; (F) recreation amenities; (G) charitable purposes; or (H) association expenses.

by the Declarant or Neighborhood Builder. Until paid to the Association, the Transfer Fee due pursuant to this provision shall be considered an unpaid Common Assessment, with a lien on the Declarant's or Neighborhood Builder's unsold Pads. Pursuant to Section 2.12.12, the pads allocated to Hortino are exempt from any requirements to remit Transfer Fees.

ARTICLE VIII RESIDENTIAL AREA MAINTENANCE OBLIGATIONS

To protect the aesthetics of the Properties, the Declarant has established standards for maintaining the various types of property in the Residential Area. This Article describes these standards.

8.1 MAINTENANCE OBLIGATIONS OF OWNERS.

Each Owner of a Pad or Residence in a Residential Area shall maintain his Residence or Pad in accordance with this Section 8.1 unless this Section 8.1 is explicitly superseded in a Supplemental Declaration.

8.1.1 General Responsibilities - Pads. Each Owner, at the Owner's sole expense, shall maintain and restore all Improvements located on the Owner's Pad and the Pad itself, in a neat, sanitary and attractive condition. Such maintenance responsibilities include the maintenance of the entire Residence on the Pad. Each Owner whose Pad uses a sewer system lateral, water system lateral, or any other utility line exclusively servicing the Pad, is responsible for the maintenance of that portion of the lateral which exclusively serves such Owner's Pad. If any Owner permits any improvement which such Owner is responsible for maintaining to fall into disrepair or to become unsafe, unsightly or unattractive, or to otherwise violate the Governing Documents, the Board may seek any remedies at law or in equity which it may have. In addition, the Board may, after Notice and Hearing, enter upon such Owner's Pad to perform such maintenance and charge the cost thereof to the Owner as a Compliance Assessment. (such Notice to be provided by the Board and the Hearing to be conducted by and before the Board).

8.1.2 General Responsibilities - Residences. Each Owner, at the Owner's sole expense, shall maintain and restore the Owner's Residence, in a neat, sanitary and attractive condition. If an Owner permits his Residence to fall into disrepair or to become unsafe, unsightly or unattractive, or to otherwise violate the Governing Documents, the Board may seek any remedies at law or in equity which it may have. In addition, the Board may, after Notice and Hearing, enter upon such Owner's Residence to perform such maintenance and charge the cost thereof to the Owner as a Compliance Assessment.

8.1.3 Insurance Obligations. Each Owner is also responsible for carrying public liability insurance in the amount such Owner deems desirable to cover such Owner's individual liability for damage to person or property occurring inside such Owner's Residence or elsewhere upon such Owner's Lot or Residence.

8.1.4 Damage to Residences-Reconstruction. If all or any portion of any Residence is damaged or destroyed by fire or other casualty, the Owner of such Residence shall rebuild, repair or reconstruct the Residence thereon in a manner which will restore them substantially to their appearance and condition immediately prior to the casualty.

8.2 MAINTENANCE OBLIGATIONS OF THE ASSOCIATION.

8.2.1 Responsibilities. The Association shall maintain all Improvements on the Association Property in an attractive condition and in good order and repair. The Board shall determine, in its sole discretion, the level and frequency of maintenance of the Association Property. The Association may add or remove any landscaping Improvements to or from the Association Property and shall keep the landscaping thereon free of weeds and disease.

8.2.2 Inspection. The Board shall have the Association Property and all Improvements thereon inspected at least once every year in order to (a) determine whether the Association Property is being maintained in accordance with the standards of maintenance established in the Governing Documents, (b) determine the condition of the Association Property and any Improvements thereon, including the existence of any hazards or defects, and the need for performing additional maintenance, refurbishment, replacement, or repair, and (c) recommend preventive actions to reduce potential maintenance costs to be incurred in the future. The Board shall keep Declarant fully informed of the Board's activities under this Section 8.3.2. The Board may employ such experts and consultants as necessary to perform the inspection and make the report required by this Section. The Board shall prepare a report of the results of the inspection required by this Section. The report shall be furnished to Owners and to Declarant within the time set forth for furnishing Owners with the Budget. The report must include at least the following:

- (a) a description of the condition of the Association Property, including a list of items inspected, and the status of maintenance, repair and need for replacement of all such items;
- (b) a description of all maintenance, repair and replacement planned for the ensuing Fiscal Year and included in the Budget;
- (c) if any maintenance, repair or replacement is to be deferred, the reason for such deferral;
- (d) a summary of all reports of inspections performed by any expert or consultant employed by the Board to perform inspections;
- (e) a report of the status of compliance with the maintenance, replacement and repair needs set forth in the inspection report for preceding years; and
- (f) such other matters as the Board deems appropriate.

8.2.3 Damage to Association Property. After Notice and Hearing, the Board may levy the cost of any maintenance, repairs and replacements by the Association within the Association Property arising out of or caused by the willful or negligent act of an Owner, other Person as a Compliance Assessment against the responsible Owner or Person.

8.3 COMMON WALLS; ROOFS.

Each Residence may have one or more Common Wall(s) with another Residence. To the extent that a Residence is connected by, or shares, a Common Wall with another Residence, the following provisions shall govern the use, maintenance, repair and restoration thereof:

8.3.1 Access. Each Residence sharing a Common Wall shall provide such access as may be reasonably necessary to permit the Owner of the other Residence sharing said Common Wall, and their respective agents and contractors, to maintain the integrity of the Common Wall, and to repair and restore it as necessary.

8.3.2 Single Party Liability. Should any Common Wall be damaged or destroyed by the negligence or other act or omission of an Owner of one of the Residence sharing the same, or said Owner's agents, employees, invitees or guests, said Owner shall be liable, at its sole cost and expense, for all necessary repairs or restoration of said Common Wall, and related damage to any Residence; provided, however, that any insurance proceeds received in connection with such damage or destruction from policies of insurance owned by the Owners of either Residence sharing said Common Wall, shall first be applied toward the costs of repairing or restoring the Common Wall and related damages to Residences. All repairs or restorations to be completed pursuant to this subparagraph shall be completed to the reasonable satisfaction of the affected Owners.

8.3.3 Shared Liability. Should any Common Wall be damaged or destroyed by any cause other than the negligence, act or omission of the Owner of either Residence sharing said Common Wall, or said Owner's agents, employees, invitees or guests, the Owners of the Residences sharing said Common Wall shall be equally liable for all necessary repairs or restoration of said Common Wall, and related damage to either Residence; provided, however, that any insurance proceeds received in connection with such damage or destruction from policies of insurance owned by the Owners of either Residence sharing said Common Wall shall first be applied toward the costs of repairing or restoring the Common Wall and related damages to the affected Residences. All repairs or restorations to be completed pursuant to this subparagraph shall be completed to the reasonable satisfaction of the affected Owners.

8.3.4 Right to Repair. Should any party fail or refuse to complete the repairs or restorations imposed upon it by these provisions, the other Owner, after giving written notice to said party of its intention to do so, may undertake said repairs or restorations, and be entitled to reimbursement for all costs incurred in connection therewith from said party. Such reimbursement shall be made within thirty (30) days after completion of the work and delivery to said party of a statement and demand for payment setting forth all costs incurred. The Owner shall have a direct right of recovery against said party for said party's portion of the costs incurred in making the necessary repairs or restorations, and to recover interest thereon at the rate of 18% per annum until paid in full, together with recovery of attorney fees and costs if collection efforts become necessary.

8.3.5 Dispute. In the event of a dispute or controversy between the Owners of Residences sharing a Common Wall, as to any matter within or arising out of the provisions of this Section 8.3, or the respective use, maintenance, repair, or replacement of said Common Wall, such dispute or controversy shall be submitted to the Board of Directors of the Association for arbitration. The decision of the Board with respect to the issues presented shall be binding upon the parties involved.

8.3.6 Roofs as Common Walls. The above-stated provisions regarding Common Walls shall apply equally with respect to roofs and roofing materials that are shared in common by two (2) or more Residences.

**ARTICLE IX
DAMAGE AND CONDEMNATION OF ASSOCIATION PROPERTY**

This Article establishes the procedure for repairing or reconstructing damaged Association Property and for obtaining funds from condemnation of Association Property.

Damage to or destruction of all or any portion of the Association Property and condemnation of all or any portion of the Association Property shall be handled in the following manner:

9.1 REPAIR AND RECONSTRUCTION. If the Association Property is damaged or destroyed, the Association shall cause the Association Property to be repaired and reconstructed in accordance with plans and specifications approved by the Board. If the cost of effecting total restoration of the Association Property exceeds the available insurance proceeds, then the Association shall levy a Reconstruction Assessment against the Pads and their respective Owners equal to the difference between the total restoration cost and the insurance proceeds.

9.2 OWNERS' RESPONSIBILITIES. Each Owner is liable to the Association for all expenses of repairing damage to the Association Property which may be sustained due to the negligence or willful misconduct of said Owner or the Persons deriving their right to use the Association Property from said Owner. The Association may, after Notice and Hearing, (i) charge the Owner for the cost of repairing the damage, (ii) determine whether any claim shall be made upon the insurance kept by the Association and (iii) levy against such Owner a charge equal to any deductible paid and the increase, if any, in the insurance premium directly attributable to the damage caused by such Owner or the Persons for whom such Owner may be responsible.

9.3 EMINENT DOMAIN. If all or any portion of the Association Property is taken by exercise of the power of eminent domain or by purchase in lieu thereof, the award in condemnation shall be paid to the Association and deposited in the Operating Fund. No Owner may participate as a party, or otherwise, in any proceedings relating to such condemnation.

**ARTICLE X
INSURANCE OBLIGATION OF ASSOCIATION**

This Article establishes minimum requirements for insurance kept by the Association.

10.1 CASUALTY INSURANCE. The Board shall obtain all risk property insurance for loss or damage to all insurable Improvements on the Association Property with an agreed amount endorsement for no less than one hundred percent (100%) of the full replacement cost (new without deduction for depreciation) of the cost of Improvements, fixtures and other property, without deduction for coinsurance, and may obtain insurance against such hazards and casualties as the Association may deem desirable if commercially reasonable and held by reasonably prudent owners of similar properties. The Association may also insure any other real or personal property it owns against loss or damage by fire and such other hazards as the Association may deem desirable, with the Association as the owner and beneficiary of such insurance. The policies insuring the Association Property must be written in the name of, and the proceeds thereof must be payable to the Association. Unless the applicable insurance policy provides for a different procedure for filing claims, all claims made under such policy must be sent to the insurance carrier or agent, as

applicable, by certified mail and be clearly identified as a claim. The Association shall keep a record of all claims made.

10.2 INSURANCE OBLIGATIONS OF OWNERS. Each Owner is responsible for insuring his personal property and all other property and Improvements within his Pad as required by the applicable Supplemental Declaration or applicable Neighborhood Declaration. Such policies shall not adversely affect or diminish any coverage under any insurance obtained by or on behalf of the Association. Duplicate copies of such other policies shall be deposited with the Board upon the Board's request. If any loss intended to be covered by insurance carried by or on behalf of the Association occurs and the proceeds payable thereunder are reduced due to insurance carried by any Owner, such Owner shall assign the proceeds of such insurance to the Association, to the extent of such reduction.

10.3 WAIVER OF SUBROGATION. All policies of property insurance held by the Association or the Owners must provide, if available on commercially reasonable terms, for a waiver of: (a) any defense based on coinsurance, and (b) any claim for subrogation and other rights of recovery as they might have against each other and their respective agents, employees, invitees and insurers with respect to all perils covered by whatever casualty insurance is in effect. As to each policy of insurance the Association keeps which will not be voided or impaired thereby, the Association waives and releases all claims against the Board, the Owners, the Manager, Declarant, the Neighborhood Builders and the agents and employees of each of the foregoing, with respect to any loss covered by such insurance, whether or not caused by negligence or breach of any agreement by such Persons, but only to the extent that insurance proceeds are received in compensation for such loss.

10.4 LIABILITY AND OTHER INSURANCE. The Association shall obtain commercial general liability insurance, including coverage for medical payments and malicious mischief, in such limits as it deems desirable, insuring against liability for bodily injury, death and property damage arising from the Association's activities or with respect to property the Association maintains or is required to maintain including, if obtainable, a cross-liability endorsement insuring each insured against liability to each other insured. The Association may also obtain Worker's Compensation insurance and other liability insurance as it may deem desirable, insuring each Owner, the Association, the Board and Manager, against liability in connection with the Association Property. The Board may also obtain such errors and omissions insurance, indemnity bonds, fidelity insurance and other insurance as it deems advisable, insuring the Board, the Association's officers and the Manager against liability for any act or omission in carrying out their obligations hereunder, or resulting from their membership on the Board or on any committee thereof. However, fidelity insurance coverage which names the Association as an obligee must be obtained by or on behalf of the Association for any Person handling the Association funds, including, but not limited to, Association officers, directors, employees and agents and Manager employees, whether or not such Persons are compensated for their services, in an amount not less than the estimated maximum of funds, including reserve funds, in the Association's or Manager's custody during the term of the insurance. The aggregate amount of such insurance coverage may not be less than one-fourth (1/4) of the Annual Common Assessments on all Pads in the Properties, plus reserve funds. In addition, the Association shall continuously keep in effect such casualty and liability insurance and fidelity insurance coverage meeting the requirements for developments such as the Properties established by FNMA, GNMA and FHLMC, so long as any of them is a Mortgagee or an Owner of a Pad in the Properties, except to the extent such coverage is not reasonably available or has been waived in writing.

10.5 NOTICE OF EXPIRATION REQUIREMENTS. If available, each insurance policy the Association keeps must contain a provision that said policy may not be canceled, terminated, materially modified or allowed to expire by its terms, without ten (10) to thirty (30) days' prior written notice to the Board, 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 notice, and every other Person in interest who requests such notice of the insurer.

ARTICLE XI RIGHTS OF MORTGAGEES

11.1 GENERAL PROTECTIONS. Notwithstanding any other provision of this Declaration, no amendment or violation of the Declaration defeats or renders invalid the rights of the Beneficiary under any Mortgage made in good faith and for value, provided that after the foreclosure of any such Mortgage such Pad will remain subject to this Declaration. For purposes of the Governing Documents, "first Mortgage" means a Mortgage with first priority over other Mortgages on a Pad, and "first Mortgagee" means the Mortgagee of a first Mortgage. For purposes of any provisions of the Governing Documents which require the vote or approval of a specified percentage of first Mortgagees, such vote or approval is determined based upon one (1) vote for each Pad encumbered by each such first Mortgage. In order to induce VA, FHA, FHLMC, GNMA and FNMA to participate in the financing of the sale of Pads, the following provisions are added hereto (and to the extent these added provisions conflict with any other provisions of this Declaration or any other of the Governing Documents, these added provisions control):

11.2 WRITTEN NOTIFICATION. Each Mortgagee, insurer and guarantor of a first Mortgage encumbering at least one Pad, upon filing a written request for notification with the Board, is entitled to written notification from the Association of:

- (a) any condemnation or casualty loss which affects either a material portion of the Properties or the Pads securing the respective first Mortgage; and
- (b) any delinquency of sixty (60) days or more in the performance of any obligation under the Governing Documents, including the payment of Assessments or charges owed by the Owner(s) of the Pads securing the respective first Mortgage, which notice each Owner consents to and authorizes; and
- (c) a lapse, cancellation, or material modification of any policy of insurance or fidelity insurance kept by the Association; and
- (d) any abandonment or termination of the Association.

11.3 RIGHT OF FIRST REFUSAL. Each Owner, including each first Mortgagee of a Mortgage encumbering any Pad which obtains title to such Pad pursuant to the remedies provided in such Mortgage, or by foreclosure of such 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.

11.4 ACQUISITION BY MORTGAGEE. Each first Mortgagee of a Mortgage encumbering any Pad who obtains title to such Pad pursuant to the remedies provided in such Mortgage or by foreclosure of such Mortgage shall take title to such Pad free of any claims for

unpaid Assessments or charges against such Pad which accrued prior to the time such Mortgagee acquires title to such Pad.

11.5 RIGHTS UPON REQUEST. All Beneficiaries, insurers and guarantors of first Mortgages, upon written request to the Association, shall have the right to:

- (a) examine current copies of the Association's books, records and financial statements and the Governing Documents during normal business hours; and
- (b) receive written notice of all meetings of Residents; and
- (c) designate in writing a representative who shall be authorized to attend all meetings of Residents.

11.6 PAYMENTS OF DELINQUENT AMOUNTS. First Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any Association Property and may pay any overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy for Association Property and first Mortgagees making such payments shall be owed immediate reimbursement therefor from the Association.

11.7 CONTRACTS. The Board may enter into such contracts or agreements on behalf of the Association as are required in order to satisfy the guidelines or requirements of VA, FHA, FHLMC, FNMA, GNMA or any similar entity, so as to allow for the purchase, insurance or guaranty, as the case may be, by such entities of first Mortgages encumbering Pads. Each Owner agrees that it will benefit the Association and its Members, as a class of potential Mortgage borrowers and potential sellers of their Pads, if such agencies approve the Properties as a qualifying subdivision under their respective policies, Community Guidelines. Each Owner authorizes his Mortgagees to furnish information to the Board concerning the status of any Mortgage encumbering a Pad.

ARTICLE XII ENFORCEMENT

This Article establishes procedures for enforcing the Governing Documents, collecting delinquent assessments and resolving disputes with the Declarant.

12.1 ENFORCEMENT OF RESTRICTIONS. All disputes arising under the Governing Documents, other than those described in Section 12.2, Section 12.4, shall be resolved as follows:

12.1.1 Violations Identified by the Association. If the Board determines that there is a violation of the Governing Documents determines that an Improvement which is the responsibility of an Owner needs installation, maintenance, repair, restoration or painting, then the Board shall give written notice to the responsible Owner identifying (i) the condition or violation complained of, and (ii) the length of time the Owner has to remedy the violation including, if applicable, the length of time the Owner has to submit plans to the Board and the length of time the Owner has to complete the work proposed in the plans submitted to the Board. If an Owner does not perform such corrective action as is required

by the Board within the allotted time, the Board, after Notice and Hearing, may remedy such condition or violation complained of, and the cost thereof shall be charged to the Owner as a Compliance Assessment.

If the violation involves nonpayment of an Assessment, then the Board may collect such delinquent Assessment pursuant to the procedures set forth in Section 12.2.

12.1.2 Violations Identified by an Owner. If an Owner alleges that another Owner, other Person is violating the Governing Documents (other than nonpayment of an Assessment), the complaining Owner must first submit the matter to the Board for Notice and Hearing before the complaining Owner may resort to litigation.

12.1.3 Legal Proceedings. Failure of an Owner, or any other Person, to comply with any of the terms of the Governing Documents is grounds for relief which may include imposition of a Compliance Assessment and/or an action to recover sums due for damages, injunctive relief, foreclosure of any lien, or any combination thereof; however, the procedures established in Sections 12.1.1 and 12.1.2 must first be followed, if they are applicable.

12.1.4 Limitation on Expenditures. The Association may not incur litigation expenses, including attorneys' fees, or borrow money to fund litigation, where the Association initiates legal proceedings or is joined as a plaintiff in legal proceedings, unless the Association first obtains the consent of a majority of the Members (excluding the voting power of any Owner who would be a defendant in such proceedings). Such approval is not necessary if the legal proceedings are initiated (i) to enforce any provision of the Governing Documents, (ii) to collect any unpaid Assessments levied pursuant to the Governing Documents, (iii) to enforce a contract with a vendor, (iv) for a claim, the total value of which is less than Two Hundred Thousand Dollars (\$200,000), (v) as a cross-complaint or counterclaim in litigation to which the Association is already a party, or (vi) to protect the health, safety and welfare of the Members of the Association.

If the Association decides to use or transfer reserve funds or borrow funds to pay for any litigation, the Association must notify its Members of the decision by mail. Such notice shall provide an explanation of why the litigation is being initiated or defended, why operating funds cannot be used, how and when the reserve funds will be replaced, or the loan will be repaid, and a proposed budget for the litigation. The notice must state that the Members have a right to review an accounting for the litigation which will be available at the Association's office. The accounting shall be updated monthly.

12.1.5 Additional Remedies. The Board may adopt a schedule of reasonable fines or penalties which, in its reasonable discretion, it may assess against an Owner for the failure of such Owner, or of a resident of or visitor to such Owner's Pad to comply with the Governing Documents. The Board may Record a Notice of Noncompliance against an Owner's Pad for any violation of the Governing Documents, if permitted by law.

12.1.6 No Waiver. Failure to enforce any provision of the Declaration hereof does not waive the right to enforce that provision, or any other provision of the Declaration.

12.1.7 Right to Enforce. The Board or any Owner (not at the time in default hereunder) may enforce the Governing Documents as described in this Article. Each remedy provided for in the Governing Documents is cumulative and not exclusive or exhaustive.

12.2 NONPAYMENT OF ASSESSMENTS.

12.2.1 Remedies. Any installment of an Assessment is delinquent if not paid within ten (10) days of the due date established by the Board. Any Assessment installment not paid within thirty (30) days after the due date, plus all reasonable costs of collection (including attorneys' fees) and late charges as provided in this Declaration bears interest at the maximum rate permitted by law commencing from the date the Assessment becomes due until paid. If an Assessment is payable in Installments, the full amount of the Assessment is a lien from the time the first installment becomes due. The Board may also require the delinquent Owner to pay a late charge as established in the Community Guidelines.

The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the Pad. The Association may record a notice of lien against the delinquent Pad. The Association need not accept any tender of a partial payment of an Assessment installment and all costs and attorneys' fees attributable thereto, and any acceptance of any such tender does not waive the Association's right to demand and receive full payments thereafter.

12.2.2 The Association's Lien.

(a) **Priority of Association Lien.** Subject to any contrary provision in Utah Law, a lien in favor of the Association pursuant to this Declaration for any unpaid Assessments, is prior to all other liens and encumbrances on a Pad except: (1) liens and encumbrances (other than first Mortgages) recorded before recordation of this Declaration; (2) a first Mortgage on the Pad recorded before the date on which the Assessment sought to be enforced became delinquent, except that the Association's lien is prior to such first Mortgage to the extent and in the amount of the Common Assessments for Common Expenses based on the periodic budget adopted by the Association which would have become due, in the absence of acceleration during the six (6) months immediately preceding institution of an action to enforce the lien; and (3) liens for real estate taxes and other governmental assessments or charges against the Pad. This provision does not affect the priority of a lien for other Assessments made by the Association.

(b) **Recording of Lien.** Recording of the Declaration constitutes record notice and perfection of the Association's Lien. Further recording of a claim of lien for Assessment under this provision is not required.

(c) **Limitation of Lien/Effect of Bankruptcy.** A lien for unpaid Assessments is extinguished unless proceedings to enforce the lien are instituted within three (3) years after the full amount of the Assessment becomes due, except that if an Owner of a Pad subject to a lien files a petition for relief under the Residential States Bankruptcy Code ("Bankruptcy Code"), the time period for instituting proceedings to enforce the Association's lien shall be tolled until the later of the time period allowed hereunder or thirty (30) days after the automatic stay of proceedings under Section 362 of the Bankruptcy Code is lifted.

12.2.3 Foreclosure Sale. The Association may exercise any non-judicial remedy available under Utah law to foreclose the lien, including exercising a private power

of sale. A sale to foreclose an Association lien may be conducted in the same manner, prescribed by Utah law, as foreclosures of deeds of trust. The Association, through duly authorized agents, may bid on the Pad at foreclosure sale, and acquire and hold, lease, encumber and convey the same. Upon completion of the foreclosure sale, the Association or the purchaser at the sale may file suit to secure occupancy of the defaulting Owner's Pad, and the defaulting Owner shall be required to pay the reasonable rental value of the Pad during any period of continued occupancy by the defaulting Owner or any Persons claiming under the defaulting Owner. Unless otherwise provided by Utah law, there is no right of redemption by the former Owner after the non-judicial foreclosure sale is completed by the Association.

12.2.4 Cumulative Remedies. All remedies the Association has available in connection with collection of delinquent Assessments are cumulative and not exclusive. A suit to recover a money judgment against an Owner may be maintained without foreclosing or waiving the Association's lien and right to foreclose the lien.

12.2.5 Assessments After Foreclosure. After a Mortgagee or other Person obtains title to a Pad by judicial foreclosure or by means set forth in a Mortgage, the Pad shall remain subject to the Declaration and the payment of all installments of Assessments accruing after the date the Mortgagee or other Person obtains title.

12.2.6 Receivers. In addition to the foreclosure and other remedies granted the Association in this Declaration, each Owner conveys to the Association all of such Owner's right, title and interest in all rents, issues and profits derived from and appurtenant to such Pad, subject to the right, power and authority of the Association to collect and apply such rents, issues and profits to any delinquent Assessments owed by such Owner, reserving to the Owner the right, prior to any default by the Owner in the payment of Assessments, to collect and retain such rents, issues and profits as they become due and payable. Subject to Utah law, as amended, upon any such default the Association may, either in person, by agent or by receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness secured by the lien described in this Declaration, (a) enter and take possession of the Pad, (b) in the Association's name sue for or otherwise collect such rents, issues and profits, including those past due and unpaid, and (c) apply the same, less allowable expenses, to any delinquencies of the Owner hereunder, and in such order as the Association may determine. The entering upon and taking possession of the Pad, the collection of rents, issues and profits and the application thereof, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

12.3 DISPUTES WITH DECLARANT PARTIES. Any disputes between (a) the Association, or any Owners, and (b) the Declarant, any Neighborhood Builder, or any director, officer, partner, shareholder, member, employee, representative, contractor, subcontractor, design professional or agent of the Declarant or any Neighborhood Builder (collectively "Declarant Parties") arising under this Declaration or relating to the Properties, including disputes regarding latent or patent construction defects, but excluding actions taken by the Association against Declarant to collect delinquent Assessments, and disputes solely between Declarant and a Neighborhood Builder involving contracts for purchase and sale of any portion of the Properties, where the amount in controversy is greater than Five Thousand Dollars (\$5,000), shall be subject to the following provisions:

(a) **Notice.** Any Person with a Dispute shall give written notice of the Dispute by personal or mail service as authorized by the Utah Rules of Civil Procedure to the party to whom the Dispute is directed (“**Respondent**”) describing the nature of the Dispute and any proposed remedy (the “**Dispute Notice**”).

(b) **Right to Inspect and Correct.** Commencing on the date the Dispute Notice is delivered to the Respondent and continuing until the Dispute is resolved, the Respondent and its representatives have the right to (i) meet with the party alleging the Dispute at a reasonable time and place to discuss the Dispute, (ii) enter the Properties to inspect any areas that are subject to the Dispute, and (iii) conduct inspections and testing (including destructive or invasive testing) in a manner deemed appropriate by the Respondent. If Respondent elects to take any corrective action, Respondent and its representatives shall be provided full access to the Properties to take and complete the corrective action. Respondent is not obligated to take any corrective action. Respondent, with the consent of Declarant, has the right to select the corrective action Respondent believes is appropriate.

(c) **Mediation.** If the Dispute is not resolved within ninety (90) days after the Respondent receives the Dispute Notice, any party may submit the Dispute to mediation by delivering a request for mediation (“**Mediation Notice**”) in the same manner as allowed for delivery of the Dispute Notice. The Dispute shall be mediated pursuant to (i) the American Arbitration Association (“**AAA**”) mediation procedures in existence when the Dispute Notice is delivered, as modified by this Section, or (ii) the mediation procedures of any successor to the AAA in existence when the Dispute Notice is delivered, as modified by this Section, or (iii) mediation procedures approved by the parties of any entity offering mediation services that is acceptable to the parties to the Dispute (“**Parties**”). Except as provided in Section 12.3(d), no Person shall commence litigation regarding a Dispute without complying with this Section 12.3.

(i) **Selection of Mediator.** The mediator shall be selected within sixty (60) days from delivery of the Mediation Notice. The mediator shall be selected by mutual agreement of the Parties. If the parties cannot agree on a mediator, the mediator shall be selected by the entity providing the mediation service. No Person shall serve as a mediator in any Dispute in which the Person has any financial or personal interest in the result of the mediation, except by the written consent of all Parties. Before accepting any appointment, the prospective mediator shall disclose any circumstances likely to create a presumption of bias or to prevent a prompt commencement of the mediation process.

(ii) **Position Letter; Pre-Mediation Conference.** No later than sixty (60) days after selection of the mediator, each party to the Dispute shall submit a letter (“**Position Statement**”) containing (i) a description of the party’s position concerning the issues that need to be resolved, (ii) a detailed description of the defects allegedly at issue, and (iii) a suggested plan of repair, remediation or correction. The mediator may schedule a pre-mediation conference. All Parties shall attend unless otherwise mutually agreed. The mediation shall be commenced within twenty (20) days after submittal of all Position Statements and shall be concluded within fifteen (15) days after the mediation began unless either (a) the mediator extends the mediation period, or (b) the Parties mutually agree to extend the mediation period. The mediation shall be held in the City or another place mutually acceptable to the parties.

(iii) **Conduct of Mediation.** The mediator has discretion to conduct the mediation in the manner in which the mediator believes is most appropriate to achieve the goal of settling the Dispute. The mediator is authorized to conduct joint and separate meetings with the Parties and to make oral and written recommendations for settlement. The mediator may also obtain expert advice concerning technical aspects of the Dispute, provided the parties agree to and do assume the expenses of obtaining such advice. The mediator shall not have the authority to impose a settlement on the parties.

(iv) **Application of Utah Rules of Evidence.** The Utah Rules of Evidence shall be applicable to the mediation process. Use and disclosure of statements, evidence and communications offered or made in the course of the mediation shall be governed by these sections, including the sections which preclude use of material in future proceedings and the sections which provide for confidentiality of material.

(v) **Parties Permitted at Mediation.** Persons other than the parties, their liability insurers, Declarant, attorneys for the parties, the liability insurers and Declarant and the mediator may attend mediation sessions only with the permission of the parties and the consent of the mediator. Declarant has the right to attend the mediation session even if Declarant is not one of the parties.

(vi) **Record.** There shall be no stenographic, video or audio record of the mediation process.

(vii) **Expenses.** Each party shall bear its own attorneys' fees and costs incurred in connection with the mediation. All other expenses of the mediation including the fees charged by the mediator and the cost of any proof or expert advice requested by the mediator shall be shared equally by the parties unless they agree otherwise. This provision does not modify any provision of a contract between Declarant and any Declarant Party requiring indemnification or establishing a different allocation of costs between the Declarant and the Declarant Party.

(d) **Judicial Reference.** If a Dispute remains unresolved after the mediation required by Section 12.3(c) is completed, any of the Parties may file a lawsuit, provided that the Association, must obtain the vote or written consent of Owners other than Declarant who represent not less than sixty-seven percent (67%) of the voting power (excluding the voting power of Declarant) of the Association, as the case may be, prior to filing a lawsuit in a Dispute with Declarant or a Declarant Party. All lawsuits regarding Disputes must be resolved by binding arbitration, as modified by this Section 12.3(d). The Parties shall cooperate in good faith to ensure that all necessary and appropriate parties are included in the arbitration proceeding. The Dispute shall be arbitrated pursuant to (i) the American Arbitration Association (“AAA”) arbitration procedures in existence when the Dispute Notice is delivered, as modified by this Section, or (ii) the arbitration procedures of any successor to the AAA in existence when the Dispute Notice is delivered, as modified by this Section, or (iii) arbitration procedures approved by the parties of any entity offering mediation services that is acceptable to the parties to the Dispute (“Parties”).

(i) **Place.** The proceedings shall be heard in Salt Lake City, Utah.

(ii) **Arbitrators.** The parties to the arbitration proceeding shall meet to select the arbitrators no later than thirty (30) days after service of the initial complaint on all defendants named in the complaint. The arbitrators shall be selected by mutual agreement of the Parties. No Person shall serve as an arbitrator in any Dispute in which the Person has any financial or personal interest in the result of the arbitration, except by the written consent of all Parties. Before accepting any appointment, the prospective arbitrators shall disclose any circumstances likely to create a presumption of bias or to prevent a prompt commencement of the arbitration process. Any dispute regarding selection of the arbitrators shall be resolved by the court in which the complaint is filed.

(iii) **Commencement and Timing of Proceeding.** The referee shall commence the proceeding at the earliest convenient date and shall conduct the proceeding without undue delay.

(iv) **Record.** A stenographic record of the hearing shall be made which shall remain confidential except as may be necessary for post-hearing motions and any appeals.

(v) **Limit on Remedies/Prohibition on the Award of Punitive Damages.** The arbitrators may not award punitive damages. In addition, as further provided below, the right to punitive damages is waived by the parties. The arbitrators may grant all other legal and equitable remedies and award compensatory damages in the arbitration proceeding.

(vi) **Appeals. [Reserved.]**

(vii) **Expenses.** Each party shall bear its own attorneys' fees and costs incurred in connection with the arbitration proceeding. All other expenses of the arbitration proceeding including the cost of the stenographic record shall be shared equally by the parties to the arbitration proceeding unless they agree otherwise. This provision does not modify any provision of a contract between Declarant and any Declarant Party requiring indemnification or establishing a different allocation of costs between the Declarant and the Declarant Party.

(e) **Statutes of Limitation.** Nothing in this Section 12.3 shall be considered to toll, stay, reduce or extend any applicable statute of limitations, provided, however, that Declarant, the Declarant Parties, the Association, and any Owner may commence a legal action which in the good faith determination of that Person is necessary to preserve that Person's rights under any applicable statute of limitations so long as no further steps in processing the action are taken except those authorized in this Section 12.3.

(f) **Agreement to Dispute Resolution; Waivers of Jury Trial and Award of Punitive Damages.** Declarant, the Association and each Owner agree to use the procedures established in this Section 12.3 to resolve all Disputes and waive their rights to resolve Dispute in any other manner. Declarant, the Association, and each Owner acknowledge that by agreeing to resolve all disputes as provided in this Section 12.3, they are giving up their right to have Disputes tried before a jury and waiving their rights to an award of punitive damages.

ARTICLE XIII DISCLOSURES

Because much of the information included in this Article has been obtained from other sources (e.g., governmental and other public agencies and public records) and because much of the information is subject to change for reasons beyond the control of Declarant, the Neighborhood Builders and the Association, the Declarant, the Neighborhood Builders and the Association do not guarantee the accuracy or completeness of any of the information disclosed in this Article. Further, neither Declarant nor any Neighborhood Builder nor the Association undertakes any obligation to advise Owners or prospective purchasers of any changes affecting the disclosures in this Article. All persons should make specific inquiries or investigations to determine the current status of the following information.

13.1 NO REPRESENTATIONS OR WARRANTIES. No representations or warranties of any kind, express or implied, have been given or made by Declarant, the Neighborhood Builders, the Association or their agents or employees in connection with the Properties, its physical condition, zoning, compliance with laws, fitness for intended use, or in connection with the subdivision, sale, operation, maintenance, cost of maintenance, taxes or regulation as a master planned community, except (i) as specifically and expressly set forth in this Declaration, and (ii) as expressly agreed in writing between the parties to the contrary.

13.2 OFFERS OF DEDICATION. Certain areas of the Association Property are or will be subject to irrevocable offers of dedication as shown on the recorded plats for the Properties. The Local Governmental Agency may accept an offer of dedication and assume responsibility for these portions of the Association Property at any time.

13.3 NONLIABILITY. Each Owner acknowledges and agrees that neither the Declarant nor any Neighborhood Builder nor the Association shall be liable or responsible for any damage to Improvements that have been constructed or modified by another Owner or that is the result of Improvements that have been constructed or modified by another Owner. Improvements may not be installed, constructed or modified without the assistance of qualified consultants.

13.4 INTRANET. Declarant may establish a community-wide intranet network for the Properties (the **"Intranet"**). If established, the Intranet will most likely be developed, hosted, maintained, serviced and updated by a provider pursuant to a contract to be entered into between the Association and (directly or indirectly) such provider. The Declarant, its affiliates and related parties may have an ownership interest of any kind in the provider. It is the intent as of the date of recordation of this Declaration that, if established, such Intranet shall provide "peer-to-peer" connectivity among Owners and Owners and occupants of the Properties with appropriate firewall protections between commercial users and residents of the Properties. If established, users of the Intranet may have access to, and be able to engage in commercial transactions with merchants or others who are participating in such Intranet through a local area network without having to access the Internet. Costs incurred by the Association in developing, maintaining and operating the Intranet will most likely be included in the Assessments payable to the Association by each Owner. If such costs are included, each Owner will be responsible for paying his or her portion of Assessments attributable to the Intranet regardless of whether such Owner intends to or actually uses or derives any significant benefit or consideration from the services offered by such Intranet. The development and establishment of the Intranet will be dependent on installation and integration of sophisticated Telecommunications Facilities, and accordingly, no representations or warranties are made in this

Declaration by the Declarant or the Association regarding the actual network that may ultimately be established for the Properties.

13.5 NATURE OF THE COMMRESIDENCEY. The Properties are a master planned community being developed in accordance with rights granted to Declarant by the Area Plan and/or any planning documents. The community is planned to be composed of many housing types. Many, but possibly not all, of these properties will be encumbered by the Declaration and managed by the Association. The Declarant, in its discretion, will determine which properties are encumbered by the Declaration and which properties are developed separately.

Completion of the Properties will take many years. Buyer preferences, economic conditions and government approvals can change. Accordingly, Declarant cannot guarantee that the Properties will be completed in the form originally proposed or in accordance with any interim modifications of the original planning concept. Declarant gives no assurance that any area presently planned for a particular housing type or use will actually be developed with that housing type or use or in accordance with any planned time schedule. Declarant has the right to build different housing types and different uses in connection with exercising Declarant's rights granted in the Area Plan and/or any planning documents, all of which can be amended but only with Declarant's consent and approval of the City. Declarant also has the right to construct energy projects at the higher elevations of the Properties.

The form, nature and extent of all future development of both private and public facilities within the Properties is subject to regulation by all applicable government agencies, which may or may not exercise their authority in accordance with the desires of Declarant and which are, in any case, not within the control of the Declarant. Accordingly, all plans, models, displays and other materials are illustrative only and do not constitute a representation on the part of Declarant that any particular improvements will, in fact, be built or, if built, that such Improvements will be of the type and in the location shown in any plans, models, displays and other materials.

Declarant only intends to sell to Neighborhood Builders and buyers who (a) support construction and development of the Properties, (b) understand that Declarant has the right to make changes to any plans for the Properties without the consent of the Neighborhood Builders, Owners and buyers, (c) understand that Declarant has the right to exercise all rights granted under the Area Plan and/or any planning documents, in Declarant's sole discretion, and (d) agree that Declarant has relied on their representation to Declarant that they understand and agree to everything listed in this sentence. Owners and Neighborhood Builders agree that they will support and not oppose (a) future applications for government approvals or future development of the Properties, which are consistent with Declarant's plan, as modified from time to time, and (b) future exercise of Declarant's rights granted under the Area Plan and/or any planning documents.

13.6 ASSOCIATION BUDGETS. Initial Association budgets are based on information available at the date of preparation. Budgets will change from time to time due to changing maintenance requirements, geographic impacts that are not anticipated when the budgets were prepared, the demand by Owners for different, higher, or enhanced services or standards of maintenance and/or unforeseen or unanticipated circumstances. In addition, actual maintenance costs may vary from the costs allocated in the Declarant's Budget; therefore, there is no representation that the initial budgets reflect actual costs of operating the Association.

ARTICLE XIV GENERAL PROVISIONS

Communities are dynamic and constantly evolving as circumstances, technology, needs, desires and laws change, and as the surrounding area changes. The Properties and the Governing Documents must be able to adapt to these changes while protecting the things that make the Properties unique. This Article includes provisions that will allow the Properties to adapt to different changes.

14.1 TERM. This Declaration continues in full force unless a Declaration of Termination satisfying the requirements of an amendment to the Declaration as set forth in Section 14.2 is Recorded.

14.2 TERMINATION AND AMENDMENT. Notice of the subject matter of a proposed amendment to, or termination of, this Declaration in reasonably detailed form shall be included in the notice of any meeting or election of the Association at which a proposed amendment or termination is to be considered.

14.2.1 City Approval. N/A.

14.2.2 Member Approval. Any amendment terminating this Declaration or the Association, and any amendment that, by law, cannot be adopted without the approval of the Members.

14.2.3 Mortgagee Approval. In addition to the required notice and consent of Members and Declarant, the Beneficiaries of fifty-one percent (51%) of the first Mortgages who have requested the Association to notify them of proposed action requiring the consent of a specified percentage of first Mortgagees must approve the following amendments to the Governing Documents.

(a) Any amendment which affects or purports to affect the validity or priority of Mortgages or the rights or protection granted to Beneficiaries, insurers and guarantors of first Mortgages in this Declaration.

(b) Any amendment which would require a Mortgagee after it has acquired a Pad through foreclosure to pay more than its proportionate share of any unpaid Assessment accruing before such foreclosure.

(c) Any amendment which would or could result in a Mortgage being canceled by forfeiture or in a not being separately assessed for tax purposes.

(d) Any amendment relating to the insurance provisions as set out in Article X, or to the application of insurance proceeds as set out in Article IX, or to the disposition of any money received in any taking under condemnation proceedings.

(e) Any amendment which would or could result in partition or subdivision of a in any manner inconsistent with this Declaration.

(f) Any amendment which would subject any Owner to a right of first refusal or other such restriction if such Pad is proposed to be sold, transferred or otherwise conveyed.

(g) Any amendment concerning:

- (A) Reductions in reserves for maintenance, repair and replacement of the Association Property;
- (B) Redefinition of boundaries of any Residence;
- (C) Reallocation of interests in the Association Property or rights to its use;
- (D) Convertibility of Association Property into Residences;
- (E) Convertibility of Residences into Association Property;
- (F) Expansion or contraction of the Properties or addition;

Restoration or repair of the Properties (after damage or partial condemnation) in a manner other than that specified in this Declaration;

14.2.4 Termination. No termination of this Declaration is effective unless it is also approved in advance either by fifty-one percent (51%) of the Beneficiaries of the first Mortgages on all of the Lots in the Properties who have submitted a written request to the Association that they be notified of proposed actions requiring the consent of a specified percentage of such Beneficiaries (if termination is proposed due to substantial destruction or condemnation of the Properties) or by sixty-seven percent (67%) of such Beneficiaries (if termination is for reasons other than such substantial destruction or condemnation).

14.2.5 Notice to Mortgagees. Each Mortgagee of a first Mortgage which is sent 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 date of the mailing receipt.

14.2.6 Certification of Amendments. Hold A copy of each amendment (excluding those amendments made pursuant to Section 14.2.7 and Section 14.2.8) shall be signed by at least two (2) Association officers. The amendment will be effective when a Certificate of Amendment is Recorded. The Certificate signed and sworn to by at least two (2) officers of the Association that the requisite number of Owners have either voted for or consented in writing to any termination or amendment adopted as provided above, when Recorded, is conclusive evidence of that fact. The Association shall keep in its files the record of all such votes or written consents for at least four (4) years. The certificate of any termination or amendment which requires the written consent of any of the Beneficiaries of first Mortgages must include a certification that the requisite approval of such first Mortgagees has been obtained. The certificate of any termination or amendment which requires the written consent of Declarant or is subject to Declarant's veto right must include Declarant's signature.

14.2.7 Amendment Before First Close of Escrow. Notwithstanding any other provisions of this Section 14.2, at any time prior to the first Close of Escrow for a Pad in the Residential Area, Declarant may amend or terminate all or a portion of this Declaration by

recording a written instrument which effects the amendment or termination and is signed and acknowledged by Declarant alone.

14.2.8 Other Amendments. Notwithstanding any other provisions of this Section 14.2, Declarant (for so long as Declarant or a Neighborhood Builder owns any portion of the Properties) may unilaterally amend all or a portion of this Declaration by Recording a written instrument signed by Declarant in order to (i) conform this Declaration to applicable law, (ii) conform this Declaration to the guidelines or requirements of VA, FHA, FNMA, GNMA, FHLMC or Sandy City, (iv) change any exhibit to this Declaration or portion of an exhibit depicting property for which assessments have commenced.

14.2.9 Amendment by the Board. Notwithstanding any other provisions of this Section 14.2, the Board may amend this Declaration by Recording a written instrument signed by two officers of the Association certifying that the Board approved the amendment in order to (i) conform this Declaration to applicable law, (ii) correct typographical errors, and (iii) change any exhibit to this Declaration or portion of an exhibit to conform to as-built conditions. So long as Declarant or a Neighborhood Builder owns any portion of the Properties, the Board must obtain Declarant's consent to any amendment the Board approves pursuant to this Section.

14.3 NO PUBLIC RIGHT OR DEDICATION. Nothing in this Declaration constitutes a gift or dedication of all or any part of the Properties to the public, or for any public use.

14.4 CONSTRUCTIVE NOTICE AND ACCEPTANCE. Every Person who owns, occupies or acquires any right, title, estate or interest in or to any Pad or other portion of the Properties does consent and agree, and shall be conclusively deemed to have consented and agreed, to every limitation, restriction, easement, reservation, condition and covenant contained in this Declaration, whether or not any reference to the Governing Documents is contained in the instrument by which such Person acquired an interest in the Properties.

14.5 NOTICES. Except as otherwise provided in this Declaration, notice to be given to an Owner must be in writing and may be delivered to the Owner or Mortgagee personally or by any system or technology designed to record and communicate messages, telegraph, facsimile, electronic mail, or other electronic means. Delivery of such notice to one (1) or more co-owners of a Pad, to any general partner of a partnership or to a member of a limited liability company, constitutes delivery to all co-owners, the partnership or the limited liability company. Delivery of such notice to any officer or agent for the service of process on a corporation constitutes delivery to the corporation. Alternatively, notice may be delivered by regular United States mail, postage prepaid, addressed to the Owner or Mortgagee at the most recent address furnished by such Owner or Mortgagee to the Association. If an Owner does not furnish an address, notice may be sent to the street address of an Owner's Pad. Such notice is deemed delivered three (3) business days after the time of such mailing, except for notice of a meeting of Members or of the Board, in which case the notice provisions of the Bylaws control. Any notice to be given to the Association may be delivered personally to any member of the Board, or sent by United States mail, postage prepaid, addressed to the Association at such address fixed and circulated to all Owners or sent by any system or technology designed to record and communicate messages, telegraph, facsimile, electronic mail, or other electronic means to such address or telephone number as the Board may establish.

14.6 ADDITIONAL PROVISIONS. Notwithstanding the provisions contained in the Governing Documents, there may be provisions of various laws, including the federal Fair Housing

Act codified at Title 42 United States Code, Sections 3601 et seq., which may supplement or override the Governing Documents. Declarant and the Neighborhood Builders make no representations or warranties regarding the enforceability of any portion of the Governing Documents.

14.7 [Reserved.]

**ARTICLE XV
LAND CLASSIFICATIONS**

The Properties are composed of many different types of properties. This Article describes the different classifications of land in the Properties. These classifications are used to establish use restrictions and various rights and obligations of the Owners of the different types of property in the Properties.

The Properties, including each portion of the Properties as may be described in a Supplemental Declaration, shall be assigned to one or more of the following land classifications: Residential Area, Association Property, or Common Area. The Declarant has the right to create other area designations in Supplemental Declarations as needed.

**ARTICLE XVI
[RESERVED.]**

**ARTICLE XVII
DECLARANT AND NEIGHBORHOOD BUILDER RIGHTS AND EXEMPTIONS**

Declarant reserves various rights in this Article to facilitate the smooth, orderly development of the Properties and to accommodate changes in the development plan that inevitably occur as a community the size of the Properties grows and matures.

17.1 INTEREST OF DECLARANT. This Subdivision is a portion of a considerable amount of land which Declarant intends to develop into a master planned community. Declarant, in cooperation with Sandy City, has created a comprehensive plan for the development of the Properties which includes modern master-planning objectives which have been formulated for the common good within the community. Declarant, the Neighborhood Builders, or their successors and assigns intend, but areas not obligated, to construct Residences and develop all of the Pads in the Properties. The completion of that work and sale, resale, rental and other disposal of Pads is essential to the establishment and welfare of the Properties as a quality master planned community. Each Owner of a Pad which is part of the Properties acknowledges that Declarant has a substantial interest in assuring compliance with, and enforcement of, the covenants, conditions, restrictions and reservations contained in this Declaration and any Supplemental Declarations. This Article supersedes and controls over all other provisions of the Governing Documents as applied to Declarant and the Neighborhood Builders. Declarant reserves the right to approve or deny any Declaration, prior to its Recording.

17.2 RIGHTS. Declarant and the Neighborhood Builders have the following rights. Nothing in the Governing Documents limits and no Owner or the Association will interfere with Declarant's or any Neighborhood Builder's exercise of these rights. However, the rights are subject

to compliance with state and Local Ordinances and standards unless specifically amended by any planning documents and/or the Area Plan.

17.2.1 Subdivision. To subdivide and re-subdivide any portion of the Properties, such right to include amending the plat of the subdivision which could increase or decrease, or change the location of any Association Property which may have been contemplated to be conveyed to the Association.

17.2.2 Sales. To sell, resell, rent or re-rent any portion of the Properties

17.2.3 Development. To complete excavation, grading, construction of Improvements and other development activities on the Properties. Such activities may include, at Declarant's election, installing energy projects at the higher elevations of the Properties and exempting those projects from any provisions of the Governing Documents that may limit the projects' operations.

17.2.4 Construction. Subject to approval of any applicable governmental agency, to alter construction plans and designs, to modify Improvements and to construct such additional Improvements as Declarant or a Neighborhood Builder (subject to Declarant's approval) deems advisable.

17.2.5 Signs. To erect, construct and maintain on the Properties such structures, signs and displays reasonably necessary for the conduct of the business of completing the work and disposing of the Properties.

17.2.6 Creating Additional Easements. At any time prior to acquisition of title to a Pad by a purchaser from Declarant or a Neighborhood Builder, to establish on that Pad, additional licenses, easements, reservations and rights-of-way to itself, to utility companies, or to others as reasonably necessary to the proper development and disposal of the Properties.

17.2.7 Sales and Leasing. To use the Association Property for access to the sales and leasing facilities of Declarant and Neighborhood Builders by prospective purchasers, sales agents, Declarant and Neighborhood Builders.

17.2.8 Models and Office. To use any structures or trailers/ mobile homes owned or leased by Declarant or Neighborhood Builders in the Properties as model home complexes, real estate sales or leasing offices.

17.2.9 Modifications. To modify Declarant's or the Neighborhood Builders' development plan, without the consent of the Owners, for the Properties, or any portion thereof, including designating and re-designating Phases of Development and constructing Residences of larger or smaller sizes, values or of different types. However, any such proposed re-phasing or modification of a development plan or construction by a Neighborhood Builder must be approved in advance by Declarant.

17.3 EXEMPTION. Declarant and the Neighborhood Builders are exempt from all of the restrictions contained in Article II.

17.4 EXEMPTION FROM DESIGN RESTRICTIONS. Declarant, Neighborhood Builders and any Person Declarant designates in a Supplemental Declaration is not subject to Design

Review Committee approval with respect to their construction or development activities. Declarant's approval rights in the preceding sentence are in addition to any other rights of Declarant under other written agreements between Declarant and Neighborhood Builders. Declarant may exclude portions of the Properties from jurisdiction of the Design Review Committee by Supplemental Declaration. Declarant may establish an additional design-review committee for any area exempted from the jurisdiction of the Design Review Committee.

17.5 ASSIGNMENT OF RIGHTS. All or any portion of the rights of Declarant or a Neighborhood Builder in the Governing Documents may be assigned by Declarant or such Neighborhood Builder (with Declarant's consent), to any successor in interest to any portion of Declarant's or Neighborhood Builder's interest in any portion of the Properties (including to any Neighborhood Builder) by an express written assignment which specifies the rights of Declarant or such Neighborhood Builder so assigned.

17.6 EASEMENT RELOCATION. Association Property easements over real property the fee title to which has not been made subject to the Declaration ("**Interim Easement Area**") may be relocated, modified or terminated by Declarant to accommodate the final plan of development. Such relocation, modification or termination shall be set forth in the Recorded instrument adding fee title to the Interim Easement Area to the Declaration. No such relocation, modification or termination shall prevent access to any Pad. Public utility easements may not be altered or relocated without the consent of the utility company that uses the easement.

17.7 DECLARANT'S REPRESENTATIVE. The Association shall give Declarant all notices and other documents to which a Mortgagee is entitled pursuant to this Master Declaration. Commencing on the date on which Declarant no longer has an elected or appointed representative on the Board, and continuing until the date on which Declarant no longer owns a Pad in the Properties or any portion thereof, the Association shall give Declarant written notice of all meetings of the Board as if Declarant were an Owner and Declarant shall be entitled to have a representative present at all such Board meetings ("**Declarant's Representative**"). The Declarant's Representative shall be present in an advisory capacity only and shall not be a Board member or have any right to vote on matters coming before the Board.

17.8 [Reserved.]

17.9 RELATIONSHIP TO OTHER RESTRICTIONS. If any portion of the Governing Documents conflicts with any provision of this Article, the provision of this Article shall control. Supplemental Declarations may add to the rights and exemptions created in this Article, but may not limit the rights and exemptions created in this Article.

This Declaration is dated for identification purposes as of FEBRUARY 22, 2022.

ETV HOLDINGS LLC, A Utah Limited Liability Company.

By: [Signature]
Print Name: Matt Smock
Title: Managing Director

STATE OF UTAH)
COUNTY OF Salt Lake) ss.

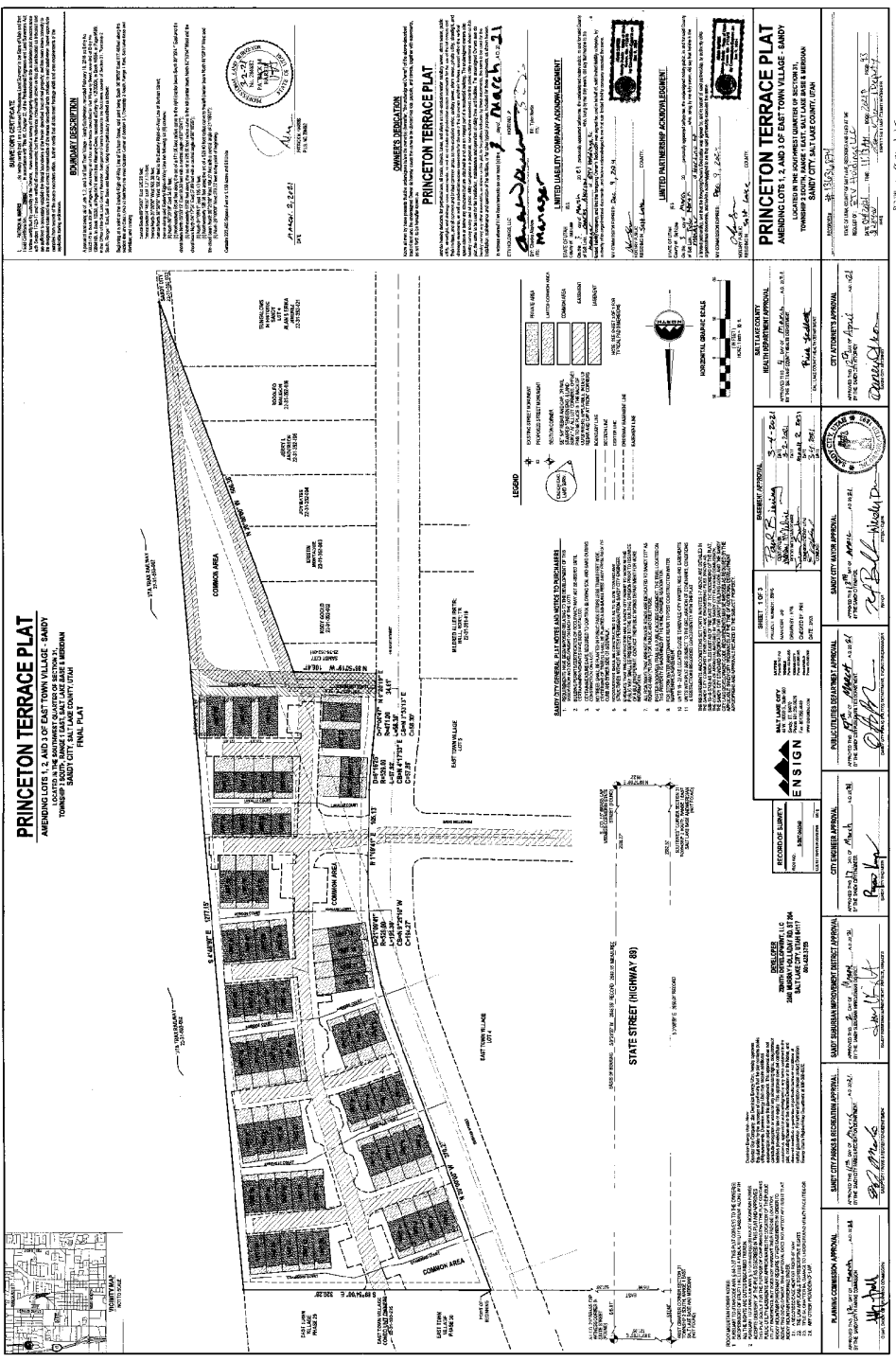
The foregoing instrument was acknowledged before me this 22nd day of February 2022, by 1, ^{Matt Smock} an individual residing in the State of Utah as a manager of ETV HOLDINGS LLC, A Utah limited Liability Company. Said individual acknowledged before me that he executed the foregoing on behalf of ETV HOLDINGS LLC, A Utah Limited Liability Company.

[Signature]
Notary Public

4894-2635-6749 | ZE003-007



EXHIBIT A
DESCRIPTION OR DEPICTION
OF THE PROPERTIES



PRINCETON TERRACE PLAT
 AMENDING LOTS 1, 2 AND 3 OF EAST TOWN VILLAGE - SANDY
 LOCATED IN THE SANDY CITY PLATS OF EAST TOWN VILLAGE
 TOWNSHIP - SANDY CITY SALT LAKE COUNTY UTAH
 FINAL PLAT

OWNER'S DECLARATION
 I, the undersigned, being the owner of the above described property, do hereby certify that the information herein is true and correct to the best of my knowledge and belief, and that the same is in accordance with the laws of the State of Utah and the rules and regulations of the State Engineer and the State Surveyor.

PRINCETON TERRACE PLAT

OWNER'S DECLARATION
 I, the undersigned, being the owner of the above described property, do hereby certify that the information herein is true and correct to the best of my knowledge and belief, and that the same is in accordance with the laws of the State of Utah and the rules and regulations of the State Engineer and the State Surveyor.

PRINCETON TERRACE PLAT

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PRINCETON TERRACE PLAT

OWNER'S DECLARATION
 I, the undersigned, being the owner of the above described property, do hereby certify that the information herein is true and correct to the best of my knowledge and belief, and that the same is in accordance with the laws of the State of Utah and the rules and regulations of the State Engineer and the State Surveyor.



EXHIBIT B
ARTICLES OF INCORPORATION
OF THE ASSOCIATION



State of Utah
 Department of Commerce
 Division of Corporations & Commercial Code
 Articles of Incorporation (Nonprofit)

This form cannot be hand

Date: 05/20/2020
 Receipt Number: 6357746
 Amount Paid: \$30.00



RECEIVED

MAY 20 2020

Important: Read instructions before completing form Non-Refundable Processing Fee: \$30.00

Utah Div. of Corp. & Comm. Code

1. Name of Corporation:	Princeton Terrace Association			
2. Purpose:	To Manage the Princeton Terrace Home Owners Association (HOA)			
3. Who/What is the name of the Registered Agent (Individual or Business Entity or Commercial Registered Agent)? Charles W. Akerlow The address must be listed if you have a non-commercial registered agent. What is a commercial registered agent? Address of the Registered Agent: 2040 E. Murray Holladay Road, #204, Utah Street Address Required, PO Boxes can be listed after the Street Address City: Salt Lake City State UT Zip: 84117				
4. Name, Signature and Address of Incorporator <small>(attach additional page if there is more than 1 incorporator)</small>	Charles W. Akerlow			
	Name	2040 E. Murray Holladay Road, #204 Salt Lake City Utah 84117		
	Address	City	State	Zip
Signature:			Date:	5-18-20
5. Voting Members:	The nonprofit corporation <input checked="" type="radio"/> will <input type="radio"/> will not have voting members.			
6. Shares:	The nonprofit corporation <input type="radio"/> will <input checked="" type="radio"/> will not issue shares evidencing membership or interests in water or other property rights.			
	The aggregate number of shares that the nonprofit corporation has authority to issue shall be <input type="text"/>			
	The shares <input type="checkbox"/> will <input type="checkbox"/> will not be divided up in to classes.			
	Type 1:	<input type="text"/>	Number of Shares:	<input type="text"/>
	Statement:	<input type="text"/>		
Type 2:	<input type="text"/>	Number of Shares:	<input type="text"/>	
Statement:	<input type="text"/>			
Assets: Upon dissolution assets of the corporation will be distributed in a manner consistent with law.				
b. Principal Address:	2040 E. Murray Holladay Road, #204 Salt Lake City Utah 84117			
9. Name and Address of Directors: <small>(attach an additional page if there are more than 3 directors)</small>	1. Matt Smock Director			
	Name	2040 E. Murray Holladay, #204 Salt Lake City Utah 84117		
	Address	City	State	Zip
	2. Charles W. Akerlow Director			
	Name	2040 E. Murray Holladay, #204 Salt Lake City Utah 84117		
	Address	City	State	Zip
	3. _____ Select Position from the dropdown			
	Name	Position		
	Address	City	State	Zip
	Under GRAMA {63G-2-201}, all registration information maintained by the Division is classified as public record.			
Optional Inclusion of Ownership Information: This information is not required.				
Is this a female owned business? <input type="radio"/> Yes <input checked="" type="radio"/> No				
Is this a minority owned business? <input type="radio"/> Yes <input checked="" type="radio"/> No If yes, please specify: <input type="text" value="Select/Type the race of the owner here"/>				

01/14

11781993-0140

State of Utah
 Department of Commerce
 Division of Corporations and Commercial Code
 I hereby certified that the foregoing has been filed
 and approved on this 20 day of May 2020
 in this office of this Division and hereby issued
 This Certificate thereof.

Examiner: ms/dh Date: 5/20/2020

Jason Sterzer
 Division Director

MAY 20 '20 AM 9:39



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
CINCINNATI OH 45999-0023

Date of this notice: 01-17-2022

Employer Identification Number:
87-4469814

Form: SS-4

Number of this notice: CP 575 A

For assistance you may call us at:
1-800-829-4933

PRINCETON TERRACE ASSOCIATION
% CHARLES AKERLOW
8371 S STATE ST STE 202
SANDY, UT 84070

IF YOU WRITE, ATTACH THE
STUB AT THE END OF THIS NOTICE.

WE ASSIGNED YOU AN EMPLOYER IDENTIFICATION NUMBER

Thank you for applying for an Employer Identification Number (EIN). We assigned you EIN 87-4469814. This EIN will identify you, your business accounts, tax returns, and documents, even if you have no employees. Please keep this notice in your permanent records.

Taxpayers request an EIN for their business. Some taxpayers receive CP575 notices when another person has stolen their identity and are opening a business using their information. If you did **not** apply for this EIN, please contact us at the phone number or address listed on the top of this notice.

When filing tax documents, making payments, or replying to any related correspondence, it is very important that you use your EIN and complete name and address exactly as shown above. Any variation may cause a delay in processing, result in incorrect information in your account, or even cause you to be assigned more than one EIN. If the information is not correct as shown above, please make the correction using the attached tear-off stub and return it to us.

Based on the information received from you or your representative, you must file the following forms by the dates shown.

Form 1120

01/17/2022

After our review of your information, we have determined that you have not filed tax returns for the above-mentioned tax period(s) dating as far back as 2021. Please file your return(s) by 02/01/2022. If there is a balance due on the return(s), penalties and interest will continue to accumulate from the due date of the return(s) until it is filed and paid. If you were not in business or did not hire any employees for the tax period(s) in question, please file the return(s) showing you have no liabilities.

If you have questions about the forms or the due dates shown, you can call us at the phone number or write to us at the address shown at the top of this notice. If you need help in determining your annual accounting period (tax year), see Publication 538, *Accounting Periods and Methods*.

We assigned you a tax classification (corporation, partnership, etc.) based on information obtained from you or your representative. It is not a legal determination of your tax classification, and is not binding on the IRS. If you want a legal determination of your tax classification, you may request a private letter ruling from the IRS under the guidelines in Revenue Procedure 2020-1, 2020-1 I.R.B. 1 (or superseding Revenue Procedure for the year at issue). Note: Certain tax classification elections can be requested by filing Form 8832, *Entity Classification Election*. See Form 8832 and its instructions for additional information.

IMPORTANT INFORMATION FOR S CORPORATION ELECTION:

If you intend to elect to file your return as a small business corporation, an election to file a Form 1120-S, U.S. Income Tax Return for an S Corporation, must be made within certain timeframes and the corporation must meet certain tests. All of this information is included in the instructions for Form 2553, Election by a Small Business Corporation.

If you are required to deposit for employment taxes (Forms 941, 943, 940, 944, 945, CT-1, or 1042), excise taxes (Form 720), or income taxes (Form 1120), you will receive a Welcome Package shortly, which includes instructions for making your deposits electronically through the Electronic Federal Tax Payment System (EFTPS). A Personal Identification Number (PIN) for EFTPS will also be sent to you under separate cover. Please activate the PIN once you receive it, even if you have requested the services of a tax professional or representative. For more information about EFTPS, refer to Publication 966, *Electronic Choices to Pay All Your Federal Taxes*. If you need to make a deposit immediately, you will need to make arrangements with your Financial Institution to complete a wire transfer.

The IRS is committed to helping all taxpayers comply with their tax filing obligations. If you need help completing your returns or meeting your tax obligations, Authorized e-file Providers, such as Reporting Agents or other payroll service providers, are available to assist you. Visit www.irs.gov/mefbusproviders for a list of companies that offer IRS e-file for business products and services.

IMPORTANT REMINDERS:

- * Keep a copy of this notice in your permanent records. This notice is issued only one time and the IRS will not be able to generate a duplicate copy for you. You may give a copy of this document to anyone asking for proof of your EIN.
- * Use this EIN and your name exactly as they appear at the top of this notice on all your federal tax forms.
- * Refer to this EIN on your tax-related correspondence and documents.
- * Provide future officers of your organization with a copy of this notice.

Your name control associated with this EIN is PRIN. You will need to provide this information along with your EIN, if you file your returns electronically.

Safeguard your EIN by referring to Publication 4557, *Safeguarding Taxpayer Data: A Guide for Your Business*.

You can get any of the forms or publications mentioned in this letter by visiting our website at www.irs.gov/forms-pubs or by calling 800-TAX-FORM (800-829-3676).

If you have questions about your EIN, you can contact us at the phone number or address listed at the top of this notice. If you write, please tear off the stub at the bottom of this notice and include it with your letter.

Thank you for your cooperation.

EXHIBIT C
BYLAWS OF THE ASSOCIATION

BYLAWS
OF
PRINCETON TERRACE HOMEOWNERS ASSOCIATION

Table of Contents

ARTICLE I GENERAL PLAN.....	1
BOARD OF DIRECTORS.....	2
1.1. NAME.....	2
1.2. DEFINITIONS AND INTERPRETATION.....	2
1.3. ASSOCIATION RESPONSIBILITIES.....	2
1.4. APPLICATION.....	3
1.5. LIMITS.....	3
1.5.1. Organization and Activity.....	3
1.5.2. Political Activities.....	3
1.5.3. Assets and Property.....	3
1.5.4. Not for Profit.....	3
1.5.5. Dissolution.....	3
1.6. MEMBERSHIP.....	3
1.6.1. Classes of Membership/Voting Rights.....	3
1.6.2. Voting of Classes.....	4
ARTICLE II BOARD OF DIRECTORS.....	4
2.1. NUMBER.....	4
2.1.1. Declarant Control of the Association.....	4
2.1.2. Composition of the Board.....	5
2.2. QUALIFICATIONS.....	5
2.2.1. Qualifications for Nomination.....	5
2.2.2. Qualifications for Holding Office.....	6
2.3. TERM OF OFFICE.....	6
2.4. ELECTIONS.....	6
2.4.1. Nomination Procedure.....	10
2.4.2. Cumulative Voting.....	10
2.5. VACANCIES.....	10
2.6. REMOVAL OF DIRECTORS.....	10
2.7. GENERAL POWERS AND DUTIES.....	10
Board Powers and Duties.....	11
2.8. SPECIAL POWERS AND DUTIES.....	12
2.8.1. Officers, Agents and Employees.....	12
2.8.2. Contracts.....	12
2.8.3. Principal Office, Place of Meetings, Seal.....	12
2.8.4. Assessments.....	12

2.8.5.	Enforcement	12
2.8.6.	Insurance	12
2.8.7.	Delegation	12
2.8.8.	Governing Documents.....	13
2.8.9.	Conveyances.....	13
2.8.10.	Records.....	13
2.8.11.	Sale of Property	13
2.8.12.	Community Manager.....	13
2.9.	BOOKS, AUDIT	13
2.10.	COMPENSATION.....	13
2.11.	MEETINGS.....	13
2.11.1.	Attendance.....	13
2.11.2.	Organization Meeting of Board.....	13
2.11.3.	Regular Meetings of Board	14
2.11.4.	Special Meetings of Board	14
2.11.5.	Executive Sessions	14
2.11.6.	Notice of Meetings	14
2.11.7.	Waiver of Notice	15
2.11.8.	Telephonic Attendance.....	15
2.11.9.	Meetings Minutes.....	15
2.12.	ACTION WITHOUT MEETING	15
2.13.	QUORUM AND ADJOURNMENT.....	16
2.14.	COMMITTEES.....	16
2.14.1.	Generally	16
2.14.2.	Nominating Committee	16
ARTICLE III OFFICERS		16
3.1.	DESIGNATION	16
3.2.	ELECTION OF OFFICERS.....	16
3.3.	REMOVAL OF OFFICERS	16
3.4.	COMPENSATION.....	17
3.5.	PRESIDENT	17
3.5.1.	Meetings.....	17
3.5.2.	General Powers.....	17
3.5.3.	Supervision	17
3.5.4.	Other Powers.....	17
3.6.	VICE PRESIDENT	17

3.7.	SECRETARY.....	17
3.7.1.	Minutes.....	17
3.7.2.	The Seal.....	17
3.7.3.	Other Association Documents.....	17
3.7.4.	Notices of Meetings.....	17
3.7.5.	Records.....	18
3.7.6.	Membership Register	18
3.7.7.	Miscellaneous.....	18
3.8.	CHIEF FINANCIAL OFFICER	18
3.8.1.	Books of Account.....	18
3.8.2.	Valuables.....	18
3.8.3.	Disbursements	18
3.8.4.	Accounting	18
	ARTICLE IV ACTIONS BY ASSOCIATION MEMBERS.....	18
4.1	VOTING RIGHTS.....	19
4.2	ACTIONS BY THE ENTIRE MEMBERSHIP	19
4.2.1	Quorum Requirement.....	19
4.2.2	Approval Requirement	19
4.2.3	Record Date.....	19
4.2.4	Action By Written Ballot	19
4.2.5	Approval by Ballot	19
4.2.6	Distribution of Ballots.....	20
	ARTICLE V AMENDMENTS TO BYLAWS.....	20
	ARTICLE VI MISCELLANEOUS	20
6.1	CONFLICTING PROVISIONS.....	20
6.2	CHECKS, DRAFTS AND DOCUMENTS	20
6.3	EXECUTION OF DOCUMENTS	20
6.4	USE OF TECHNOLOGY	20
6.5	AVAILABILITY OF ASSOCIATION DOCUMENTS.....	20
6.5.1	Records To Be Maintained.....	20
6.6	FISCAL YEAR	20
6.7	STATEMENTS IN ITALICS	21
	ARTICLE VII NOTICE AND HEARING PROCEDURE	21
7.1	INITIAL COMPLAINT.....	21
7.2	SCHEDULING HEARINGS	21
7.2.1	Complaint	21

7.2.2	Basis for Violation.....	21
7.2.4	Sanctions	21
7.3	CONDUCT OF HEARING.....	22
7.4	IMPOSITION OF SANCTIONS	22
7.5	LIMITS ON REMEDIES	22
	CERTIFICATE OF ASSOCIATION.....	23

**BYLAWS
OF
PRINCETON TERRACE ASSOCIATION**

ARTICLE I GENERAL PLAN

The Princeton Terrace Association is the homeowner's association formed to manage and maintain the Association Property, enforce the Governing Documents and impose architectural control in the Properties. Each homeowner in the Properties will become a Member of the Association. The Board of Directors of the Association oversees its operations. Day to day activities are performed by the community manager, under the supervision and acting on behalf of the Association Board. Specific day-to-day responsibilities may also be assigned to the Association officers.

For significant matters, decisions can only be made by a vote of the Members. Rules regarding Members decisions are in Article V of these Bylaws.

Responsibility for design review is delegated to the Design Review Committee. The Design Review Committee is responsible for reviewing plans for proposed architectural and landscaping modifications. Rules regarding operation of the Design Review Committee are in the Declaration of these Bylaws and Design Guidelines.

The Board also has the power to appoint a Nominating Committee. The Nominating Committee can assist the Board in its search for volunteers to serve as Board members or Neighborhood Representatives. The Nominating Committee is described in Section 2.14.2 of these Bylaws. The Board of Directors has the power to appoint other committees to assist in various aspects of operation of the Association.

Below is a chart showing the relationship of these different parties.

**BOARD OF DIRECTORS
Oversees All Operations**

<i>Officers</i>	<i>Committees</i>	<i>Members</i>
President Vice President Secretary Chief Financial Officer ■ <i>Assigned broad duties</i>	Design Review Committee Nominating Committee ■ <i>Have jurisdiction over specific matters</i>	■ <i>Receive benefits of Membership</i> ■ ■ <i>Encouraged to participate and responsible for complying with the Governing Documents</i> ■ <i>Vote on select issues</i>

These Bylaws establish the procedures to be followed by the Association Board, the community manager, the Association officers, committees, and Members as they operate the Association.

1.1. NAME. The name of the corporation is the **Princeton Terrace Association**, a Utah non-profit corporation. The principal office of the Association shall be located at 8371 S. State St., Suite 202, Sandy, UT 84070.

1.2. DEFINITIONS AND INTERPRETATION. Unless otherwise provided in these Bylaws, the capitalized terms in these Bylaws have the same meanings as are given to such terms in the Declaration, as may be amended from time to time. These Bylaws shall be interpreted in accordance with Section 1.63.5 of the Declaration. All references in the Bylaws to the “Act” are to the Utah Revised Non-Profit Corporation Act.

1.3. ASSOCIATION RESPONSIBILITIES. In accordance with the Declaration, the Association is responsible for the following:

- ✓ Administering the Properties,
- ✓ Maintaining the Association Property,
- ✓ Approving the Budget,
- ✓ Establishing and collecting all assessments authorized under the Declaration,
- ✓ Providing overall architectural and landscaping control in the Properties, and
- ✓ Enforcing the Governing Documents.

1.4. APPLICATION. These Bylaws are applicable to the phased master planned community known as Princeton Terrace, located in Sandy City, Utah. All Persons occupying a Residence in the Properties or using the facilities of the Properties in any manner are subject to the Governing Documents. By acquiring, renting or occupying any Residence in the Properties the Person doing so signifies that the Person agrees to comply with the Governing Documents.

Generally, the Board of Directors is responsible for overseeing the operations of the Association and making most of the decisions regarding Association operations. However, in some situations, Association decisions can only be made by the Members. Each of the following articles describes these various responsibilities. Article II describes how the Board of Directors operates. Article III describes the duties and responsibilities of the Association officers. Article IV describes how the Board makes decisions. Article V describes the process used to obtain Member decisions on issues.

1.5. LIMITS. The Association is organized and shall be operated in accordance with the Articles, these Bylaws and the Declaration.

1.5.1. Organization and Activity. The Association is a Utah non-profit 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 the Declaration. The Association shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the purposes of the Association.

1.5.2. Political Activities. The Association shall not participate in or intervene in (including publishing or distributing statements) any political campaign on behalf of or in opposition to any candidate for political office or any proposed legislation. This provision shall not be interpreted as prohibiting any individual member of the Association from participating in any political campaign or political issue.

1.5.3. Assets and Property. No part of the earnings of the Association shall ever inure to the benefit of any director, trustee, officer, shareholder or member of the Association or to the benefit of any private individual.

1.5.4. Not for Profit. The Association is not organized, and shall not be operated, for pecuniary gain or profit.

1.5.5. Dissolution. On the winding up and dissolution of the Association, after paying or adequately providing for its debts and obligations, and after selling or otherwise conveying the Common Areas, any funds remaining in the Association shall be distributed to the Member on a pro-rata basis consistent with the Members' Assessment obligations, as set forth in the Declaration.

1.6. MEMBERSHIP.

1.6.1. Classes of Membership/Voting Rights. The Membership of the Association shall consist of all Owners of any product types, as defined in the Declaration, or Supplemental

Declaration. At any meeting of the Association, each Owner shall be entitled to cast votes pursuant to the classes of voting memberships set forth herein. The classes of voting memberships shall be as follows:

Class A: Pad or Units in Residential Areas. The Owner of each Pad or Unit in a Residential Area improved with a residence or designated for residential use shall be authorized to cast one (1) vote for each Pad or Unit owned. Townhomes and Cottage Homes shall be classified as Pads or Units in Residential Area and, therefore, the Owners of each townhouse or Cottage Home may cast one (1) vote per townhouse or Cottage Home owned.

Class B: Declarant. The Class B member is Declarant. The Class B Member shall be authorized to cast votes as follows: 1 vote for each Pad or Unit owned.

Notwithstanding the foregoing, the Class B member is entitled to appoint a majority of the Board of Directors, during the Declarant control period, as set forth in Sections 2.1.1 and 2.1.2 of these Bylaws. After the Declarant's control period ceases, the Class B Membership shall terminate and Declarant shall have the number of votes attributable to the product type of the unit or units owned.

1.6.2. Voting of Classes. As long as there is a Class B membership, any provision of the Governing Documents which expressly requires the vote or written consent of the Association's voting power before action may be undertaken shall require the approval of the Class B Member. On termination of the Class B membership, any provision of the Governing Documents which requires the vote or written consent of the Association's voting power before action may be undertaken shall then require the vote or written consent of the Association's total voting power.

ARTICLE II BOARD OF DIRECTORS

This Article describes the Board of Directors including the number of people who will serve on the Board, their term of office and how they are elected. This Article also establishes the powers and duties of the Board and limits on the Board's powers.

2.1. NUMBER. Until the first election of Directors, which shall occur at the time set forth in subsection 2.1.2 below, the Association's property, business and affairs shall be governed and managed by a Board of Directors composed of three (3) persons. Beginning with the first election of Directors, the property, business and affairs of the Association shall be governed and managed by a Board of Directors composed of five (5) persons. The authorized number of Directors may be changed by a duly adopted amendment to the Bylaws.

2.1.1. Declarant Control of the Association. Notwithstanding any other provision of the Declaration or of these Bylaws to the contrary and subject to subsection below, there shall be a Declarant control period during which the Declarant controls the Association and Declarant or a Person designated by the Declarant may appoint and remove all or some of the officers and directors of the Association. The Declarant control period terminates no later than the earlier of:

- (a) sixty (60) days after the conveyance by Declarant of one-hundred percent (100%) of the Pads or Units that may be created within the Properties to Owners other than the Declarant and Neighborhood Builders;
- (b) five (5) years after the Declarant has ceased to offer Pads or Units for sale in the ordinary course of its business; or
- (c) five (5) years after any right to annex new Pads or Units was last exercised by Declarant.

The Declarant may, but is not obligated to, voluntarily surrender the right to appoint and remove officers and Board members as provided herein before the termination period set forth above, provided that the Declarant may require that specified actions of the Association or the Board may require Declarant approval prior to becoming effective. Such surrender of rights shall only be by a recorded instrument.

2.1.2. Composition of the Board. Not later than sixty (60) days after conveyance by Declarant of fifty percent (50%) of the Pads or Units that may be created within the Properties to Owners other than Declarant and Neighborhood Builders, at least one (1) member of the Board and not less than twenty five percent (25%) of the members of the Board must be elected by Owners other than Declarant. Not later than sixty (60) days after conveyance by Declarant of seventy-five percent (75%) of the Pads or Units that may be created within the Property to Owners other than Declarant and Neighborhood Builders, not less than thirty-three and one-third percent (33 1/3%) of the members of the Board must be elected by Owners other than the Declarant. Upon expiration of the Declarant control period set forth in subsection 2.1.1 above, one hundred percent (100%) of the Board shall be elected by Owners.

2.2. QUALIFICATIONS.

For the purposes of this Section 2.2, a “Member in good standing” is a Member who does not have any unpaid and past due Assessments and has not has his or her voting privileges suspended for a violation of the Association Governing Documents.

2.2.1. Qualifications for Nomination. Anyone nominated to serve as a Director must be a natural person at least 18 years old who is one of the following:

- (a) An Owner of a Pad or Unit in the Residential Area who is a Member in good standing, or
- (b) An agent of Declarant or an agent of a Neighborhood Builder.
- (c) An officer, employee, agent or director of a corporate Owner of a Pad(s) or units, a trustee or designated beneficiary of a trust that owns a Pad(s) or units, a partner of a partnership that owns a Pad(s) or units, a member or manager of a limited-liability company that owns a Pad(s) or units, and a fiduciary of an estate that owns a Pad(s) or units may be an officer or director of the Association. In all events where the person offering

to serve as an officer or directors of the Board is not the record owner, he shall file proof in the records of the Association that:

- (1) He is associated with the corporate owner, trust, partnership, limited-liability company or estate as required by this subsection; and
- (2) Identifies the Pad(s) or units owned by the corporate owner, trust, partnership, limited-liability company or estate.

2.2.2. Qualifications for Holding Office. Directors must satisfy the following requirements while they serve in office:

- (a) Not be absent from three (3) consecutive meetings of the Board;
- (b) Be a Member in good standing or agent of a Member in good standing.
- (c) If the person serving as an officer or director of the Board is doing so pursuant to Subsection 2.2.1(d), then the person must retain a position with the corporate owner, trust, partnership, limited-liability company or estate, throughout the individuals service that satisfies the eligibility requirement. Any Director who fails to satisfy these requirements is deemed to have resigned effective upon the date of a resolution adopted by the Board confirming that the Director did not satisfy all of the requirements of this Section 2.3.

2.3. TERM OF OFFICE. Each Director elected by the Owners (other than Declarant) during the Declarant control period shall serve a two (2) year term. Each Director shall hold office until his successor has been elected or until his removal.

At the first election after the Declarant control period terminates, regardless of any time remaining on a Directors term of office, the Owners shall elect all five (5) Directors. In order to establish staggered terms, the term of office of the three (3) Directors receiving the highest number of votes shall be two (2) years and the term of office of the two (2) Directors receiving the next highest number of votes shall be one (1) year. Thereafter, new Directors shall be elected or appointed to fill any vacancies. The term of office of each Director elected to fill a vacancy created by the expiration of the term of office of the respective past Director shall be two (2) years. The term of office of each Director elected or appointed to fill a vacancy created for any other reason shall be the balance of the unserved term of the Director's predecessor. Any Director may be reelected. There is no limit on the number of terms which a Director may serve.

2.4. ELECTIONS. Directors will be elected by the Owners after the Declarant control period terminates, and at their annual meeting. Prior to the annual meeting, the Nominating Committee will solicit nominations of candidates for the Board positions and generate a Slate of Candidates. The Slate of Candidates will be distributed to the Members (for information purposes only).

The following is a time line showing the days for performing various tasks to be completed in connection with the first election of Directors.

↓	↓	↓	↓	↓	↓
<i>50 – 120 days before annual meeting</i>	<i>after close of nominations</i>	<i>0 – 70 days before annual meeting</i>	<i>before meeting</i>	<i>0 – 70 days before meeting</i>	<i>first election of Directors held</i>
<i>close of nominations</i>	<i>slate of candidates generated</i>	<i>Record date for members entitled to receive Notice of Election Meeting</i>	<i>Members sent Notice of Meeting and Slate of Candidates</i>	<i>record date for voting set</i>	<i>within one year after first Close of Escrow in the Properties</i>
<i>(Section 2.4.1)</i>	<i>(Section 2.4.1)</i>	<i>(Section 4.9.6)</i>	<i>(Section 4.9.5)</i>	<i>(Section 4.9.6)</i>	<i>(Section 4.9.2)</i>

[remainder of page left intentionally blank]

2.4.1. Nomination Procedure. The Nominating Committee, acting at the Board's direction, will seek volunteers to run for office. The Board may establish nomination procedures and reasonable time frames for receiving nominations in the Community Guidelines. The date set for close of nominations must be not less than fifty (50) nor more than one hundred twenty (120) days before the date of the Directors election (the "Election Meeting"). No nominations for the Board can be made after the date set for the close of nominations. A slate of candidates ("Slate of Candidates") must be prepared and distributed to the Members based on the nominations that comply with the nomination guidelines established by the Board.

2.4.2. Cumulative Voting. Cumulative voting shall not be used in the election of directors.

2.5. VACANCIES. Until Declarant's right to appoint a majority of the Directors terminates, as set forth in subsection 2.1.1 of these Bylaws, a vacancy in the office of a Director who was appointed by the Declarant shall be filled only by an appointee of the Declarant. Any vacancies on the Board caused by any other reason may be filled by a vote of the majority of the remaining Directors, even though they may constitute less than a quorum. Any vacancy not filled by the Directors may be filled by the Members.

A Director may resign at any time by giving written notice to the Association through its President, the Secretary or the Board. Any such resignation is effective on the date of receipt of such notice or at any later time specified in the resignation notice. Unless specified in the notice, acceptance of the resignation by the Board is not necessary to make it effective. If a Director's resignation is effective at a later time, the Board may elect a successor to take office as of the date when the resignation becomes effective. A vacancy or vacancies on the Board shall exist on the occurrence of the following: (a) the death or resignation of any Director; (b) the declaration by resolution of the Board of a vacancy in the office of a Director who has failed to fulfill the requirements of Section 2.2.2 of these Bylaws; (c) the increase of the authorized number of Directors; (d) the failure of the Members to elect the number of Directors required to be elected at such meeting; (e) a Director is removed in a judicial proceeding, (f) a Director is removed by the vote of the Membership as set forth in Section 2.6 of these Bylaws, or (g) the occurrence of any other events resulting in a vacancy as provided under the Act.

2.6. REMOVAL OF DIRECTORS. Any Director, other than a Director appointed by Declarant, may be removed from the Board of Directors before the expiration of his terms of office, with or without cause, if at a removal election, the number of votes cast in favor of the removal constitutes:

- (a) At least 35 percent of the total number of voting Members of the Association; and
- (b) At least a majority of all votes cast in that removal election.

Any Director whose removal has been proposed must be given an opportunity to be heard.

2.7. GENERAL POWERS AND DUTIES. The Board has the powers and duties necessary to conduct, manage and control the Association's affairs. All of the Association's

powers, including those enumerated in Sections 3.2 and 3.3 of the Declaration, shall be exercised by its Board of Directors except those powers (i) reserved in specific provisions of the Articles, these Bylaws, the Declaration or any Supplemental Declaration, to the Members, or Design Review Committee or (ii) delegated by the Board pursuant to Section 2.8.8. All powers and duties of the Board shall be exercised in accordance with the standards established in Section 16-6a-822 of the Act.

Board Powers and Duties

Generally, the Board can exercise all powers of the Association that are not reserved exclusively to the Members. The Board is also granted the following specific powers and duties:

- *Select and remove officers, agents and employees*
- *Contract for services and maintenance*
- *Conduct, manage and control the Association*
- *Enforce the Governing Documents*
- *Delegate duties*
- *Grant certain easements or licenses*
- *Keep records of Association affairs*
- *Retain a Community Manager*
- *Change principal office, set meeting locations, adopt corporate seal*
- *Fix and levy assessments*
- *Contract and pay for insurance*
- *Adopt the Bylaws*
- *Sell a portion of the Association Property (see Section 2.8.12 of these Bylaws)*
- *Enter into agreements*
- *Appoint members of the Design Review Committee and create a Nominating Committee or other Committees the Board deems appropriate*

2.8. SPECIAL POWERS AND DUTIES. Without limiting the scope of the Board's general powers and duties, the Board is also granted the following powers and duties:

2.8.1. Officers, Agents and Employees. The power and duty to select, appoint and remove all Association officers, agents and employees, to prescribe such powers and duties for them as may be consistent with law and with the Governing Documents, to fix their compensation, to require from them security for faithful service when the Board deems advisable, and to contract to provide them with such indemnification from the Association as the Board determines is appropriate.

2.8.2. Contracts. The power to enter into contracts. This includes the power and duty to contract and pay for maintenance, landscaping, utilities, materials, supplies and services relating to the Association Property, to retain Persons necessary to operate the Properties, including legal and accounting services, to contract and pay for maintenance and installation of Improvements on the Association Property, and to contract to provide services to areas outside of the Properties when the Board determines that the Association will be appropriately compensated and providing the services will not unreasonably burden the Association. The contracts the Board is authorized to enter into on behalf of the Association include agreements for Telecommunications Services, agreements with any nonprofit corporations or Local Governmental Agencies and agreements with the Declarant, Neighborhood Builders, and the Owners regarding funding, maintenance or operation of the Properties.

2.8.3. Principal Office, Place of Meetings, Seal. The power but not the duty to change the Association's principal office from one location to another within Sandy City; to designate any place within Sandy City for meetings of Members; to adopt and use a corporate seal and to alter the form of such seal.

2.8.4. Assessments. The power and duty to fix, levy and collect Assessments, as provided in the Declaration. Subject to any limits imposed by the Governing Documents, the Board may incur expenditures for any permitted purpose and accumulate reserves. The funds collected by the Board from the Members for reserves, maintenance recurring less frequently than annually, and capital improvements, is at all times held in trust for the Members. Disbursements from reserve funds may only be made in accordance with the Declaration.

2.8.5. Enforcement. The power to enforce the Governing Documents and any agreements entered into by the Association and to impose sanctions against members for violations of the Governing Documents. Without limiting the foregoing, the Association shall have the power to impose liens on property of members of the Association for unpaid assessments that are imposed by the Association, and to foreclose those liens in accordance with applicable laws of the state of Utah, as amended from time to time.

2.8.6. Insurance. The power and duty to contract and pay for insurance in accordance with the Declaration.

2.8.7. Delegation. The power but not the duty to delegate its powers according to law.

2.8.8. Governing Documents. The power to adopt these Bylaws and amend these Bylaws as authorized and limited in Section 6.1 of these Bylaws along with the power to adopt, amend or restate such other Governing Documents as authorized in the Governing Document.

2.8.9. Conveyances. The power but not the duty to grant or quitclaim exclusive or nonexclusive easements, licenses or rights of way in, on, or over the Association Property for purposes consistent with the intended use of the Properties as a master planned community.

2.8.10. Records. The power and duty to keep, or cause to be kept, a complete record of Association acts and corporate affairs.

2.8.11. Sale of Property. The power but not the duty to sell property of the Association; provided, however, that Member(s) representing a majority of the voting power in the Association must approve any sale during any Fiscal Year of Association Property having an aggregate fair market value greater than five percent (5%) of the Association's budgeted gross expenses for that Fiscal Year.

2.8.12. Community Manager. The power to engage a community manager for the Association at a compensation established by the Board to fulfill such duties and provide such services as the Board authorizes.

2.9. BOOKS, AUDIT. The Board shall distribute to all Members (and any Beneficiary, insurer and guarantor of a first Mortgage upon request) the financial and other information required by Act Sections 16-6a-1601 *et. seq.* When appropriate, financial information for each Special Benefit Area and the General Assessment Component of Common Assessments shall be prepared separately.

2.10. COMPENSATION. Directors may not receive any salary or compensation for their services as Directors unless such compensation is approved by a vote of the members representing a majority of those voting on the issue; provided, however, that (i) nothing in these Bylaws precludes any Director from serving the Association in some other capacity and receiving compensation therefor, and (ii) any Director may be reimbursed for actual expenses incurred in performance of Association duties.

2.11. MEETINGS.

2.11.1. Attendance. Any meeting of the Board may be held by conference telephone or through use of any other communication equipment, so long as the requirements for attendance at a meeting through the selected method established by the Act are met. In these cases, all Directors will be deemed to be present in person at the meeting. All meetings of the Board except executive sessions must be open to all Members to the extent of space available. Directors may not act by proxy.

2.11.2. Organization Meeting of Board. The first regular meeting of a newly elected Board ("Organization Meeting") must be held within thirty (30) days of election of the Board, at such place as is fixed and announced by the Directors when such Directors were elected.

At the Organization Meeting, the Directors shall organize, elect officers and transact other business.

2.11.3. Regular Meetings of Board. Regular meetings may be held at such time and place within the Properties as is determined by a resolution adopted by the Board; provided, however, that such meetings must be held no less than once every ninety (90) days, notice of regular meetings of the Board must be given in the manner set forth in Section 2.11.6.

2.11.4. Special Meetings of Board. Special meetings of the Board may be called by the President or by any two (2) Directors.

2.11.5. Executive Sessions. The Board may convene in executive session to discuss: (a) to and vote upon personnel matters, including any independent contractors, employees or agents of the Association; (b) to consult with the attorney for the Association on matters relating to proposed or pending litigation, arbitration or other dispute resolution; (c) to discuss and vote on any litigation, arbitration or other dispute resolution; (d) to discuss and vote on matters relating to the formation of contracts with third parties; (e) to discuss and vote on any alleged failure of an Owner to adhere to the Governing Documents and to determine the appropriate Member discipline for any such violation; and (f) any other matters the Board determines should be kept confidential. The general nature of any business to be considered in executive session must be announced in an open session held before or after the executive session and must be generally noted in the minutes of a Board meeting. In any matter relating to the discipline of a Member, the Board shall meet in executive session. The Member may attend the executive session.

2.11.6. Notice of Meetings.

(a) Regular Notice Procedure. Except in an emergency, the Secretary of the Association must cause, not less than ten (10) days before the date of a meeting of the Board, notice of the meeting to be given to the Owners. Such notice must be:

(i) Sent prepaid by United States mail to the mailing address of each Pad or unit in the Association or to any other mailing address designated in writing by the Owner; or

(ii) Published in a newsletter or other similar publication that is circulated to each Owner.

(b) Emergency Notice Procedures. In an emergency, the ten (10) day notice requirement is suspended. The Secretary of the Association must cause, if practicable, notice of the meeting to be sent prepaid by United States mail to the mailing address of each Pad or unit in the Association, or to any other mailing address designated in writing by the Owner. If delivery of the notice in this manner is impracticable, the notice must be hand-delivered to each Pad or unit, or posted in a prominent place or places within the Common Areas.

(c) Emergency Defined. As used in this Section, "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 provisions of subsection 2.11.6(a) above.

(d) Contents of Notice. The notice of a meeting of the Board must state the time and place of the meeting. The notice must include notification of the right of an Owner to:

- (i) Have a copy of the minutes or a summary of the minutes of the meeting provided to him upon request and, if required by the Board, upon payment to the Association of the cost of providing the copy to the Owner.
- (ii) Speak to the Association or Board, unless the Board is meeting in executive session.

2.11.7. Waiver of Notice. Before or at any meeting of the Board, any Director may waive notice of such meeting in writing, and such waiver will be deemed equivalent to the giving of such notice to that Director. All such waivers will be filed in the records of the Association or made a part of the minutes of the meeting. Notwithstanding the foregoing, no Director may waive notice to the Membership of any Board meeting.

2.11.8. Telephonic Attendance. Directors may participate in a meeting through use of conference telephone or similar communications equipment, so long as the Director(s) attending telephonically can hear the other Directors attending the meeting and the Owners attending the meeting can hear the Director(s) attending telephonically. Participation in a meeting pursuant to this subsection constitutes presence in person at such meeting.

2.11.9. Meetings Minutes. Not more than thirty (30) days after any meeting of the Board, the Secretary or other officer or agent of the Association 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.

2.12. ACTION WITHOUT MEETING. The Board may act without a meeting if the requirements of Act Section 16-6a-813, as amended, are met. Written consents must be filed with the minutes of the proceedings of the Board. Within thirty (30) days after the written consents of all Directors have been obtained, an explanation of any action taken by written consent without a meeting must be communicated to the Members by any means the Board determines is appropriate.

2.13. QUORUM AND ADJOURNMENT. Except as otherwise expressly provided in these Bylaws, at all meetings of the Board, a majority of the Directors constitutes a quorum for the transaction of business, and the acts of a majority of the Directors present at a meeting at which a quorum is present are the acts of the Board. If at any meeting of the Board there is less than a quorum present, the majority of those present may adjourn the meeting to another time.

2.14. COMMITTEES.

2.14.1. *Generally.* The Board may, by resolution, designate such advisory and other committees as it desires, and may establish the purposes and powers of each such committee. The resolution designating and establishing the committee must (a) provide for appointment of its members and a chairman, (b) state the purposes of the committee, and (c) provide for reports, termination and other administrative matters the Board deems appropriate. All committees are required to keep minutes of their meetings. Committee meeting minutes shall be maintained at the Association's principal office or at such other place as the Board may designate. Committee meetings must be open to Members to the extent of space available unless the Board authorizes the Committee to meet in executive sessions.

2.14.2. *Nominating Committee.* The Board may form a Nominating Committee to solicit volunteers to serve as Board members or fill other Association positions. At the Board's direction, the Nominating Committee will also be responsible for assisting candidates for Association offices in becoming familiar with their potential duties and responsibilities. The Nominating Committee may, at the Board's request, assist in preparing and distributing election materials. Any member of the Board, any Owner in the Properties and agents of Owners of Pads or units outside of the Residential Area may serve on the Nominating Committee. If a Nominating Committee is not formed, the Board shall perform the duties of the Nominating Committee.

ARTICLE III OFFICERS

This Article describes the responsibilities of the different officers of the Association. Officers of the Association are elected annually by the Board of Directors and serve at the pleasure of the Board.

3.1. DESIGNATION. The Association's principal officers are a President, a Vice President, a Secretary, and a Chief Financial Officer, all elected by the Board. The Board may appoint an Assistant Secretary and such other officers as it determines to be necessary. Officers other than the President need not be Directors. Any person may hold more than one office.

3.2. ELECTION OF OFFICERS. The Board shall annually elect the Association's officers at the new Board's Organization Meeting. Each officer shall hold his office at the pleasure of the Board, until he resigns, is removed, is otherwise disqualified to serve, or his successor is elected and qualified to serve.

3.3. REMOVAL OF OFFICERS. Upon an affirmative vote of a majority of the Board, any officer may be removed, either with or without cause, and his successor elected. Any officer

may resign at any time by giving written notice to the Board or to the President or Secretary. Any such resignation is effective on the date of receipt of the resignation or at any later time specified in the resignation. Unless specified in the resignation, acceptance of the resignation by the Board is not necessary to make it effective.

3.4. COMPENSATION. Officers may not receive any salary or compensation for their services as officers unless such compensation is approved by the Members representing a majority of the voting power in the Association; provided, however, that (i) nothing in these Bylaws precludes any officer from serving the Association in some other capacity and receiving compensation therefor, (ii) any officer may be reimbursed for actual expenses incurred in the performance of Association duties, and (iii) no officer, employee or director of Declarant, a Neighborhood Builder or any affiliate of Declarant or Neighborhood Builder may receive any compensation for service as an officer of the Association.

3.5. PRESIDENT. The President is the chief executive officer of the Association and is responsible for the following:

3.5.1. Meetings. Presiding at all Association, and Board meetings,

3.5.2. General Powers. Exercising all general powers and duties which are usually vested in the office of the President of a corporation,

3.5.3. Supervision. Subject to the control of the Board, exercising general supervision, direction and control of the Association's business, and

3.5.4. Other Powers. Exercising such other powers and duties as may be prescribed by the Board or Association Governing Documents.

3.6. VICE PRESIDENT. The Vice President shall take the President's place and perform the President's duties whenever the President is absent, disabled, refuses or is unable to act. If neither the President nor the Vice President is able to act, the Board shall appoint some other member of the Board to do so on an interim basis. The Vice President shall also perform such other duties as prescribed by the Board or these Bylaws.

3.7. SECRETARY. The Secretary is responsible for the following:

3.7.1. Minutes. Ensuring minutes and other records of all meetings of the Board, and Association committee meetings are taken and kept at the Association's principal office or such other place as the Board may direct,

3.7.2. The Seal. Keeping the Association's seal in safe custody,

3.7.3. Other Association Documents. Keeping charge of such books and papers as the Board may direct,

3.7.4. Notices of Meetings. Giving, or causing to be given, notices of meetings of the Members and of the Board,

3.7.5. **Records.** Keeping the information required by Act Section 16-6a- 1601 and authenticating records of the Association,

3.7.6. **Membership Register.** Maintaining or causing to be maintained a record book of Members, listing the names, mailing addresses, e-mail addresses, and telephone numbers of the Members as furnished to the Association (“Membership Register”) and recording or causing to be recorded the termination or transfer of ownership by any Member in the Membership Register, together with the date of the transfer, and

3.7.7. **Miscellaneous.** In general, performing all duties incident to the office of Secretary, and performing such other duties as prescribed by the Board or these Bylaws.

3.8. **CHIEF FINANCIAL OFFICER.** The Chief Financial Officer is responsible for Association funds. The Chief Financial Officer is responsible for the following:

3.8.1. **Books of Account.** Keeping, or causing to be kept, full and accurate accounts, tax records and records of business transactions of the Association, including accounts of all assets, liabilities, receipts and disbursements in books belonging to the Association,

3.8.2. **Valuables.** Being responsible for the deposit of all money and other valuable effects in the name and to the credit of the Association in such depositories as the Board designates,

3.8.3. **Disbursements.** Disbursing the Association’s funds as ordered by the Board,

3.8.4. **Accounting.** Rendering to the President and Directors, upon request, an account of all transactions and of the Association’s financial condition, and “against” the action in the same proportions as the votes cast by Members other than Declarant pursuant to subsection 4.8.1(c)(1).

ARTICLE IV ACTIONS BY ASSOCIATION MEMBERS

This Article describes how the Members make decisions, the minimum quorum requirement for Member votes, the number of Members required to approve proposals and other procedures involved with seeking Member approval of matters. Because the Association may eventually have several thousand Members, decisions to be made by the entire Membership may be made by written ballot and not at meetings.

The following is a summary of the issues that can be decided by the various parties.

<i>Board of Directors</i>	<ul style="list-style-type: none"><i>All issues that are not reserved exclusively to the Members and amendments to the Articles</i>
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<i>The Entire Membership</i>	<ul style="list-style-type: none"> • <i>Certain amendments to the Bylaws and the Declaration</i> • <i>Litigation expenses the Association will incur as a plaintiff</i>
<i>Declarant</i>	<ul style="list-style-type: none"> • <i>Certain amendments to the Articles, Bylaws and the Declaration</i> • <i>Certain actions of the Association listed in Section 5.3 of the Declaration</i>
<i>First Mortgagees</i>	<ul style="list-style-type: none"> • <i>Items listed in Declaration Section 14.2.3</i>

4.1 VOTING RIGHTS. The Association’s classes of voting Membership are set forth in Section 1.6.1 of these Bylaws.

4.2 ACTIONS BY THE ENTIRE MEMBERSHIP. The requirement for holding an annual meeting of the Members is eliminated. Any actions that must be taken by the entire Membership of the Association shall be taken by written ballot in accordance with the following procedure.

4.2.1 Quorum Requirement. A majority of the Association’s voting power constitutes a quorum of the Membership.

4.2.2 Approval Requirement. Any action which may be taken by the Members of the Association must be approved by a majority of a quorum of the voting power of the classes of membership as required by Section 1.6.2.

4.2.3 Record Date. The Board may fix a date in the future as a record date for determining which Members are entitled to vote. The record date so fixed must be not more than seventy (70) days before the date of the vote. If the Board does not fix a record date for determining Members entitled to vote, Members on the date the written ballot is distributed who are otherwise eligible to vote are entitled to vote.

4.2.4 Action By Written Ballot. Ballots must be delivered to every Member entitled to vote. Solicitations for ballots must specify (a) the number of responses needed to meet the quorum requirements, (b) the percentage of approvals necessary to approve the action, (c) the time by which ballots must be received to be counted, and (d) be accompanied by written information sufficient to permit the Member to reach an informed decision on the matter. The form of written ballot must set forth each proposed action and afford an opportunity to specify a choice between approval and disapproval of each matter.

4.2.5 Approval by Ballot. Receipt within the time period specified in the solicitation of (i) a number of ballots which equals or exceeds the quorum which would be required if the action were taken at a meeting, and (ii) a number of approvals which equals or exceeds the number of votes which would be required for approval if the action were taken at a meeting at which the total number of votes cast was the same as the total number of ballots cast, constitutes approval by written ballot. Written ballots may not be revoked.

4.2.6 ***Distribution of Ballots.*** The Board will also provide copies of the ballots and accompanying materials to the Members. At the Board's request, the select Members may assist in collecting written ballots from Members and returning written ballots to the Board.

ARTICLE V AMENDMENTS TO BYLAWS

5.1 BOARD APPROVAL. These Bylaws may be amended by a majority of the entire Board, if the amendment is within the Board's power to adopt without Member approval pursuant to the Act. Any other amendment to these Bylaws requires approval by a majority of the entire Board and any other approvals required by Section 6.2.

ARTICLE VI MISCELLANEOUS

6.1 CONFLICTING PROVISIONS. In case of any conflict between the Articles and these Bylaws, the Articles shall control; and in case of any conflict between the Declaration and these Bylaws, the Declaration shall control. In case of any conflict between the Articles and the Declaration, the Declaration shall control.

6.2 CHECKS, DRAFTS AND DOCUMENTS. All checks, drafts, orders for payment of money, notes and other evidence of indebtedness issued in the name of or payable to the Association must be signed or endorsed in the manner and by the person or persons the Board designates by resolution, subject to the requirements of these Bylaws for withdrawing money from the Association's reserve accounts.

6.3 EXECUTION OF DOCUMENTS. The Board may authorize any Person to enter into any contract or execute any instrument in the name and on behalf of the Association, and such authority may be general or confined to specific instances. Unless so authorized by the Board, no Person may bind the Association by any contract or engagement or pledge its credit or render it liable for any purpose or in any amount.

6.4 USE OF TECHNOLOGY. Where allowed by applicable law, any information the Association, its Board of Directors, officers or other representatives is required to distribute can be distributed by any system or technology designed to record and communicate messages, facsimile, electronic mail, or other electronic means.

6.5 AVAILABILITY OF ASSOCIATION DOCUMENTS.

6.5.1 *Records To Be Maintained.* The Association shall maintain at its principal office (or at such other place within or near the Properties as the Board may prescribe) the Governing Documents, books of account, minutes of meetings of Members, the Board and committees, the Membership Register and any other documents required by law to be maintained by the Association (collectively, the "Association Documents"), each of which shall be made available for inspection and copying by any Member or the Member's duly appointed representative in accordance with the Act.

6.6 FISCAL YEAR. The Board shall designate the Association's Fiscal Year. The Fiscal Year may be changed by the Board.

6.7 STATEMENTS IN ITALICS. The portions of these Bylaws printed in italics are provided as simplified, general explanations of the purposes of the Articles and Sections of these Bylaws and the scheme of governance for the Properties. The statements in italics are provided for convenience and may not be considered in resolving questions of interpretation or construction of the Governing Documents.

ARTICLE VII NOTICE AND HEARING PROCEDURE

If a Person believes a violation of the Governing Documents is being committed, the Person can report the violation to the Board. This Article establishes the procedure for submitting complaints. It also sets the procedure the Board will use when hearing complaints and determining if sanctions will be imposed.

7.1 INITIAL COMPLAINT. Persons who believe a violation of the Governing Documents has occurred may file a violation complaint in a form authorized by the Board with a Person designated by the Board. The Board will then begin the enforcement process. In its discretion, the Board can issue one or two violation letters to the Person alleged to have committed the violation (“**Respondent**”) or set a hearing described in Section 8.2. The Board may direct the community manager to assist the Board in any of the steps the Board chooses to take in enforcing the Governing Documents except that decisions made at hearings must be made by the Board itself.

7.2 SCHEDULING HEARINGS. A hearing before the Board to determine whether a sanction should be imposed may be initiated by the Board after receipt of at least one violation complaint. To initiate a hearing, the Board must deliver to the respondent a notice which includes all of the following:

7.2.1 Complaint. A written statement in ordinary, concise language describing the acts or omissions with which the respondent is charged,

7.2.2 Basis for Violation. A reference to the specific provisions of the Governing Documents which the respondent is alleged to have violated,

7.2.3 Hearing Schedule. The date, time and place of the scheduled hearing.

7.2.4 Sanctions. A list of sanctions which may be imposed at the hearing. The date for the hearing may be no less than ten (10) days after the date the notice of hearing is mailed or delivered to the respondent. Notwithstanding the foregoing, if in the sole discretion of the Board, the alleged violation threatens the health, safety or welfare of the residents of the Association, then the hearing may be scheduled without ten (10) days’ notice. Notice of the hearing must be sent by first class or certified mail sent to the last known address of the Member shown on the Association’s records. In the alternative, the Board may hand deliver notice of the hearing. If the respondent attends the hearing, the respondent waives any objections related to the notice. The respondent is entitled to attend the hearing, submit a statement of defense to the Board in advance of the hearing, and present a statement of defense and supporting witnesses at the hearing. If the respondent does not attend the hearing, the respondent waives these rights.

7.3 CONDUCT OF HEARING. The Board shall conduct the hearing in executive session, affording the respondent a reasonable opportunity to be heard. Before any sanction is effective, proof of notice and the invitation to be heard must be placed in the minutes of a Board meeting. Such proof is adequate if a copy of the notice and a statement of the date and manner of delivery is entered in the Board's minutes by the Association officer or Board member who mailed or delivered such notice. The minutes of the meeting must contain a written statement of the results of the hearing and the sanction, if any, imposed.

7.4 IMPOSITION OF SANCTIONS. After affording the respondent an opportunity for a hearing, the Board may impose any one or more of the following sanctions: (a) levy a Compliance Assessment as authorized in the Declaration; (b) suspend or condition the respondent's right to use any recreational facilities Association owns, operates or maintains beginning on a date in the future selected by the Covenant Committee; (c) suspend the respondent's voting privileges; (d) enter upon a Pad or unit to remedy the violation of the Governing Documents, or (e) record a notice of noncompliance (if not prohibited by law). Any suspension of Membership privileges may not be for a period of more than thirty (30) days for any noncontinuing infraction. For continuing infractions (including nonpayment of any assessment), Membership privileges may be suspended for so long as the violation continues. Written notice of any sanction to be imposed ("notice of sanction") must be delivered to the respondent by first class or certified mail sent to the last address of the member shown on the Association's records. No action against the respondent arising from the alleged violation may take effect before five (5) days after the hearing.

7.5 LIMITS ON REMEDIES. The Board's failure to enforce the Governing Documents does not waive the right to enforce the same thereafter. The remedies provided by the Governing Documents are cumulative and not exclusive. However, any individual must exhaust all available internal options the Association remedies prescribed by the Governing Documents before that Member may resort to a court of law for relief with respect to any alleged violation of the Governing Documents by another Member.

CERTIFICATE OF ASSOCIATION

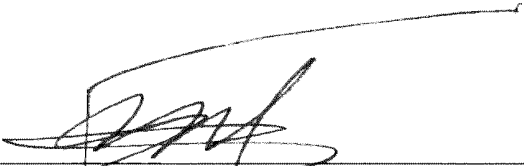
I, the undersigned, certify that:

1. We are duly elected are the duly elected officers of the Princeton Terrace Association Corporation, a Utah non-profit corporation; and


2. The foregoing Bylaws, composed of 23 pages including this page, constitute the Bylaws of the Princeton Terrace Association, duly adopted by the Board of Directors effective as of February 22, 2022.

IN WITNESS WHEREOF, we have hereunto subscribed my hand and affixed the seal of the Princeton Terrace Association as dated below.

DATE: 2/22/2022


Print Name: MATT SMOCK

DATE: 2-22-22


Print Name: CHARLES W. ARONOW

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