

**FIRST AMENDED
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS,
AND RESERVATION OF EASEMENTS
FOR
LAST CHANCE SKI RANCH aka LAST CHANCE LAKES,
a Utah Planned Unit Development and Water Ski Subdivision
MARCH 18, 2008**

**DECLARANT
WILD OAK PROPERTIES, LLC
A Utah limited liability company**

**WHEN RECORDED RETURN TO:
WILD OAK PROPERTIES, LLC.
166 Cottonwood Loop
Saratoga Springs, Utah 84045
(801) 766-9659**

**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS,
AND RESERVATION OF EASEMENTS
FOR
LAST CHANCE SKI RANCH aka LAST CHANCE LAKES
(a Utah Planned Unit Development)**

This Declaration of Covenants, Conditions and Restrictions, and Reservation of Easements for Last Chance Ski Ranch aka Last Chance Lakes, a Utah Planned Unit Development, is made and executed by Wild Oak Properties, LLC, a Utah limited liability company, of 166 Cottonwood Loop, Saratoga Springs, Utah 84045 (the "Declarant").

RECITALS:

- A. The Property is an area of unique natural beauty, featuring distinctive terrain;
- B. By subjecting the Property to this Declaration, it is the desire, intent and purpose of Declarant to create a community in which beauty shall be substantially preserved, which will enhance the desirability of living on that real estate subject to this Declaration, and which will increase and preserve the attractiveness, quality and value of the lands and improvements therein.
- C. This Declaration of Covenants, Conditions and Restrictions affects that certain real property located in Tooele County, Utah described with particularity in Article II below (hereinafter referred to as the "Property").
- D. Declarant is the owner of the Property.
- E. Declarant has improved or intends to improve the Project by subdividing it into 19 residential Lots, with Common Area and Facilities according to the Development Agreement with Tooele County.
- F. Each Owner shall receive fee title to his Lot and shall be a mandatory member of Last Chance Lakes Homeowners Association ("Association"), which shall hold title to the Common Area, a non-exclusive easement for use, enjoyment, ingress and egress over the Common Area, and such other interests as are provided herein.
- G. In addition to the Lots, the Declarant intends to sell eight (8) Additional Memberships to the Home Owners Association ("Additional HOA Memberships"), which will give the holders rights and responsibilities to the Common area, exclusive common area, and facilities, equal to Home Owners Association Members for Lots 1-19, inclusive.
- H. The Maximum Number of Shareholders of the Home Owners Association and for the Water Ski Club will be twenty-seven (27).

I. The Association will lease the Lake, Lake Amenities and related recreational improvements to the Last Chance Lakes Water Ski Club (the “Water Ski Club”).

J. Each Lot Owner and Additional HOA member shall be mandatory member of the Water Ski Club.

K. The Association will license the use of the Common Area and related recreational improvements to Edge Adaptive Sports, LLC for the part-time and periodic use and benefit of Disabled Skiers, to wit: The Declarant intends that the Property be used for water ski camps for Disabled Skiers according to the terms of the license (the “EAS License”).

L. A conservation easement describing permitted uses of open space will be placed on all open space within the development, according to the Development Agreement with Tooele County.

M. Last Chance Lakes HOA will own and operate the community water system providing culinary water to the development.

N. By this Declaration Declarant intends to establish a common scheme and plan for the possession, use, enjoyment, repair, maintenance, restoration and improvement of the Property and interests therein conveyed and to establish thereon a Planned Unit Development.

O. Declarant has constructed, is in the process of constructing, or will construct upon the Property a residential Planned Unit Development which shall include certain Lots, Common Area, Lake, Lake Amenities and other improvements. All of such construction has been, or is to be, performed in accordance with the plans contained in the Final Plat and Development Agreement with Tooele County.

P. Declarant desires, by filing this Declaration of Covenants, Conditions and Restrictions, to submit the Property and all improvements now or hereafter constructed thereon to said Declaration.

Q. It is intended that the Lots will be used for primary residences, second homes, or vacation homes.

R. It is intended that the Dwelling Units have a “lake house” aesthetic, according to the Architectural Guidelines.

S. The Property is to be known as “Last Chance Lakes.”

AGREEMENT

NOW, THEREFORE, Declarant hereby declares that the Property is and shall henceforth be owned, held, conveyed, encumbered, leased, improved, used, occupied and enjoyed subject to

the following uniform covenants, conditions, restrictions and equitable servitudes. The said covenants, conditions, restrictions and equitable servitudes are in furtherance of, and the same shall constitute a general plan for the ownership, improvement, sale, use and occupancy of the Property; they are also in furtherance of and designed to accomplish the desires, intentions, and purposes set forth above in the Recitals. Tooele County is intended to be a third party beneficiary of this agreement.

I. DEFINITIONS

When used in this Declaration (including in that portion hereof entitled "Recitals"), each of the following terms shall have the meaning indicated.

1.01 Additional Home Owners Association (HOA) Membership shall mean one (1) of the eight (8) Additional Home Owners Association Memberships.

1.02 Architectural Review Committee (the "ARC") shall mean the person or persons appointed to review the Design Guidelines and proposed architecture, plans, specifications, designs, homes, fencing, landscaping and other improvements within the Project.

1.03 Articles of Incorporation shall mean and refer to the Articles of Incorporation of the Last Chance Lakes Homeowners Association, Inc.

1.04 Assessment shall mean and refer to any amount imposed upon, assessed or charged a Lot, Owner, Resident, or Member.

1.05 Association shall mean and refer to all of the Lot Owners and Additional HOA Members at Last Chance Lakes taken as or acting as, a group in accordance with the Declaration.

1.06 Association Rules shall mean and refer to rules and regulations regulating the use and enjoyment of the Property, including Common Area and Facilities, Lake and Lake Amenities, which may be adopted by the Board of Directors from time to time.

1.07 Beach Area shall mean and refer to the beach portion of the Common Area, including the beach area between the private docks and the back of the Lots.

1.08 Board of Directors shall mean and refer to the governing board elected to direct the affairs of BOTH the Association and the Water Ski Club.

1.09 Building shall mean and refer to any of the structures constructed on the Property.

1.10 Business Use and Trade shall mean and refer to any occupation, work, or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether: (a) such activity is engaged in full or part-time; (b) such activity is intended to or does generate a profit; or (c) a license is required therefore.

1.11 Bylaws shall mean and refer to the Bylaws of the Association, a copy of which is attached to and incorporated herein by this reference.

1.12 Capital Improvement shall mean and refer to all new improvements intended to add to, enhance or upgrade the nature, scope, utility, value, or beauty of the Property, as opposed to ordinary repair and maintenance.

1.13 Class B Control Period shall mean and refer to the period of time during which the Class B Member is entitled to appoint all of the members of the Board of Directors.

1.14 Common Areas shall mean and refer to all real property in the Project owned by the Last Chance Lakes Home Owners Association including but not limited to the following items:

- a. The real property and interests in real property submitted hereby, including the entirety of the Property and all improvements constructed thereon, excluding the individual Lots;
- b. All Common Areas and Facilities designated as such in the Final Plat;
- c. All Limited Common Area (i.e., the private docks).
- d. The Beach Area between the Private docks;
- e. All utility installations and all equipment connected with or in any way related to the furnishing of utilities to the Property and intended for the common use of all Lot Owners, such as, but not limited to electricity and water;
- f. The Project's outdoor grounds, open space, play areas, private drives, parking amenities, entry;
- g. All portions of the Project not specifically included within the individual Lots;
- h. The Walking Area; and
- i. All other parts of the Project normally in common use or necessary or convenient to the use, existence, maintenance, safety, operation or management of the Property owned by the Association for the common benefit of the Owners.

Provided, however, utility installations such as telephone, electricity, water, and may be dedicated to the County and, if so, this definition shall not be construed to allow the Association to exclude the County from the ownership and control of the utility systems so dedicated.

1.15 Common Expense shall mean and refer to: (a) All sums lawfully assessed against the Owners; (b) Expenses of administration, maintenance, repair or replacement of the Project; (c) Expenses allocated by the Association among the Owners; (d) Expenses agreed upon as common expenses by the Association; and (e) Expenses declared common expenses by the Declaration.

1.16 Community shall mean and refer to the Property.

1.17 Community Wide Standard shall mean and refer to the standard of conduct, maintenance, or other activity generally prevailing in the Community, as determined by the Board of Directors from time to time.

1.18 Cost Center shall mean and refer to designation assigned by the Association to a portion of the Property (and to the Owners of Lots located therein) the use of which may be subject to a charge or user's fee. A Cost Center is likely to be created when the Association is maintaining the property or Common Areas located within a portion of the Property, which is fully or partially restricted to certain Designated Members.

1.19 Cost Center Assessment shall mean and refer to an additional charge or user's fee supplemental to the Assessment. The purpose of the Cost Center Assessment is to operate, maintain, and provide reserves for recreational amenities, such as a private restroom, for the exclusive use of the Designated Members, including liability, casualty and fire insurance. The Cost Center Assessment is, and shall continue to be, specifically identified in the operating budget of the Association.

1.20 County shall mean and refer to Tooele County, Utah.

1.21 County Recorder shall mean and refer to the Tooele County Recorder in the State of Utah.

1.22 Dam Easement shall mean the area designated as the theoretical dam as defined on the Final Plat.

1.23 Declaration shall mean and refer to this Declaration of Covenants, Conditions and Restrictions for Last Chance Ski Ranch aka Last Chance Lakes , a Planned Unit Development.

1.24 Design Guidelines shall mean and refer to the architectural and engineering plans and specifications and guidelines prepared by the Declarant for the construction of the Buildings, Lots, and other physical improvements in the Project, including by way of illustration but not limitation all structural components and Exterior Materials. The County shall assume no responsibility for enforcement of the Design Guidelines, but reserves the right to and may enforce any Design Guideline at any time and in its sole discretion.

1.25 Designated Member shall mean and refer to the natural person and his/her family, designated by the Lot Owner or Additional Home Owners Association Membership Owner, to

poses the rights and responsibilities of being the Home Owners Association Member for that Lot or Additional Home Owners Association Membership. Any other Owners shall be considered Guests for purposes of using all Common Areas. The natural person identified as the Designated Member can vary from year to year, as determined by the Lot Owner or Additional Home Owners Association Membership Owner.

1.26 Disabled Skier shall mean and refer to a natural person who qualifies to use the Lake and Lake Amenities according to the EAS License because of an inability to perform some or all of the tasks of daily life, a medically diagnosed condition that makes it difficult to engage in the activities of daily life, a condition that causes a person to be regarded in law as ineligible to perform a specific act or transaction, or otherwise qualifies under local, state or federal law, including by way of illustration but not limitation the Americans With Disabilities Act (“ADA”) or Fair Housing Acts, as a person with a disability or handicap.

1.27 Dock, Common Dock and/or Private Dock shall mean and refer to the individual and common docks constructed or to be constructed on the Property. There will be 19 Private Docks intended for the exclusive use of 19 of the Lots, numbers 1-19, inclusive, which will be maintained at the Owner’s sole cost and expense, and Common Docks, including by way of illustration but not limitation the starting dock or gas dock, which will be maintained by the Association.

1.28 Dwelling Unit shall mean and refer to a residence, house, living unit or dwelling.

1.29 Eligible Insurer shall mean and refer to an insurer or governmental guarantor of a mortgage or trust deed who has requested notice in writing of certain matters from the Association in accordance with this Declaration.

1.30 Eligible Mortgagee shall mean and refer to a mortgagee, beneficiary under a trust deed, or lender who has requested notice in writing of certain matters from the Association in accordance with this Declaration.

1.31 Eligible Votes shall mean and refer to those votes available to be cast on any issue before the Association or the Committee. A vote, which is for any reason suspended, is not an "eligible vote".

1.32 Exterior Materials shall mean and refer to cement board siding, rock and timber. Stucco, brick, cinder block, concrete block, aluminum, vinyl siding or other similar materials are not permitted. The determination whether any specific material constitutes an acceptable Exterior Material shall be made by Declarant or its designee.

1.33 Family shall mean one of the following: (1) a single person living alone or (2) a married couple and their children. Children must satisfy the definition of dependents for tax purposes and be under the age of 26 years.

1.34 Final Plat shall mean and refer to the Final Plat of “Last Chance Ski Ranch, PUD” also known as the “Last Chance Lakes” on file in the office of the County Recorder of Tooele County, as amended or supplemented from time to time.

1.35 Guest shall mean and refer to a visitor, guest, invitee, or any other person whose presence within the Common Area is approved by or is at the request of a particular Designated Owner.

1.36 Handicap shall mean and refer to something that hinders or is a disadvantage to a person or a specific way in which a person is physically or mentally challenged or otherwise qualifies under local, state or federal law, including by way of illustration but not limitation the Americans With Disabilities Act (“ADA”) or Fair Housing Acts, as a person with a disability or handicap

1.37 Individual Charges shall mean and refer to a charge levied by the Board of Directors against an Owner, Member, or Permittee for all expenses resulting from the act or omission of such Owner, Member, or Permittee, excepting the Owner’s failure to pay any Assessment.

a. The act or negligence of any Permittee shall be deemed to be the act or negligence of the Lot Owner responsible for the Permittee.

b. Individual Charges shall include, by way of illustration but not limitation, any expense resulting from the act or omission of any Owner, Member, or Permittee;

1) The cost to repair any damage to any portion of the Project on account of loss or damage caused by such Owner, Member, or Permittee; or

2) The cost to satisfy any expense to any other Owner, Member, or to the Association due to any intentional or negligent act or omission of such Owner or Permittee, or resulting from the breach by such Owner, Member, or Permittee of any provisions of the Project Documents;

3) Any transient occupancy tax, sales tax, use tax or other tax levied pursuant to the laws of the State of Utah and payable by any Owner, Member, or Permittee which the Association is or shall be required or entitled to collect on behalf of the levying authority, although this subsection is not considered an acknowledgment that any such tax may be levied;

4) Administrative costs and expenses incurred by the Board in enforcing the Project Documents;

5) Any other fine, charge, fee, due, expense, or cost designated as an Individual Charge in the Project Documents or by the Board;

6) Attorney fees, interest, and other charges relating thereto as provided in this Declaration; and

7) Individual a la carte services provided by the Association, including the cost of insurance covering the deductible on the Association all-risk policy.

While Individual Charges are not Assessments, they are secured by a lien in the same manner as Assessments, as set forth below. The Association and Board of Directors also shall have all other remedies, both legal and equitable, described in this Declaration available against any Owner for nonpayment of such Owner's other monetary obligations.

1.38 Lake shall mean and refer to the Lake or Lakes, with Shore Line and a Peninsula located within the Common Area as shown on the Final Plat.

1.39 Lake Amenities shall mean and refer to the Lake, Shore Line, Peninsula, Lodge, Common Dock, and other physical improvements and recreational amenities servicing the Lake.

1.40 Land shall mean and refer to all of the real property subject to this Declaration.

1.41 Limited Common Area shall mean and refer to those Common Areas designated in this Declaration for the use of a certain Lot Owner to the exclusion of the other Lot Owners; that is, each Private Dock.

1.42 Lodge shall mean and refer to the building designed for a meeting place and place for the temporary dwelling of Designated Members, their Guests, and Disabled Skiers according to the EAS License.

1.43 Lot shall mean and refer to a separate physical part of the Property intended for independent use, including one or more rooms or spaces located in one or more floors or part or parts of floors in a building. Mechanical equipment and appurtenances located within any one Lot, or located without said Lot but designated and designed to serve only that Lot, such as appliances, electrical receptacles and outlets, air conditioning compressors, furnaces, water heaters, apparatus, systems or equipment, fixtures and the like, shall be considered part of the Lot; so shall all decorated surfaces of interior walls, floors and ceilings, including but not limited to all paint, wallpaper, wall coverings, windows, window units and window frames, doors, door units and door frames, trim, carpeting, tile, linoleum and so forth. All pipes, wires, conduits, or other utility lines or installations constituting a part of the Lot or serving only the Lot, and any structural members, parts, components or any other property of any kind, including fixtures or appliances within any Lot, which are removable without jeopardizing the integrity, soundness, safety or usefulness of the remainder of the Building within which the Lot is located shall be deemed to be part of the Lot.

1.44 Lot Number shall mean and refer to the numbers designating a particular Lot.

1.45 Lot Owner shall mean and refer to the person who is the owner shown of record in the office of the County Recorder of Tooele County, Utah of a fee or an undivided fee interest in a Lot. The term Lot Owner does not mean or include a mortgagee or a beneficiary or trustee under a deed of trust unless and until such party has acquired title pursuant to foreclosure or any arrangement or proceeding in lieu thereof.

1.46 Major Components shall mean and refer to the primary capital assets and physical improvements to the Property including by way of illustration but not limitation to the Lodge, Lake, Lake Amenities, Peninsula, Common Docks, Beach Area, private roads, walkways, Walking Areas, common utilities, and the related equipment, machinery, furniture and furnishings.

1.47 Majority shall mean and refer to those eligible votes of Owners or other groups as the context may indicate totaling more than fifty (50%) percent of the total eligible number.

1.48 Manager shall mean and refer to the person or entity appointed or hired by the Association to manage and operate the Project and/or assist in the administration of the Association.

1.49 Map shall mean and refer to the Final Plat.

1.50 Mortgage shall mean and refer to a mortgage or deed of trust encumbering a Lot or other portion of the Project. A "Mortgagee" shall include the beneficiary under a deed of trust and any guarantor or insurer of a Mortgage. "First Mortgage" or "First Mortgagee" is one having priority over all other Mortgages or holders of Mortgages encumbering the same lot or other portion of the Project. A "First Mortgagee" shall include any holder (including FHLMC and FNMA), insurer (including FHA), or guarantor (including VA) of a First Mortgage on a lot or other portion of the Project. "FHA" shall mean the United States Department of Housing and Urban Development, Federal Housing Administration. "VA" shall mean the United States Department of Veterans Affairs. "FHLMC" shall mean the Federal Home Loan Mortgage Corporation. "FNMA" shall mean the Federal National Mortgage Association. Where any provision of the Project Documents requires the approval of a first Mortgagee, the approval of the holder, insurer or guarantor of that First Mortgage shall be deemed to be the required approval.

1.51 Mortgagee shall mean and refer to a mortgagee under a first mortgage or a beneficiary under a first deed of trust on any Lot, but shall not mean or refer to a seller under an executory contract of sale.

1.52 Owner shall mean and refer to the person who is the owner of record (in the office of the County Recorder of Tooele County, Utah) of a fee or an undivided fee interest in a Lot, excluding a mortgagee or a beneficiary or trustee under a deed of trust unless and until such party has acquired title pursuant to foreclosure or any arrangement or proceeding in lieu thereof.

1.53 Peninsula shall mean and refer to the land area almost entirely surrounded by and projecting out into the water, and connected with the main development.

1.54 Period of Declarant's Control shall mean and refer to a period of time commencing on the date this Declaration is recorded and terminating on the occurrence of the earliest of the following events: (a) ten (10) years from the effective date of this Declaration, (b) not less than 120 days after all of the Lots have been conveyed, or (c) the Declarant executes and records a written Waiver of his right to control.

1.55 Permanent Resident shall mean and refer to anyone who resides at the Property for more than four (4) consecutive weeks or for more than eight (8) total weeks in any calendar year.

1.56 Permitted User shall mean and refer to the (a) Declarant and/or (b) a Designated Member or Designated Additional Member.

1.57 Person shall mean and refer to a natural person, corporation, partnership, trust, limited liability company, or other legal entity.

1.58 Project shall mean and refer to the Last Chance Lakes development.

1.59 Project Documents shall mean and refer to the Declaration, Bylaws, Rules and Regulations, Articles of Incorporation, Architectural Design Guidelines, Development Agreement, Conservation Easement, Water Ski Club Lease and EAS License.

1.60 Property shall mean and refer to all of the land or real estate, improvements and appurtenances submitted to this Declaration.

1.61 PUD Ordinance shall mean and refer to the County PUD Ordinance.

1.62 Qualified Person shall mean and refer to a Person who is a Permitted User in good standing; that is, current in the payment of his Assessments and Additional Charges and not in material default of any non-monetary obligations hereunder.

1.63 Quorum shall mean and refer to the number required to transact lawful business.

1.64 Recreational, Oversized or Commercial Vehicle shall mean and refer to any recreational, commercial or oversized vehicle, motor home, commercial vehicle, tractor, golf cart, mobile home or trailer (either with or without wheels), camper, camper trailer, boat or other watercraft, boat trailer, or any other recreational or commercial transportation device of any kind.

1.65 Repair shall mean and refer to merely correcting the damage done sometimes by accident or fire or other cause, but more often due to the ravages of time and the deterioration resulting from ordinary wear and tear, by substituting for the damage, decayed or worn-out parts,

new material, usually similar to that replaced, and so restoring the structure to its original sound condition.

1.66 Resident shall mean and refer to any person living or staying at the Project.

1.67 Rotation shall mean and refer to the system of rotating use of the Lake established by the Board of Directors.

1.68 Security Interest shall mean and refer to the right of the creditor to take all or part of a property offered as security.

1.69 Separate Interest shall mean and refer to a Lot.

1.70 Shore Line shall mean and refer to the Beach Area, between the waterline and the back of the building lots' property lines.

1.71 Single Family shall mean one Family unit.

1.72 Single Family Residence shall mean and refer to both the architectural style of a Lot and the nature of the residential use permitted.

1.73 Single Family Detached Homes shall mean and refer to a type of Dwelling Unit, which may be constructed upon a Lot.

1.74 Special Member shall mean Rick Lybbert, Dan Lybbert, Cody Larkin, and Pete Larkin

1.75 Subdivided Property shall mean and refer to the entire real property described on Exhibit "A" attached hereto, including all structures and improvements erected thereon or on such additional properties, which may be brought within the jurisdiction of the Association.

1.76 Subdivider shall mean and refer to the Declarant.

1.77 Total Votes of the Association shall mean twenty-seven (27).

1.78 Unit shall mean and refer to a separate physical part of the Property intended for independent use, including one or more rooms or spaces located in one or more floors or part or parts of floors in a building. Mechanical equipment and appurtenances located within any one Unit, or located without said Unit but designated and designed to serve only that Unit, such as appliances, electrical receptacles and outlets, air conditioning compressors, furnaces, water heaters, apparatus, systems or equipment, fixtures and the like, shall be considered part of the Unit; so shall all decorated surfaces of interior walls, floors and ceilings, including but not limited to all paint, wallpaper, wall coverings, windows and window frames, doors and door frames, trim, carpeting, tile and linoleum. All pipes, wires, conduits, or other utility lines or installations constituting a part of the Unit or serving only the Unit, and any structural members,

parts, components or any other property of any kind, including fixtures or appliances within any Unit, which are removable without jeopardizing the integrity, soundness, safety or usefulness of the remainder of the Building within which the Unit is located shall be deemed to be part of the Unit.

1.79 Unit Number shall mean and refer to the number that identifies only one Unit in the Project.

1.80 Use Restrictions shall mean and refer to the rules, regulations and use restrictions described with particularity below, as they may be modified, amended, repealed, canceled, limited, withdrawn or expanded from time to time.

1.81 Unit Type shall mean a Single Family Detached Home.

1.82 View Corridor shall mean the area that begins at the water's edge and ends 50 feet beyond the back property line of the lots.

1.83 Visible From a Neighboring Property shall mean with respect to any object, that such object is or would be visible to an individual 6' tall, standing at ground level on any portion of the neighboring property.

1.84 Voting Group shall mean and refer to a group of Owners designated by the Declarant as a "voting group."

1.85 Walking Area shall mean and refer to the walking area between the Lots and the water line, which shall remain as open space. The Walking Area may not be blocked by any means, natural or artificial, including by way of illustration but not limitation a fence or gate.

II. SUBMISSION

The Property described with particularity on Exhibit "A" attached hereto and incorporated herein by this reference is hereby submitted to the PUD Ordinance and this Declaration.

The Property is hereby made subject to, and shall be governed by the PUD Ordinance and the covenants, conditions and restrictions set forth herein. The Property is also subject to the right of the County to access the roads within the Project for emergency vehicles, service vehicles, and to all of the utility installations up to the residential meters.

The Property is SUBJECT TO the described easements and rights of way. Easements and rights-of-way in favor of the County include any dedicated roadways and public utility easements and are depicted on the Final Plat.

TOGETHER WITH all easements, rights-of-way, and other appurtenances and rights incident to, appurtenant to, or accompanying the above-described parcel of real property, including by way of illustration and not limitation all easements and rights-of-way in and to the detention basin, entry way, monument, and park.

ALL OF THE FOREGOING IS SUBJECT TO: All liens for current and future taxes, assessments, and charges imposed or levied by governmental or quasi-governmental authorities; all Patent reservation and exclusions; any mineral reservations of record and rights incident thereto; all instruments of record which affect the above-described Property or any portion thereof, including, without limitation, any mortgage or deed of trust; all visible and necessary easements and rights-of-way; all easements and rights-of-way of record; any easements, rights of-way, encroachments, or discrepancies shown on or revealed by the Final Plat or otherwise existing; an easement for each and every common area improvement, equipment, pipes, lines, cables, wires, utility systems, or similar facilities which traverse or partially occupy the above-described Property; and all easements necessary for servicing, repairing, ingress to, egress from, maintenance of, and replacement of all such common area improvements, equipment, pipes, lines, cables, wires, utility systems, and similar facilities.

III. COVENANTS, CONDITIONS, AND RESTRICTIONS

The foregoing submission is made upon, under and subject to the following covenants, conditions, and restrictions:

THE PROJECT

1. Description and Legal Status of the Property. The Final Plat shows the Lot Number of each Lot and its location, and Common Areas and Facilities to which it has immediate access. All Lots shall be capable of being independently owned, encumbered and conveyed; and shall have an appurtenant undivided percentage of ownership interest in the Common Areas and Facilities, subject to the rights of Declarant, the County, and all easements of record. Title to the Common Area and Facilities, is hereby granted to and shall be owned by the Association for and in behalf of the Owners.

2. Description of Improvements. It is intended that the Project will consist of nineteen (19) Lots, numbered 1-19, inclusive. A public road that fronts each lot, deeded to Tooele County will be installed. Each Lot shall have power, provided by Rocky Mountain Power Company to the lot frontage. Each Lot frontage shall have culinary water supplied by a community water system owned and operated by Last Chance Lakes Home Owners Association. In addition, each lot will have exclusive rights to a Private Dock. The Common Area Improvements will include a Lodge, Lake, open space, tennis court, volleyball court, boat launch, parking lot, Beach Area, landscaping and a pressurized irrigation system for both supplying irrigation water to all 19 Lot frontages and common area landscaping.

3. Last Chance Lakes Water Ski Club Lease. Anything to the contrary notwithstanding, the Association shall enter into a written long-term 99-year lease with the Last Chance Lakes Water Ski Club, its successors and assigns, to use the Common Area Improvements (the “WS Club Lease”). The WS Club Lease shall be subject to the Project Documents including the EAS License Agreement described below.

4. Edge Adaptive Sports, LLC License. Anything to the contrary notwithstanding, the Association shall grant to Edge Adaptive Sports, LLC, its successors and assigns, a written long term 99 year license to use the Common Area Improvements for Disabled Skiers (the “EAS License”), subject to the Project Documents, including the WS Club Lease.

5. Lodge Use. The Lodge is intended for the use of the Designated Members, their Guests, and the Disabled Skiers through Edge Adaptive Sports according to the terms of the EAS License. The Board of Directors may charge a reasonable registration or user fee, and may require a reasonable deposit.

6. Limited Common Area. Each Lot shall have exclusive rights to a private dock, which is Limited Common Area. Each dock is assigned exclusively to the Owner of the appurtenant Lot in the cases of Lots 1-16, inclusive. Private docks assigned to Lots 17-19, inclusive, are located at the East end of the North Lake, and are assigned in ascending order, 17-19, from North to South. The docks may not be partitioned from the Lot to which they have been assigned. The exclusive use of each dock is reserved to the Lot to which it is assigned, as amended from time to time, subject to the right of the Board of Directors to restrict the use and regulate the maintenance thereof. Other than the private docks there is no Limited Common Area. The private dock area and geometric plane of the Limited Common Area may not be expanded, enclosed or modified in any way. The beach area between the private docks is Common Area, but not Limited Common Area.

7. Use of Lake and Restrictions: Assumption of Risks.

a. Use of Lake and Lake Amenities; Permitted Users.

Permitted Users of the Lake and Lake Amenities include Designated Members and Special Members. Permitted Users and Permitted User’s Guests may operate boats and participate in water skiing activities on the Lake. However, all Guests shall be in the presence and under the control and supervision of the Permitted User, who shall be responsible for the safe, proper and reasonable operations of the boat and water skiing activities there from, and for the conduct of all persons in the boat. In addition, the Association may (but shall not be obligated to) require proof of evidence of driving and/or other operating ability, as the Association deems appropriate for qualification of continuation as a Permitted User. Good judgment and common practice standards in the utilization of safety equipment (i.e. life vests, helmets, etc.) is expected by anyone in and around the lake and lake amenities.

b. Rotations. A Designated Member must be physically present at the Lake for his Guests to use a Rotation. The failure to be present shall be considered a material

violation of the Declaration and may subject the Lot Owner or Member to a serious sanction and fine, including the suspension of the Membership and right to use the Lake

c. Risks Associated with Lake. Each Owner purchasing a Lot, each Lessee, and each person using and/or entering the Property, including any trespassers, acknowledges the inherent and unavoidable potential dangers and hazards, including bodily injury, death or property damage, whether caused by accident, negligence or lack of due care, of (1) entering land with a Lake, Lake Amenities and other improvements, (2) purchasing, owning, leasing, or using land adjacent to a Lake, Lake Amenity, an unfenced body of water, (3) the sport of water skiing and wake boarding or other water recreational activities which will frequently occur on the Property and (4) the operation of motorized water craft in such lake. Owners, their tenants and contract purchasers, and their respective family members, Guests and invitees assume the various risks involved in living and/or coming upon the Project and/or using the Lake. Each Owner, tenant and contract purchaser shall execute such waiver or releases of claims, hold harmless agreements or acknowledgments as the Association may require from time to time as a condition to use of the Lake or other portion of the Common Area by the Owner, tenant, or contract purchaser or any parties deriving use privilege through them, and each shall be solely responsible to ensure the safety of all persons as a result of their actions or omissions and those of all persons deriving use privileges, including but not limited to the safety of such persons and all other persons present at the Project with the actual or implied permission or consent of any such person, the safety of small children or non-swimmers in the vicinity of any lake, the prevention of unauthorized or other dangerous use of any lake by persons deriving use privileges from them, and the proper and safe operation of all watercraft. The Association will not employ or otherwise have available lifeguards, monitors, supervisors or other persons to monitor or supervise use of the Lake, the activities of persons on or at the Lake or the safety of any person, and no act or omission of the Association shall create any responsibility or obligation of the Association, the Board, the Officers of the Association or the members to monitor or supervise the Lake or Common Area use.

d. Risk of Flooding. Each owner purchasing a Lot acknowledges the possibility of water from the Lake rising onto the Beach Area or other area of the Lots and beyond because of unusually heavy rain, mechanical problems with the system providing water to the Lake or other causes, and neither Declarant, the Association, the Board, the Committee or any officer or director of the Association shall be responsible therefore or for any damage resulting there from, and each Owner assumes the risk thereof. Each Owner, in designing and building their Unit and other improvements on their Lot, shall appropriately evaluate and otherwise protect the Unit and such improvements, as the Owner deems appropriate.

8. Provisions Restricting Delegation of Use. The use of the Common Area Improvements is limited to the Declarant, Designated Members and their Guests, subject to the Rules adopted by the Board of Directors, which are subject to change.

9. Association Maintenance Obligations. The Association shall be responsible for maintaining the Common Area Improvements in good condition and repair. The Association is not responsible for maintaining individual lots or limited common area (i.e. Private Docks).

a. The Owners, shall make no alteration of or addition to the Common Area, including the Beach Area or the sand, grade or other features thereof, shall not deposit trash or other debris thereon, and shall keep all personal property (including lawn chairs, towels, clothing and beverage containers) out of the Common Area except when the same are in actual use.

b. If any of the maintenance or repair work referred to above is necessitated by the willful or negligent acts of the Lot Owner or his Guests, the costs of such special restoration or repairs shall be chargeable to the Lot Owner and as provided herein.

PRIVATE LOTS

10. Use of Lots. No lot, or any portion thereof, shall be occupied and used except for single-family residential purposes by the Owners, their contract purchasers, lessees, tenants, or social guests. No trade or business or commercial activity shall be carried on or conducted upon any Lot, except that Declarant, its successors or assigns, may use any Lot in the Project owned by Declarant for a model home site for display and sales office during construction and until the last Lot is sold by Declarant. The provisions of this section shall not prohibit home occupations so long as they are merely incidental to the use of the Lot as a dwelling, are permitted by local law, are conducted in such a manner as to not adversely affect other Owner's use and enjoyment of the Project, does not increase the liability or casualty insurance obligation or premium of the Association, does not otherwise violate the application provisions of the project documents, and have received prior written approval of the Board.

a. Garages. Each Owner shall keep his garage area in a neat and orderly condition with any storage areas completely enclosed. Garage doors shall be kept closed when not in use.

b. Burning. There shall be no exterior fires whatsoever except those located only upon Lots and contained within receptacles designed for such purpose. No Owner or resident shall permit any condition to exist on his Lot, including, without limitation, trash piles, or weeds, which create a fire hazard or is in violation of local fire regulations.

c. Trash: Storage of Materials. All garbage and trash shall be regularly removed from the Project, and shall not be allowed to accumulate thereon. It shall be placed and kept in covered sanitary containers where it is not visible from any neighboring Lot except for a reasonable time prior to or after collection. All woodpiles or storage piles shall be kept screened and concealed from view of other Lots, streets and Common Areas. Garbage and trash shall be placed for pick up as required by the disposal service and any Association Rules.

d. Satellite Dishes and Antenna. Satellite dishes, aerials, antenna, or systems may only be installed in accordance with FCC regulations taking into consideration the written guidelines established for or by each Neighborhood. The Board of Directors may bar, in

its sole discretion, satellite dishes, aerials, antenna, or systems, including by way of illustration but not limitation HAM radio antenna, not expressly authorized by FCC regulations

e. Window Coverings. Front Windows shall be covered by drapes, shades, or shutters and shall not be painted or covered by foil, cardboard or similar materials. All window coverings visible from the Common Area shall be of a material, design and color which, in the opinion of the board, is compatible with the exterior design and coloration of adjacent portions of the Project. All approved window coverings shall be installed within 60 days after issuance of a certificate of occupancy for the Unit on a Lot.

f. Clotheslines. No exterior clotheslines or other outside clothes drying or airing facility shall be erected or maintained on the properties in any location where the same would be visible from any street or neighboring Lot. Further, no clothes washers, clothes dryers, refrigerators or freezers may be kept, stored or operated on any balcony, patio, porch or other exterior area.

g. Power Equipment and Car Maintenance. No power equipment, work shops or major car or boat maintenance of any nature shall be permitted on the Project without the prior written approval of the Board. In deciding to grant approval, the Board shall consider the effects of noise, air pollution, dirt or grease, fire hazard, interference with radio or television reception and similar objections.

h. Drainage. No Owner shall do any act or construct any improvement which would interfere with the natural or established drainage systems or patterns within the Project without the approval of the Board.

i. Storage Sheds. Storage sheds shall be constructed of material and look similar to that of the main dwelling. Storage sheds are not allowed within the View Corridor. The Architectural Review Committee must approve all Storage sheds for location and construction.

j. Swings and Jungle gyms. All swings and jungle gym equipment, greater than 4 feet in height shall remain outside of the View Corridor and is not permitted beyond the front plane of the home. The foregoing improvements shall also be subject to the approval of the Committee.

k. Air Conditioning Units; Pool Equipment. All air conditioning (including heating) units shall be located on the ground and no rooftop units shall be permitted. All air conditioning units, pool or spa pumps or motors, pool equipment and similar items shall be screened in a manner approved in advance by the Committee.

l. Radios and Other Speakers. No radio, television or other speakers or amplifiers shall be installed or operated on any Lot so as to be audible on other Lots or the Common Area. Small radios may be permitted in the Beach Area and Private Beach Area to the extent and in strict conformance with the Rules and Regulations of the Association.

m. Sanitary Facilities. None of the Lots shall be used for residential purposes prior to the installation thereon of water-flushed toilets and all bathrooms, toilets sanitary conveniences, which shall be located inside the Unit.

n. Drilling and Mining: Fuel Storage. No oil drilling, oil development operations, oil refining, quarrying, or mining operations of any kind shall be permitted upon or in any Lot or the Common Area, nor shall oil or water wells, tanks, tunnels, mineral extractions, or shafts be permitted upon or in any Lot or the Common Area except for water wells within the Common Area designed to serve the Project. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon any Lot or the Common Area. No gasoline, diesel fuel or other vehicle or boat fuel shall be stored or located on any Lot, excepting only that fuel present at any time in an approved gas caddie system as approved by the Association or standard gas cans for personal use, and in the standard fuel tank of any vehicle or boat.

o. Nuisance. It shall be the responsibility of each Owner to prevent the creation or maintenance of a nuisance in, on or about the Project. The term "nuisance" includes but is not limited to the following:

1) The development of any unclean, unhealthy, unsightly, or unkempt condition on, in or about his Lot or the Common Areas;

2) Maintaining any plants, animals, devices or items, instruments, equipment, machinery, fixtures, or things of any sort whose activities or existence in any way is illegal, noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of the Community by other residents, their Guests or Permittees;

3) Unreasonable amounts of noise or traffic in, on or about any Lot or the Common Area, especially after 10:00 p.m. and before 7:00 a.m. during the week and midnight and 8:00 a.m. during weekends. Noise generated from boats is not considered unreasonable in a development of this nature. It is expected that boat noise may be present both before 7:00 AM and after 10:00 PM.

4) Drug houses and drug dealing; the unlawful sale, manufacture, service, storage, distribution, dispensing or acquisition occurs of any controlled substance; gambling; criminal activity; parties which occur frequently which bother, annoy or disturb other reasonable residents or interfere with their quiet and peaceful enjoyment of the premises; prostitution; or other violation of U.C.A., Section 78-38-9 (1999) as amended or supplemented.

p. Removing Garbage, Dust and Debris. All rubbish, trash, refuse, waste, dust, debris and garbage shall be deposited in sealed plastic bags or other authorized containers, shall be regularly removed from the Lot, not being allowed to accumulate therein so as to create a sanitation, health or safety hazard, and shall be disposed of within dumpsters provided by the Association.

q. Subdivision of a Lot. No Lot or Membership may be subdivided.

r. No Severance. The elements of a Lot and other rights appurtenant to the ownership of a Lot, including interest in Common Areas and Facilities and Limited Common Areas and Facilities, if any, are inseparable, and each Owner agrees that he or she shall not, while this Declaration is in effect, make any conveyance of less than an entire Lot and such appurtenances. Any conveyance made in contravention of this subsection, including under any conveyance, encumbrance, judicial sale or other transfer (whether voluntary or involuntary) shall be void.

s. Firearms, Incendiary Devices and Graffiti. The use of firearms and incendiary devices, or the painting or graffiti, within the Project is prohibited. The term firearms includes but is not limited to all guns, pistols, handguns, rifles, automatic weapons, semi-automatic weapons, BB guns, pellet guns, sling shots, wrist-rockets, blow-dart guns, and other firearms of all types, regardless of size.

t. Temporary Structures. Tents, campers, camper-trailers, and any other mobile or temporary shelter or structure is allowed on a Lot for up to forty-eight (48) hours and then must be removed for a minimum of 5 days unless an extended stay permit is obtained from the Architectural Review Committee.

u. Trees, Shrubs and Bushes; Maintenance of Proper Sight Distance at Intersections. All property located at or near driveways, entrances, exits, walkways, paths and street intersections or corners shall be landscaped so as to remove any obstructions and to permit safe sight. No fence, wall, hedge, shrub, bush, tree or monument, real or artificial, shall be planted or placed by any Owner or occupant in, on or about the Common Areas without the prior written consent of the Board of Directors. The Board of Directors may alter or remove any objects planted or placed in violation of this subsection and shall not be guilty of a trespass.

v. Storage and Parking of Vehicles. The driving, parking, standing and storing of motor vehicles in, on or about the Project shall be subject to the following:

1) The parking rules and regulations adopted by the Board of Directors from time to time;

2) No motor vehicle or trailer may be parked or stationed in such a manner so as to create a potentially dangerous situation.

3) Except for purposes of loading and unloading, no motor vehicle or trailer may be parked or stationed in such a manner so as to create an obstacle or in unauthorized Common Areas.

4) Residents may not park their motor vehicles in red zones, fire lanes, Guest or visitor parking, or other unauthorized areas.

5) No motor vehicle shall be parked in such a manner as to inhibit or block access to a Lot, covered parking space, uncovered parking space, entrance, exit, or parking area.

w. Windows. All windows and window panes in the Project shall be harmonious, and comparable in size, design and quality so as not to detract from uniformity in appearance and quality of construction.

x. Pets. No pets, animals, livestock or poultry of any kind shall be bred in, on or about the Project. Up to two (2) domestic pets per Lot are allowed. All pets must be properly licensed and registered with the appropriate governmental agency, abide by all pet rules and regulations adopted by the Board of Directors from time to time. Pets may not create a nuisance. The following acts of an animal may constitute a nuisance: (a) it causes damage to the property of anyone other than its owner; (b) it causes unreasonable fouling of the air by odors; (c) it causes unsanitary conditions; (d) it defecates on any common area and the feces are not immediately cleaned up by the responsible party; (e) it barks, whines or howls, or makes other disturbing noises in an excessive, continuous or untimely fashion; or (f) it molests or harasses passersby by lunging at them or chasing passing vehicles.

y. Insurance. Nothing shall be done or kept in, on or about any Lot or in the Common Areas or Limited Common Areas which may result in the cancellation of the insurance on the Property or an increase in the rate of the insurance on the Property, over what the Board of Directors, but for such activity, would pay.

z. Laws. Nothing shall be done or kept in, on or about any Lot or Common Areas, or any part thereof, which would be a violation of any statute, rule, ordinance, regulation, permit or other validly imposed requirement of any governmental body.

aa. Damage or Waste. No damage to, or waste of, the Common Areas or Limited Common Areas shall be committed by any Owner or Resident, their Guests or invitees; and each Owner and Resident shall indemnify and hold the Board of Directors and the other Owners in the Project harmless against all loss resulting from any such damage or waste caused by that Owner or Resident, their Guests or invitees; provided, however, that any invitee of the Declarant shall not under any circumstances be deemed to be an invitee or any other Owner.

bb. Structural Alterations. Except in the case of an emergency repair, no structural alterations, plumbing, electrical or similar work within the Common Areas or Limited Common Areas shall be done or permitted by any Owner without the prior written consent of the Board of Directors.

cc. Sounds, Odors and Everyday Noise. This Project is located by and is subject to the normal, everyday sounds, odors, noises, and all other aspects associated with the nearby traffic, roads, boats, atv's, firearms outside of the development, and farming.

dd. Entry Monument. If an Owner purchases a Lot which includes a common improvement, including by way of illustration but not limitation an Entry, Entry Monument, planter, planter box, planter strip, perimeter fence, wall, street light, exterior lighting or other landscaping treatment of any kind, shall, at his sole expense, maintain such common elements in good condition, and may not improve his property or place any plant, hedge, tree, bush, shrub or object, natural or artificial, behind, to the side or in front of such improvement or feature or so as to impair, obstruct, block or impede the view or purpose of the Entry, Entry Monument or other improvement, planter box, landscaping strip, or any such special landscaping feature.

ee. Chimes and Musical Sound Makers. Chimes, dream catchers, bells, tubes or other objects hung vertically outside the Dwelling Unit which ring, strike or otherwise produce musical sounds or harmony heard by other residents are prohibited.

ff. View Impairment. Neither the Declarant nor the Association guarantees or represents that any view over and across any property, including any Lot or Building will be preserved without impairment. Neither the Declarant nor the Association shall have the obligation to prune or thin trees or other landscaping except as set forth herein. Any express or implied easements for view purposes or for the passage of light and air are hereby expressly disclaimed.

gg. Dam Easement Restrictions. As defined on the Final Plat, no excavation, modification of slope, planting of woody trees, shrubs or plants, or pressurized water lines shall occur or exist within the Dam Easement.

11. Leasing of Lots. Each Owner agrees, by the acceptance of a deed or other document of conveyance to a Lot, that in order to maintain the value of the purchased property and the subdivision, the leasing and renting of a Lot and/or Dwelling Units is subject to the following covenants, conditions and restrictions:

a. Renting rules and regulations adopted by the Board of Directors, as they may be amended from time to time.

b. “For Rent” or “For Lease” signs are prohibited.

c. The Association may also require that Owners use lease forms or addenda, such as the Crime Free Addendum or the Project Addendum, approved by the Association (or include specific terms in their leases); and the Association may impose a review or administration fee on the lease or transfer of any Lot.

d. Other than as stated in this Section, there is no restriction on the right of any Owner to lease or otherwise grant occupancy rights to his Lot.

12. Combination of Lots. An owner of two or more adjoining Lots shall have the right upon approval of the Board of Directors and the mortgagees of said Lots, to combine one or

more adjoining Lots or portions thereof and to alter or amend the Declaration and Map to reflect such combination.

a. Recordation of Documents. Such amendments may be accomplished by the Lot owner recording an amendment or amendments to this Declaration, together with an amended Map or Maps containing the same information with respect to the altered Lots as required in the initial Declaration and Map with respect to the initial Lots. All costs and expenses required in such amendments shall be borne by the Lot owner desiring such combination.

b. Attorney Approval. All such amendments to the Declaration and Map must be approved by attorneys employed by the Board of Directors to ensure the continuing legality of the Declaration and the Map. The cost of such review by the attorneys shall be borne by the person wishing to combine the Lots.

c. Amendments and Percentages of Ownership. Any amendments of the Declaration or Map shall reflect the changes occasioned by the alteration. Such changes shall include a change in the percentage of undivided interest in the common areas and facilities, which are appurtenant to the Lots involved in the alterations. The remaining combined Lot, if two or more Lots are totally combined, will acquire the total of the percentage of undivided interest in the common areas and facilities appurtenant to the Lots that are combined. If a portion of one Lot is combined with another, the resulting Lots shall acquire a proportionate percentage of the total undivided interest in the Association. The percentage of undivided interest in the Association appurtenant to all other Lots shall not be changed. The Board of Directors and also all other persons holding interest in the Lots affected must in all instances, consent to all such amendments. The consent of other Lot owners need not be obtained to make such amendments or alterations valid, providing the percentages of undivided interest in the common areas and facilities of the other Lot owners remain unchanged.

13. Architectural Review Committee. All Exterior Materials, architectural designs, plans, foundation location, specifications, structures, fencing, landscaping and other improvements within the Project, including by way of illustration but not limitation, original construction and all subsequent structural alterations, and changes or modifications, must be reviewed and approved in writing by the Architectural Review Committee.

a. Composition of Architectural Review Committee. The ARC shall be comprised of between one (1) and three (3) natural persons. Until the termination of the Period of Declarant's Control, the member(s) of the ARC shall be selected by the Declarant.

b. Zoning. All plans, specifications and construction must satisfy the requirements of all applicable zoning ordinances.

c. Declarations. All plans, specifications and construction must satisfy the requirements of the Declaration and Design Guidelines.

d. Permits and Inspections. All required building permits and inspections must be obtained by the Owner of the property and/or Builder.

e. Fees. The Owner of the property and/or Builder shall pay all required fees.

f. Designs, Plans and Specifications. Architectural designs, plans and specifications showing the nature, kind, shape, color, size, materials, and location of all proposed structures and improvements shall be submitted to the Architectural Review Committee for review and approval. Information concerning irrigation systems, drainage, lighting, landscaping and other features of proposed construction should be submitted if applicable. Designs submitted for approval shall be limited to those prepared by architects or by qualified residential designers of outstanding ability whose previous work may be reviewed as a part of the approval process.

1) Review Considerations Generally. In reviewing each submission, the Architectural Review Committee may consider the proposed design, harmony of external design with existing structures and the common scheme, the location in relation to surrounding structures, topography, finish grade and elevation, among other things.

2) Aesthetics. Decisions of the Architectural Review Committee may be based on purely aesthetic considerations. Each Owner acknowledges by accepting a deed or other document of conveyance to the property that the opinions of the Architectural Review Committee may be a matter of taste or style, and may be based upon purely aesthetic considerations, and may vary as Architectural Review Committee members change over time.

3) Minimum Standards. All construction shall at a minimum comply with the Design Guidelines.

g. No Waiver of Future Approvals. The approval of the Architectural Review Committee of any proposals or plans and specifications or drawings for any work done or proposed, or in connection with any other matter requiring the approval and consent of such Committee, shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar proposals, plans and specifications, drawings or matters whatever subsequently or additionally submitted for approval or consent.

h. Variance. The Architectural Review Committee may authorize variances from compliance with any of the architectural guidelines when circumstances such as topography, natural obstructions, hardship, aesthetic, or environmental considerations require, but only in accordance with its duly adopted rules and regulations, and prior written consent of the Board of Directors. Such variances may only be granted, however, when unique circumstances dictate and no variance shall (a) be effective unless in writing, (b) be contrary to the restrictions set forth in the body of this Declaration, or (c) stop the Architectural Review Committee from denying a variance in other circumstances. For use herein, the inability to

obtain approval of any governmental agency, the issuance of any permit or the terms of financing shall not be considered a hardship warranting a variance.

i. Limitation of Liability. Neither the Declarant nor the Architectural Review Committee, or any of their employees, agents, representatives or consultants shall be responsible in any way for any defects in any plans or specifications submitted, revised or approved in accordance with the provisions of this Declaration, nor for any structural or other defects in any work done according to such plans and specifications. By accepting a deed or other document of conveyance to a Lot, each Owner agrees to and shall defend, indemnify, save and hold the Declarant and the Architectural Review Committee, and their employees, agents, representatives or consultants, harmless from any and all loss, damage or liability they may suffer, including defense costs and attorney fees, as a result of any claims, demands, actions, costs, expenses, awards or judgments arising out of their review or approval of architectural designs, plans and specifications.

j. Enforcement of Architectural Guidelines. Any construction, alteration, or other work done in violation of this Declaration shall be considered to be nonconforming. Upon written request from the Architectural Review Committee an Owner shall at his own cost and expense remove such non-conforming construction, alteration, or other work and shall restore the land to substantially the same condition as existed prior to the non-conforming construction, alteration, or other work. Should an Owner fail to remove and restore as required hereunder, the Architectural Review Committee shall have the right to enter the property, remove the violation, and restore the property to substantially the same condition as existed prior to the construction, alteration or other work, without being deemed to be a trespasser.

k. Inspection, Non-Compliance. The Architectural Review Committee, or any authorized representative shall have the right during normal business hours, after forty-eight (48) hours notice to the Owner thereof, to enter upon any portion of the Project for the purpose of determining whether or not any work is being performed or was performed in compliance with this Declaration and the Design Guidelines.

1) If at any time the Architectural Review Committee determines that work is not being performed or was not performed in compliance with this Declaration and the Design Guidelines, whether based on a failure to apply for or obtain approval, a failure to comply with approval, a failure to timely commence or complete approved work or otherwise, the Architectural Review Committee shall notify the owner in writing of such non-compliance within a reasonable and specified period.

2) In the event that the Owner fails to remedy such non-compliance within the specified period, the Architectural Review Committee shall have the right and duty to remedy the non-compliance in any appropriate manner permitted by this Declaration and the Guidelines, or as otherwise permitted by law or in equity, including but not limited to removing the non-complying Improvement, correcting the non-complying Improvement, completing the non-complying Improvement, or recording a notice of non-compliance or non-completion on the property, as appropriate. The Owner shall have the obligation to reimburse the Architectural

Review Committee for any costs incurred in enforcing these provisions and such costs may be recovered by the Architectural Review Committee in an action of law against such individual Lot owner.

1. Estoppel Certificate. Within thirty (30) days after written demand is delivered to the Architectural Review Committee by any Owner or Mortgagee, and upon payment to the Architectural Review Committee of a reasonable fee (as fixed from time to time by resolution of the Architectural Review Committee), the Architectural Review Committee shall execute and deliver in recordable form, if requested, any estoppel certificate executed by any two (2) of its members, certifying, with respect to any Lot of said Owner or Mortgagee, that as of the date thereof either (a) all improvements made and other work done upon or within said Lot comply with the requirements of the Architectural Review Committee and this Declaration, or (b) such improvements or work do not so comply, in which event the certificate shall also identify the non-complying improvements or work and set forth with particularity the basis of such noncompliance. Such statement shall be binding upon the Committee in favor of any person who may rely thereon in good faith.

14. Architectural and Design Guidelines. The Declarant has prepared or will prepare Design Guidelines for the Property. The Declarant shall have sole and full authority to change, amend, and supplement the Design Guidelines as long as it owns any of the Property. The Declarant or, after transition of the Project, the Association must stamp all proposed plans and specifications to construct or remodel a Building or Lot “approved and in compliance with the Declaration and Design Guidelines” before presenting such plans and specifications to the County for the issuance of a building permit.

15. Owners’ Maintenance Obligations. Each Owner shall be responsible for maintaining his Lot and Private Dock in good condition and repair, including all improvements and landscaping thereon.

a. In the event a Lot is totally or substantially destroyed, the Owner shall remove all destroyed or damaged improvements within thirty (30) days and restore the Lot to its prior condition within six (6) months.

b. If an Owner fails to maintain his Lot and/or Limited Common Area as provided herein in a manner which the Board reasonably deems necessary to preserve the safety, appearance and/or value of the Project, the Board may notify the Owner of the work required and request that it be done within a reasonable and specific period. If the Owner fails to perform such maintenance and/or repairs within said period, the Board shall, subject to the notice and hearing requirements set forth in the Bylaws, have the right to enter upon the Lot and/or Private Dock to cause such maintenance and/or repair work to be performed. Cost of any such repair or maintenance shall be charged to the Owner through an Individual Charge as provided herein.

c. Notwithstanding the foregoing, in the event of an emergency arising out of the failure of an Owner to maintain his Lot and/or Private Dock, the Board shall have the right, through its agents and employees, to immediately enter the Lot and/or Private Dock to abate the emergency and individually charge the cost thereof to such Owner.

HOME OWNERS ASSOCIATION

16. Membership in the Association. Each Lot Owner and Additional HOA Membership Owner, by virtue of his acceptance of a deed or other document of conveyance shall be a shareholder in the Association. Membership in the Association is mandatory. Membership, including the right to use the Common Area, Lake, Lake Amenities and related recreational improvements may not be partitioned from the ownership of a Lot.

17. Liability of Owners and Residents For Damages and Waste. Each Member shall be liable to the Association, or other Members, for damages to person or property and waste in the Community caused by his negligence.

18. Allocation of Voting Rights.

a. Common Expenses and voting rights (subject to subsection b. below) shall be distributed among the Owners and Additional Members equally. Each Lot Owner and Additional Member shall be responsible for 1/27 of the Common Expenses. The percentage of ownership interest in the Association appurtenant to each Lot and Additional Membership is equal. The undivided percentage of ownership interest of each Lot Owner and Additional Member shall have a permanent character and shall not be altered without the affirmative written consent of 100% of the Owners and Additional Members expressed in an amended declaration duly recorded.

b. The Association shall have two (2) classes of membership, to wit: The Declarant (the "Class B Owner") and the non-Declarant Owners (the "Class A Owners").

c. Each Lot and Additional Membership owned by a Class A Owner shall have one (1) vote. When more than one person or entity holds an ownership interest in a Lot or Additional Membership, the vote for such Lot or Membership shall be exercised as those persons or entities themselves determine and advise the Secretary of the Association prior to the annual meeting. In the absence of such advice, the vote of the Lot shall be suspended in the event more than one person or entity seeks to exercise it. The designation may only be changed once every 12 months.

d. Each Class B Owner shall originally be entitled to three (3) votes per Lot and Additional Membership owned. The Class B membership and the Class B Control Period shall terminate, and Class B membership shall convert to Class A membership upon the happening of the earlier of the following (the "Event" or "Events"): (1) Four months after all of the Lots have been sold; or (2) Ten years from the effective date of this Declaration; or (3) When, in its sole discretion, Declarant so determines and records a written "Notice of Termination of Class B Control Period." From and after the happening of these Events, whichever occurs earlier, the Class B Member shall be deemed to be a Class A Member entitled to one (1) vote for each Lot owned. At such time, the Declarant shall call a meeting, in the manner described in the Bylaws of the Association for special meetings, to advise the

membership of the termination of Class B status and, if it has not already occurred, to schedule transition of the operation and management of the entire Project to the Association.

19. Association Meetings: The Members shall meet as an Association at least annually at a time and place determined by the Board of Directors.

20. Board of Directors: Powers, Duties and Limitations

a. Board of Directors. A Board of Directors shall direct the affairs of the Association.

b. Officers and Agents. The Board of Directors shall elect and/or appoint officers and agents of the Association, including without limitation a President, Vice-President, Secretary, and Treasurer.

c. Status and General Authority of Board of Directors. Any instrument executed by the Board of Directors that recites facts which, if true, would establish the Committee's power and authority to accomplish through such instrument what is purported to be accomplished thereby, shall conclusively establish said power and authority in favor of any person who in good faith and for value relies upon said instrument. The Association shall, in connection with its exercise of any of the powers delineated in subparagraphs (1) through (13) below, constitute a legal entity capable of dealing in its Association name. The Board of Directors shall have, and is hereby granted, the following authority and powers:

1) Access. The right, power and authority to have access to each Lot: (1) from time to time during reasonable hours and after reasonable notice to the occupant of the Lot being entered, as may be necessary for the maintenance, repair or replacement of any of the Common Areas and Facilities; or (2) for making emergency repairs necessary to prevent damage to the Common Areas and Facilities or to another Lot or Lots, provided that a reasonable effort is made to provide notice to the occupant of the Lot prior to entry.

2) Grant Easements. The authority, without the vote or consent of the Owners, Mortgagees, insurers or guarantors of any Mortgage, or of any other person, to grant or create, on such terms as it deems advisable, reasonable permits, licenses, and non-exclusive easements over, under, across, and through the Common Areas for utilities, roads, and other purposes reasonably necessary or useful for the proper maintenance, operation or regulation of the Project.

3) Execute Documents. The authority to execute and record, on behalf of all Owners, any amendment to the Declaration or Final Plat which has been approved by the vote or consent necessary to authorize such amendment.

4) Standing. The power to sue and be sued.

5) Enter Into Contracts. The authority to enter into contracts, which in any way concern the Project, so long as any vote or consent necessitated by the subject matter of the agreement, has been obtained.

6) Transfer Interests in Real Property. The power and authority to exchange, convey or transfer any interest in real property, so long as it has been approved by at least seventy five percent (75%) of the Association Members.

7) Purchase Property. The power and authority to purchase, otherwise acquire, and accept title to, any interest in real property, so long as it has been approved by at least sixty-seven (67%) percent of the Association Members.

8) Add Property. The power and authority to add any real property, or interest therein, obtained pursuant to subparagraph (7) above to the Project, so long as it has been approved by at least sixty-seven percent (67%) of the Association Members.

9) Borrow Money and Pledge Collateral. The power and authority to borrow money and pledge collateral so long as it has been approved by at least sixty-seven percent (67%) of the Association Members.

10) Promulgate Rules. The authority to promulgate such reasonable administrative guidelines, rules, regulations, policies and procedures as may be necessary or desirable to aid the Association in carrying out any of its functions or to ensure that the Project is maintained and used in a manner consistent with this Declaration.

11) Meetings. The authority to establish procedures for the conduct of its meetings, including but not limited to the power to decide what portion of the meeting shall be open or closed to Owners or Residents not on the Association, to retire to executive session, to regulate record keeping, and to allow, control or prohibit the electronic reproduction (video or audio) of Association meetings.

12) Delegation of Authority. The power and authority to delegate its responsibilities over the management and control of the Common Areas and regulation of the Project to a professional manager, reserving the right, power and authority, however, to control and oversee the administration thereof.

13) All other Acts. The power and authority to perform any and all other acts, and to enter into any other transactions which may be reasonably necessary for the Board of Directors to perform its functions on behalf of the Owners.

d. Liability of Board of Directors. The Association shall indemnify every officer and member of the Board against any and all expenses, including but not limited to attorney's fees reasonably incurred by or imposed upon any officer or member of the Board in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board) to which he or she may be a party by reason of being

or having been an officer or member of the Board. The officers and members of the Board shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct or bad faith. The officers and members of the Board shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent that such officers or members of the Board may also be Members of the Association), and the Association shall indemnify and forever hold each such officer and member of the Board free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall be exclusive of any other rights to which any officer or member of the Association.

e. Professional Management: The Project may be professionally managed. The Manager may be an employee or an independent contractor. The termination provision of any such contract must not require a termination penalty or any advance notice of any more than sixty (60) days, and no such contract or agreement shall be for a term greater than one (1) year.

f. Employees and General Laborers. The Board of Directors may also employ general laborers, grounds crew, maintenance, bookkeeping, administrative and clerical personnel as necessary to perform its management responsibilities. Provided, however, any management contract may be terminated for cause on thirty (30) days notice in accordance with Title 38, Code of Federal Regulations, Section 36.4360a (f), as it may be amended from time to time.

g. Entry for Repairs. The Board may authorize its agents and employees to enter upon any Lot and/or Limited Use Common Area when necessary in connection with any maintenance, landscaping or construction for which the Association is responsible, to effect emergency repairs or to affect necessary repairs which the Lot Owner has failed to perform as required by this Declaration. Such entry shall be made with as little inconvenience to the Owner as practicable and any damage caused thereby shall be repaired by the Board at the expense of the Association. Except in case of an emergency, 24-hour advance notice shall be given to the Owner or occupant.

h. Lists of Owners, Renters, Eligible Mortgagees, Insurers and Guarantors. The Board of Directors shall maintain up to date lists of the name, address and phone number of all Owners, Designated Members, Renters, Eligible Mortgagees, Insurers and Guarantors. The Owners, Mortgagees, Insurers and Guarantors have a duty to provide this information to the Association.

i. Prohibited Acts. The Association and/or Board of Directors shall be prohibited from taking any of the following actions without the prior written assent of the Declarant; provided, however, after the expiration of the Period of Declarant's Control, no such action may be taken without the vote or written consent of a majority of those owners present in person or by proxy at a meeting duly called for that purpose or by a vote without a meeting of at least two-thirds of the total vote:

1) Entering into a contract with a third person wherein the third person will furnish goods or services for the Common Area or the Association for a term longer than one year with the following exceptions:

- a) A management contract;
- b) A contract with a public utility company if the rates charged for the materials or the Public Utilities Commission regulates services; provided, however, that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate;
- c) Prepaid casualty and/or liability insurance policies of not to exceed three years duration provided that the policy permits short rate cancellation by the insured;
- d) Lease agreements for fixtures and equipment of not to exceed five years duration provided that the leaser under the agreement is not an entity in which the Declarant has a direct or indirect ownership interest of 10% or more;
- e) Agreements for cable television services and equipment or satellite dish television services and equipment of not to exceed five years duration provided that the supplier is not an entity in which the Declarant has a direct or indirect ownership interest of 10% or more;
- f) Agreements for sale or lease of burglar alarm and fire alarm equipment, installation and services of not to exceed five years duration provided that the supplier or suppliers are not entities in which the Declarant has a direct or indirect ownership interest of 10% or more; or,
- g) A contract for a term not to exceed three years that is terminable by the Association after no longer than one year without cause, penalty or other obligation upon ninety (90) days written notice of termination to the other party.

2) Incurring aggregate expenditures for capital improvements to the Common Area in any fiscal year in excess of 5% of the budgeted gross expenses of the Association for that fiscal year;

3) During any fiscal year, selling Property of the Association having an aggregate fair market value greater than 5% of the budgeted gross expenses of the Association for that fiscal year;

4) Paying compensation to Members of the Board or to officers of the Association for services performed in the conduct of the Association's business; provided, however, that the Board may cause a Member or officer to be reimbursed for expenses incurred in carrying on the business of the Association; or,

5) Filling of a vacancy on the Board created by the removal of a Director.

j. Action Requiring Consent. The Association and/or Board of Directors may take the following actions, subject to:

1) The affirmative written consent of at least two-thirds of the voting power of the Association residing in Members other than the Declarant so long as the Declarant holds or directly controls at least 25% of the voting power of the Association, and after the Declarant no longer controls 25% or more, the consent of two-thirds of the total voting power of all Members shall be necessary to do the following:

a) Borrow money, and only with the assent (by vote or written consent) of two-thirds (2/3) of Members, mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal Property as security for money borrowed or debts incurred;

b) Dedicate, sell or transfer all of or any part of any interest it may have in the Common Area (other than easements for utilities or as otherwise expressly provided in this Declaration) to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by Members; provided that no such dedication or transfer shall be effective unless an instrument has been signed by two-thirds (2/3) of the Members agreeing to such dedication, sale or transfer, and any sale of all or substantially all of the Association's assets must be in compliance herewith.

c) Participate in mergers and consolidations with other nonprofit corporations organized for the same purpose or annex additional residential Property, provided that any merger, consolidation or such annexation shall have the assent by vote of two-thirds (2/3) of Members or by the written consent of such Members, excluding Declarant.

2) The consent of 100% of the Members shall be sufficient and necessary to do the following:

a) Transfer all or substantially all of its assets;

b) File a certificate of dissolution; or

c) Make more than eight (8) Additional Home Owners Association Memberships available.

d) Permanently remove a slalom course from either of the lakes.

k. Associations Limitation on Improvements Until such time as the earlier of the following events occur: (a) all of the Additional Land has been added and the Declarant has sold or rented all of the Lots, or (b) ten (10) years after the date of the sale of the first Lot or (c)

such time as Declarant chooses, neither the Association, or the Board of Directors shall, without the written consent of Declarant, make any improvement to or alteration in any of the Common Areas and Facilities created or constructed by Declarant, other than such repairs, replacements, or similar matters as may be necessary to properly maintain the Common Areas as originally created or constructed by Declarant.

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21. Assessments. Each Owner shall pay Assessments subject to and in accordance with the procedures set forth below.

a. Creation of Assessments. Since the Assessments shall pay for the common expenses of the Association, as shall be determined by the Board of Directors from time to time, each Owner, by acceptance of a deed to a Lot, whether or not it shall be so expressed in such deed, and each Additional Home Owners Association Member covenants and agrees to pay to the Association in a timely manner all Assessments assessed by the Board of Directors.

b. Purpose of Common Area Expenses. The Assessments provided for herein shall be used for the general purpose of operating the Project, promoting the recreation, health, safety, welfare, common benefit and enjoyment of the Owners and residents, including the maintenance of any real and personal property owned by the Association, and regulating the Community, all as may be more specifically authorized from time to time by the Board of Directors.

c. Personal Obligation of Owner. Owners and Members are liable to pay all Assessments assessed and Additional Charges. However, no first mortgagee or beneficiary under a first deed of trust (but not the Seller under a uniform real estate contract, land sales contract, or other similar instrument), who obtains title to a Lot pursuant to the remedies provided in the mortgage or trust deed shall be liable for unpaid Assessments, which accrued prior to the acquisition of title. For purposes of this Section, the term "Owner" shall mean and refer jointly and severally to: (1) the Owner of both the legal and equitable interest in any Lot; (2) the owner of record in the offices of the County Recorder of Tooele County, Utah; and (3) both the Buyer and Seller under any executory sales contract or other similar instrument; (4) the owner of an Additional Home Owners Association Membership.

d. Equitable Changes. If the aggregate of all monthly payments on all of the Lots is too large or too small as a result of unanticipated income or expenses, the Board of

Directors may from time to time effect an equitable change in the amount of said payments. Owners and Members shall be given at least thirty (30) days written notice of any changes.

e. Dates and Manner of Payments. The Board shall determine the dates and manner of payment.

f. Collection of Annual / Monthly Assessments. Two options are available to pay Annual / Monthly Assessments. Option one is to pay the full annual amount in the form of a check prior to the beginning of the year. Option two is to pay the annual amount in equal monthly installments through automatic withdrawal from a Member's account. Payments are late if received after the 10th day of the month in which they were due.

g. Statement of Assessments Due. Upon written request, the Board of Directors shall furnish to any Owner a statement of Assessments due, if any, on his Lot. Failure to provide the certificate within ten (10) days after the Secretary receives a written request shall be deemed conclusive evidence that all Assessments are paid current. The Association may require the advance payment of a processing charge not to exceed \$15.00 for the issuance of such certificate.

h. Superiority of Assessments. All Assessments and liens created to secure the obligation to pay Assessments are superior to any homestead exemptions to which an Owner may be entitled which insofar as it adversely affects the Association's lien for unpaid Assessments and each Owner, by accepting a deed or other document of conveyance to a Lot, waives his right to claim his homestead exemption has priority.

i. Suspension of Right to Vote or Use Recreational Amenities for Non-Payment. At the discretion of the Board of Directors the right of a Member to vote on issues concerning the Association or right to use the Common Areas, including by way of illustration but not limitation the Lake and Lodge, may be suspended for up to ninety (90) days if the Member is delinquent in the payment of Assessments or material violation of the Project Documents, and after reasonable notice of at least ten (10) days has failed to cure or make satisfactory arrangements to cure the default.

j. Acceleration. The Board of Directors may but is not obligated to accelerate the entire annual Assessment of a delinquent Owner who has not cured his default within thirty (30) days after written notice.

k. Individual Charges. Individual Charges may be levied by the Board against a Member and shall be due not earlier than thirty (30) days after written notice.

l. Additional Services. The Board of Directors may but is not obligated to add to the Assessment of any particular Member additional charges for individual services offered or provided, not a Common Expense.

m. Fines. The Association may fine Owners and/or impose other sanctions for violations of the Project Documents, including by way of illustration but not limitation the use of the Lake and Lake Amenities. A fine assessed which remains unpaid after the time for appeal has expired becomes a lien against the Owner's interest in the property in accordance with the same standards as a lien for the nonpayment of Common Expenses set forth above. Sanctions may include the temporary loss of the right to use the Lake or Lake Amenities for up to sixty (60) days and/or fines up to \$500.00 for each violation.

n. Declarant. Anything to the contrary notwithstanding, the Declarant shall not be obligated to pay Assessments on any Lots or Additional Memberships owned by it until such time as: (1) the physical structures are substantially completed; (2) Certificates of permanent occupancy are issued and the Lots are sold or rented; or (3) Declarant elects in writing to pay the Assessments, whichever first occurs.

22. Special Assessments. In addition to the other Assessments authorized herein, the Association may levy special assessments in any year, subject to the following:

a. Board of Directors Based Assessment. So long as the special assessment does not exceed the sum of Five Hundred and 00/100th Dollars (\$500.00) per Designated Member in any one fiscal year (the "Special Assessment Limit"), the Board of Directors may impose the special assessment without any additional approval.

b. Association Approval. Any special assessment, which would exceed the Special Assessment Limit, shall be effective only if approved by a majority of the members of the Association. The Board of Directors in its discretion may allow any special assessment to be paid in installments.

22 A. Benefit Assessments. If an Owner has the choice to accept or reject the benefit, then the Board of Directors shall have the power and authority to assess an Owner in a particular area as follows:

a. Benefit only To Specific Lot. If the expense benefits less than all of the Lots, then those Lots benefited may be specifically assessed, and the specific assessment shall be equitably apportioned among those Lots according to the benefit received.

b. Unequal or Disproportionate Benefit. If the expense benefits all Lots, but does not provide an equal benefit to all Lots, then all Lots shall be specifically assessed, but the specific assessment may be equitably apportioned among all Lots according to the benefit received. Failure of the Board of Directors to exercise its authority under this Section shall not be grounds for any action against the Association or the Board of Directors and shall not constitute a waiver of the Board of Director's right to exercise its authority under this Section in the future with respect to any expenses, including an expense for which the Board of Directors has not previously exercised its authority under this Section.

22. Bank Accounts. The Association shall deposit all funds collected from Members as follows:

a. General Bank Account. All funds shall be deposited in a separate bank account (“General Account”) with a bank located in Utah. The Association shall keep accurate books and records regarding such account. The Association may use funds deposited in such account only for the purposes for which such funds have been collected. The Operating Funds attributed to the General Account must be maintained in a separate bank account and may not be commingled with the Reserve Account Funds.

b. Reserve Bank Account. Funds which the Association shall collect for reserves for capital expenditures relating to the repair and maintenance of the Common Area, and for such other contingencies as are required for good business practice shall, within 10 days after deposit in the General Account, be deposited into an interest bearing account with a bank or savings and loan association selected by the Association, or invested in Treasury Bills or Certificates of Deposit or otherwise prudently invested, which shall collectively be referred to as the “Reserve Account”. Funds deposited into the Reserve Account shall be held in trust and may be used by the Association only for the purposes for which such amounts have been collected. The funds attributed to the Reserve Account must be maintained in a separate bank account and may not be commingled with the Operating Funds of the General Account.

c. Transfer of Reserves. Notwithstanding the foregoing, the Board may authorize the temporary transfer of money from a reserve fund to the Association’s general operating fund to meet short-term cash-flow requirements or other expenses, provided the Board has made a written finding, recorded in the Board’s minutes, explaining the reasons that the transfer is needed, and describing when and how the money will be repaid to the reserve fund. The transferred funds shall be restored to the reserve fund within one year of the date of the initial transfer, except that the Board may, upon making a finding supported by documentation that a temporary delay would be in the best interests of the Project, temporarily delay the restoration until the time which the Board reasonably determines to be necessary. The Board shall exercise prudent fiscal management in maintaining the integrity of these funds and shall, if necessary, levy a special Assessment to recover the full amount of the expended funds within the time limits required herein.

d. Litigation. When the decision is made to use reserve funds or to temporarily transfer money from the reserve fund to pay for litigation, the Association shall notify the Members of the Association of that decision in the next available mailing to all Members and of the availability of an accounting of those expenses. Unless the governing documents impose more stringent standards, the Association shall make an accounting of expenses related to the litigation on at least a quarterly basis. The accounting shall be made available for inspection by Members of the Association at the Association’s office.

e. Reserve Account Withdrawal Restrictions. The Board shall require that at least two (2) signatures be needed for the withdrawal of monies from the Association's reserve accounts, who either shall be members of the Board or one (1) Member of the Board and one (1) officer who is not a Member of the Board.

24. Budgets. At least thirty (30) days prior to the Annual Homeowners Meeting, the Board of Directors shall prepare and deliver to the Owners a proposed Budget which:

a. Itemization. Shall set forth an itemization of the anticipated Common Expenses for the twelve (12) month calendar year, commencing with the following January 1.

b. Basis. The budget shall be based upon advance estimates of cash requirements by the Board of Directors to provide for the payment of all estimated expenses growing out of or connected with the maintenance and operation of the Common Areas and regulation of the Association, which estimate shall include but is not limited to expenses of management, irrigation water, grounds maintenance, taxes and special assessments, premiums for all insurance which the Board of Directors is required or permitted to maintain, common lighting and heating, water charges, trash collection, sewer service charges, carpeting, painting, repairs and maintenance of the Common Areas and replacement of those elements of the Common Areas that must be replaced on a periodic basis, wages for Association employees, legal and accounting fees, AWSA membership fees, any deficit remaining from a previous period; the creation of a reasonable contingency reserve, surplus or sinking fund, capital improvement reserve, and other expenses and liabilities which may be incurred by the Association for the benefit of the Owners under and by reason of this Declaration. Until the Project is completed, this estimate may need to be adjusted periodically.

c. Apportionment. The common profits and losses of the Project shall be shared equally between the 27 Lot Owners and Additional Members.

d. Approval of Budget and Assessments. The proposed Budget and the Assessments shall become effective unless disapproved at the Annual Meeting by a vote of at least a majority of the percentage of ownership interest in the Common Areas. Notwithstanding the foregoing, however, if the membership disapproves the proposed budget and Assessments or the Board of Directors fails for any reason to establish the Budget and Assessments for the succeeding year, then and until such time as a new budget and new Assessment schedule shall have been established, the Budget and the Assessments in affect for the then current year shall continue for the succeeding year.

25. Reserve Study and Reserve Account.

a. Reserves. Each annual assessment shall include a portion for reserves in such amount as the Board in its discretion considers appropriate to meet the cost of the future

repair, replacement or additions to the Major Components that the Association is obligated to maintain and repair. Reserve funds may not be expended for any purpose other than the repair, restoration, replacement, or maintenance of, or litigation involving the repair, restoration, replacement, or maintenance of Major Components, which the Association is obligated to maintain. Reserve Funds must be separately identified and may not be commingled with other General Operating Funds in the General Bank Account.

b. Reserve Study. At least once every three years, the Board shall cause to be conducted a reasonably competent and diligent visual inspection of the accessible areas of the Major Components which the Association is obligated to repair, replace, restore, or maintain as a part of a study of the reserve account requirements of the Project. The Board shall review this study annually and shall consider and implement necessary adjustments to the Board's analysis of the reserve account requirements as a result of that review. The study shall, at a minimum, include:

1) Identification of the Major Components which the Association is obligated to repair, replace, restore, or maintain which, as of the date of the study, have a remaining useful life of less than thirty (30) years;

2) Identification of the probable remaining useful life of the components identified as of the date of the study;

3) An estimate of the cost of repair, replacement, restoration, or maintenance of each Major Component identified during and at the end of its useful life; and,

4) An estimate of the total annual contribution necessary to defray the cost to repair, replace, restore, or maintain each major component during and at the end of its useful life after subtracting total reserve funds as of the date of the study.

26. Capital Improvements. All expenses for capital improvements shall be governed by and subject to the following conditions, limitations and restrictions:

a. Board of Directors Discretion/Expenditure Limit. Any capital improvement to the Project, which costs ten percent (10%) or less of the Total Annual Budget, and does not alter the nature of the Project, may be authorized by the Board of Directors alone (the "Capital Improvement Ceiling").

b. Member Approval/Expenditure Limit. Any capital improvement, the cost of which will exceed the Capital Improvement Ceiling, must, prior to the commencement of construction, be authorized by at least a majority of the percentage of the Designated Members.

c. Member Approval/Changing the Nature of the Project. Any capital improvement which would materially alter the nature of the Project must, regardless of its cost and prior to being constructed or accomplished, be authorized by at least sixty-seven (67%) percent of the undivided ownership interest of the Members.

27. Inspection of Books and Records

a. Inspection by Members. Commencing not later than 90 days after the close of escrow of the sale of the first Lot in the Project, copies of the documents listed below, as soon as readily obtainable, shall be delivered by the Declarant to the Board of Directors at the office of the Association, or at such other place as the Board shall prescribe. The obligation to deliver the documents listed below shall apply to any documents obtained by the Declarant no matter when obtained, provided, however, such obligation shall terminate upon the conveyance of the last Lot in the Project.

- 1) The recorded Final Plat.
- 2) The deeds and easements executed by the Declarant conveying the Common Area or other interest to the Association, to the extent applicable.
- 3) The recorded Declaration for the Project, including all amendments and annexations thereto.
- 4) The Association's filed Articles of Incorporation, if any, and all amendments thereto.
- 5) The Association's Bylaws and all amendments thereto.
- 6) All architectural guidelines and all other rules regulating the use of an Owner's interest in the Project or use of the Common Area which have been promulgated by the Association.
- 7) The plans approved by the local agency or county where the Project is located for the construction or improvement of facilities that the Association is obligated to maintain or repair; provided, however, that the plans need not be as-build plans and the plans may bear appropriate restrictions on their commercial exploitation or use and may contain appropriate disclaimers regarding their accuracy.
- 8) All Notice of Completion certificates issued for Common Area improvements (other than residential structures).
- 9) Any bond or other security device in which the Association is the beneficiary.
- 10) Any written warranty being transferred to the Association for Common Area equipment, fixtures or improvements.

11) Any insurance policy procured for the benefit of the Association, its Board, or the Commons Area.

12) Any lease or contract to which the Association is a party.

13) The membership register, including mailing addresses and telephone numbers, books of account and minutes of meetings of the members, of the Board and of committees of the Board.

14) Any other instrument that establishes or defines the common, mutual or reciprocal rights or responsibilities of Owners or Members of the Association.

b. Registers, Minutes and Other Miscellaneous Records. The membership register, including mailing addresses and telephone numbers, books of account and minutes of meetings of the Members, the Board, and of committees of the Board shall be made available for inspection and copying by any Member of the Association or by his/her duly-appointed representative at any reasonable time and for a purpose reasonably related to his/her interest as a Member at the office of the Association or at such other place within the Project as the Board shall prescribe.

1) In the case of the minutes, minutes proposed for adoption that are marked to indicate draft status, or a summary of the minutes, of any meeting of the Board, other than an executive session, shall be available to Members within 30 days of the meeting and shall be distributed to Members only upon request and payment of the fee prescribed below.

2) At the time the pro forma operating budget is distributed as required hereby or at the time of any general mailing, Members of the Association shall be notified in writing of their right to have copies of the minutes of meetings of the Board and as to how and where those minutes may be obtained and the cost of obtaining such copies.

c. Rules for Inspection by Members. The Board shall establish reasonable rules with respect to:

1) Notice to be given to the custodial of the records by the Member desiring to make the inspection:

2) Hours and days of the week when such an inspection may be made; and,

3) Payment of the costs of reproducing copies of documents requested by a Member.

d. Inspection by Directors. Every Director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the

physical properties owned or controlled by the Association. The right of inspection by a Director includes the right to make extracts and copies of documents.

e. Review of Financial Records. The Board shall review on at least a quarterly basis a current reconciliation of the Association's operating and reserve accounts, the current year's actual reserve revenues and expenses compared to the current year's budget and an income and expense statement for the Association's operating and reserve accounts. In addition, the Board shall review the latest account statements prepared by the financial institutions where the Association has its operating and reserve accounts.

28. Working Capital Fund. A working capital fund shall be established by the Declarant equal to or greater than two (2) months' Assessments for each Lot and Additional Membership sold after December 31st, 2008. Each Lot's share of the working capital fund shall be collected and transferred to the Board of Directors at the time of closing of the sale of each Lot by Declarant. Notwithstanding the foregoing, the contribution to the working capital fund for each unsold Lot shall be paid to the Board of Directors at the time such Lot is first occupied for residential purposes or a certificate of permanent occupancy is issued, whichever first occurs. With respect to each Lot for which the Declarant pays the contribution to the working capital fund, the Declarant shall be reimbursed for such contribution by the buyer of such Lot at the time of closing. The purpose of the working capital fund is to ensure that the Board of Directors will have cash available to satisfy unforeseen expenses or to acquire additional equipment or services necessary for the operation, control and regulation of the Project. Sums paid into the working capital fund are not to be considered as advance payments or regular monthly payments of Common Expenses. Thereafter, the Board of Directors may continue the working capital fund by charging a reasonable transfer or impact fee when Lots are sold or rented.

DECLARANT'S RIGHTS AND RESPONSIBILITIES

29. Declarant's Sales Program. Anything to the contrary notwithstanding, until Declarant has sold all Lots owned by it, or the expiration of ten (10) years following the date on which the Declaration is filed for record in the Office of the County Recorder, whichever first occurs, the following provisions shall be deemed to be in full force and effect, none of which shall be construed so as to relieve the Declarant from any obligations of an Owner to pay his portion of the Common Expenses or other Assessments, except as herein otherwise provided. Neither the Owners, the Association, nor the Board of Directors shall interfere with the completion of improvements and sale of Declarant's Lots, and Declarant shall have the following rights in furtherance of any sales, promotions or other activities designed to accomplish or facilitate the sale of all Lots owned by Declarant:

a. Sales Office and Model Lots. Declarant shall have the right to maintain one (1) or more sales offices and one (1) or more model Lots at any one time. Such office and/or models may be one or more of the Lots owned by the Declarant, one or more separate structures

or facilities placed on the Property for the purpose of aiding Declarant's sales effort, or any combination of the foregoing;

b. Promotional. Declarant shall have the right to maintain a reasonable number of promotional, advertising and/or directional signs, banners or similar devices at any place or places on the Property in accordance with County ordinances.

c. Common Area Use. Declarant shall have the right to use the Common Areas of the Project including but not limited to the right to use the Common Area, and Lodge as a sales office and in any other way necessary to facilitate sales.

d. Relocation and Removal. Declarant shall have the right from time to time to locate or relocate any of its sales offices, models, or signs, banners or similar devices, but in connection with each such location or relocation shall observe the limitations imposed by the preceding portion of this Section. Within a reasonable period of time after the happening of the Event, Declarant shall have the right to remove from the Project any signs, banners or similar devices and any separate structure or facility which was placed on the Property for the purpose of aiding Declarant's sales effort.

e. Restrictions in Favor of the Declarant. The recreational amenities or facilities at the Project may not be subject to any restriction or reservation in favor of the Declarant or any of its affiliates.

30. Completion Obligation. Declarant hereby covenants in favor of each Owner that within three (3) years from the date of any contract of sale:

a. Lots. Each Lot which an Owner has contracted to purchase, the utilities, including power, culinary water and irrigation water will be at the lot frontage.

b. Common Area. There shall be substantially completed and usable as part of the Common Areas all planned lake improvements, landscaping, parking facilities, roads, and dock.

31. Declarant's Rights Assignable. All of the rights of Declarant under this Declaration may be assigned or transferred either by operation of law or through a voluntary conveyance, transfer or assignment. Any Mortgage covering all Lots or Buildings in the Project title to which is vested in Declarant shall, at any given point in time and whether or not such Mortgage does so by its terms, automatically cover, encumber, and include all of the then unexercised or then unused rights, powers, authority, privileges, protections and controls which are accorded to Declarant (in its capacity as Declarant) herein.

32. Transfer of Management. Anything to the contrary notwithstanding, Declarant may at any time relinquish its reserved right to select the directors and may elect to transfer the management of the Project to a Board of Directors elected by the Owners and Additional Members. Upon the termination of the Period of Declarant's Control, or sooner if the Declarant

so elects, Declarant shall notify Owners and Additional Members in writing of the effective date of such transfer (the "Transfer Date"). Thereupon, the Owners and Additional Members shall call a meeting to elect the directors to take office as of the Transfer Date. Declarant covenants to cooperate with the Owners and Additional Members in effecting an orderly transition of management. Moreover, Declarant shall cause all obligations for Common Expenses of the Association prior to the Transfer Date to be paid in full on or before such date, and shall transfer any Association funds to the newly elected Board of Directors.

33. Special Membership. Anything to the contrary notwithstanding, the Declarant hereby grants and reserves to itself four (4) special memberships (the "Special Memberships"). The Declarant hereby grants one (1) Special Membership to Rick Lybbert, one (1) Special Membership to Dan Lybbert, one (1) Special Membership to Cody Larkin, and the final Special Membership to Pete Larkin for the duration of their lives (collectively "Life Estates" and individually "Life Estate"). Each Special Membership shall terminate upon the expiration of its corresponding Life Estate. The Special Memberships are irrevocable and shall include the right to use and enjoy the Lodge, Lake, Lake Amenities and related Common Area and Facilities like the Owners and Additional Members. The holders of the Special Memberships shall be considered "Permitted Users" and/or "Designated Members" for all purposes, including by way of illustration but not limited to Lake and Common Area use; provided, however, the holders of the Special Memberships shall not be required to pay any assessments, dues, user fees or other charges and shall not be entitled to vote. Special Members have the right to host guests, in the same fashion as a Designated Member. This subsection cannot be amended or modified without the express prior written consent of the holders of the Special Memberships.

INSURANCE

34. Insurance. The Board of Directors may adopt General Insurance House Rules, Policies and Procedures intended as a guide for Owners and residents in order to maintain the insurability of the project, keep the insurance premium reasonable, and enforce the maintenance responsibilities of the individual owners.

a. Insurance Obligation of the Association. The Association shall obtain the following insurance coverage (collectively, "Association Policy"):

1) Public Liability. Public liability coverage for the Common Areas and Facilities;

2) Common Area and Facilities. Property, fire and extended hazard coverage for all Common Areas, Elements and Facilities;

3) Buildings and Lots. Property, fire and extended hazard coverage for all Buildings that contain more than one Lot, including any improvement which is a permanent part of a Building and is considered Common Area, Elements and Facilities;

- 4) D&O. Directors and officers coverage; and
- 5) Fidelity Bond. A fidelity bond.

The Association Policy **DOES NOT** cover the contents or the personal property in the Lot or belonging to the Lot Owner or renter (as defined below), or personal liability. Coverage C (as that term is defined by the standard homeowners insurance policy) – Personal Property is excluded from the Association Policy. The Association **IS NOT REQUIRED** to cover property, fire or hazard insurance on a Lot or loss of business, rents or rental income although it expressly reserves and is hereby granted the right to obtain such and other coverage for its benefit. Earthquake insurance is optional.

b. Minimum Amount of Insurance Coverage. The liability insurance purchased by the Association shall be in an amount not less than \$1,000,000.00 per occurrence and \$2,000,000.00 per aggregate and optional umbrella liability coverage to be determined by the Board of Directors from time to time for bodily injury, death, and property damage. This amount may be increased or decreased unilaterally by the Board of Directors.

c. Premium a Common Expense. The premiums for insurance coverage and the fidelity bond are to be considered a Common Expense.

d. Insurance Obligation of Lot Owner. The foregoing obligation and right of the Association to purchase insurance coverage DOES NOT preclude the right or negate the obligation of each Owner to insure his own Lot for his benefit. **EACH LOT OWNER SHALL OBTAIN AT LEAST THE FOLLOWING INSURANCE COVERAGE** (collectively, “Lot Owner Policy”):

1) Public Liability Insurance. **PUBLIC LIABILITY COVERAGE FOR HIS LOT. THE LIMITS OF THE PUBLIC LIABILITY INSURANCE POLICY SHALL BE IN AN AMOUNT NOT LESS THAN \$500,000.00 FOR BODILY INJURY, DEATH, AND PROPERTY DAMAGE.**

2) Coverage “A” Building (as that term is defined by the standard homeowners insurance policy) **A COVERAGE “A” BUILDING POLICY IN THE AMOUNT OF AT LEAST \$100,000.00;**

3) **EACH OWNER SHOULD PURCHASE INDIVIDUAL PROPERTY, FIRE AND EXTENDED COVERAGE IN THE AMOUNT RECOMMENDED BY THE OWNER’S INDEPENDENT INSURANCE AGENT, WHICH SHOULD BE AN AMOUNT SUFFICIENT TO REPAIR ANY DAMAGE TO THE INTERIOR LOT, TO WIT:** For use herein the insurance required shall cover the Lot and all improvements constructed thereon, including the Dwelling Unit, windows and window frames; doors; stairwell; appliances; mechanical equipment and appurtenances located within any one Lot or located outside said Lot but designated and designed to serve only that Lot; plumbing-including all pipes, wires, conduits, or other public utility lines or

installations constituting a part of the Lot and serving only that Lot including sewer, water main that enters the property and pipes within the home; electrical receptacles and outlets, air conditioning and compressors and other air cooling apparatus, boilers, water heaters and water softeners; cabinets, fixtures, lighting, sinks, tubs, counters, countertops and islands, hardware; all decorated (affixed) interiors and surfaces of interior structural walls, floor coverings, ceilings and trim, consisting of wallpaper, paint, wood floors, carpeting and tile; patio porch, or deck, along with any covering of said patio, porch or deck; interior of garage, storage and any other areas which shall pass with the title to the Lot with which is associated and any Limited Common Area and facilities that are reserved for the use of the individual Lot. **EACH OWNER IS ENCOURAGED TO SPEAK WITH HIS INDEPENDENT INSURANCE AGENT BEFORE DETERMINING THE AMOUNT OF THE LOT OWNER POLICY.**

e. Changes in Amounts of Required Insurance. The amounts of insurance required may be increased or decreased unilaterally by the Board of Directors.

f. Coverage C (as that term is defined by the standard homeowners insurance policy) – Personal Property/ Contents and Lost Rents. **EACH LOT OWNER IS RESPONSIBLE TO PURCHASE COVERAGE C – PERSONAL PROPERTY INSURANCE COVERING THE CONTENTS OF HIS LOT AND LOST BUSINESS, RENTS OR RENTAL INCOME.** For use herein the term “contents” shall mean and refer to in the broadest possible sense all furniture, furnishings, appliances, accessories, dining and cooking ware, televisions, stereo equipment, electronic equipment and systems, computers, art, table lamps, linens, blankets, quilts, rugs, lost business, rents, income and profits, personal items not specified in the original design and specifications, and all personal property, belongings and effects in the Lot, Building or Common Area and Facilities not covered by the Association Policy.

g. Premium Is An Individual Expense. The insurance premium on the Lot Owner Policy shall be an Individual Expense.

h. Maintenance of Coverage. The Owner shall obtain and keep in full force and effect at all times the required insurance coverage provided by companies duly authorized to do business in Utah.

i. Not a Limitation. The provisions of this subsection shall not be construed to limit the power or authority of the Owner to obtain and maintain insurance coverage in addition to any insurance coverage required hereunder, in such amounts and in such forms as he or she may deem appropriate.

j. Name Association as “Additional Insured.” Each Lot Owner Policy shall name the Association as an “Additional Insured.”

k. Certificate of Insurance. Each Lot Owner shall provide the Association with a “Certificate of Insurance” upon request.

l. Lot Owner's Default. If a Lot Owner fails to obtain a Lot Owner Policy or fails to provide a Certificate of Insurance within three (3) days of a request, and fails to remedy a default within ten (10) days of written notice, the Association may but is not obligated to purchase the required insurance and treat the cost as an Individual Expense. Anything to the contrary notwithstanding, if a Lot Owner fails to obtain the required Lot Owner Policy, then he or she shall be personally responsible to pay any deductible on the Association Policy as well as any and all costs, up the minimum amount of coverage, incurred for repairs of or to the building.

m. Payment of Deductible. It is presumed that the claimant is responsible to pay the deductible; provided, however, the deductible on a claim made against the Association Policy shall be paid for by the party (1) who would be liable for the loss, damage, claim, or repair in the absence of insurance or (2) from whose Lot the causal event originates. In the event of multiple responsible parties, the loss shall be allocated in relation to the amount each party's responsibility bears to the total. If a loss is caused by an act of God or nature or by an element, risk or peril beyond the control of the parties, then the Lot Owner shall be responsible for the deductible. It is the intent of the Declarant to obtain property, fire and extended hazard insurance with a \$5,000.00 deductible. This amount may be increased or decreased unilaterally by the Board of Directors upon a written recommendation for its insurance agent without amending the Declaration. Each Lot Owner is encouraged to purchase insurance to cover the cost of the deductible.

n. Damages. Each Lot Owner is responsible for the maintenance of his Lot and for the repair of any damage he or she causes to another Lot or the Common Area and Facilities.

o. Validity of Document. If any term, part or provision of this document is ruled by a court of competent jurisdiction to be illegal or in conflict with any law of the State of Utah, the validity of the remaining portions or provisions shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if the document did not contain such term, part or provision.

p. Right to Adjust Claims. The Association has the right, power and authority to adjust claims.

q. Use of Insurance Proceeds and Repairs. Repair of damage shall be completed within a reasonable time and insurance proceeds shall be used to repair the covered damage.

r. Quality of Insurance Company. The Association and Lot Owners shall use a responsible insurance company or companies duly qualified and licensed in the State of Utah.

s. Primary Coverage. It is the intent of the Declarant that the Lot Owner Coverage A Building provide **PRIMARY** coverage and that the Association Policy provide **SECONDARY** coverage.

t. Delegation of Insurance Obligations of the Water Ski Club. The Association has the right but not the obligation to delegate the duty to obtain liability and property insurance for the Lake, Lake Amenities, Lodge and related improvements to the Water Ski Club.

DISPUTE RESOLUTION

35. Dispute Resolution And Limitation On Litigation; Agreement To Avoid Costs Of Litigation.

a. General. The Declarant, all Owners, and Members subject to this Declaration, and any person not otherwise subject to this Declaration who agrees to submit to this Section (collectively, "Bound Parties") agree to encourage the amicable resolution of disputes involving the Project, and to avoid the emotional and financial costs of litigation if at all possible. Accordingly, each Bound Party covenants and agrees that all claims, grievances or disputes between such Bound Party and any other Bound Party involving the Project, including, without limitation, claims, grievances or disputes arising out of or relating to the interpretation, application or enforcement of this Declaration or the Project Documents (collectively "Claim"), except for those Exempt Claims authorized under this Section, shall be subject to the procedures set forth herein.

b. Exempt Claims. Any Bound Party having an Exempt Claim (as defined below) may submit it to the alternative dispute resolution procedures set forth in this Section, but there shall be no obligation to do so. The following Claims ("Exempt Claims") shall be exempt from the provisions of hereof:

1) Enforcement of Declaration. Any suit by Declarant against any Bound Party to enforce the provisions of this Declaration or to enforce any of Declarant's developmental rights set forth in this Declaration, including any defensive or responsive actions by the party against whom this Declaration is taken; Any suit by the Association against any Bound Party to enforce the provisions of this Declaration, including any defensive or responsive actions by the party against whom this Declaration is taken;

2) Temporary Restraining Order. Any suit by the Association to obtain a temporary restraining order (or equivalent emergency equitable relief) and such other ancillary relief as the court may deem necessary in order to maintain the status quo and preserve the Association's ability to enforce the provisions of this Declaration, including any defensive or responsive actions by the party against whom this Declaration is taken;

3) Claims Exceeding \$20,000.00. Any suit between Owners (other than the Declarant) seeking redress on the basis of a Claim which would constitute a cause of action

under the law of the State of Utah in the absence of a claim based on the Project Documents, if the amount in controversy exceeds \$20,000.00; and

4) Enforcement Regarding Mortgage. Any suit or enforcement action or exercise of any right or remedy under or in respect of any Mortgage, any indebtedness secured by such Mortgage or any other document or agreement executed in connection with such Mortgage or in respect of any right provided herein with respect to such Mortgage.

c. Mandatory Procedures for All Other Claims. Any Bound Party having a Claim (“Claimant”) against any other Bound Party (“Respondent”) other than an Exempt Claim, shall not file suit in any court or initiate any proceeding before any administrative tribunal seeking redress or resolution of such Claim until it has complied with the following procedures:

d. Notice. The Claimant shall notify each Respondent in writing of the Claim (“Notice”), stating plainly and concisely:

1) The nature of the Claim, including date, time, location, person involved, Respondent’s role in the Claim;

2) The basis of the Claim (i.e., the provision of the Project Documents, or other authority out of which the Claim arises);

3) What Claimant wants Respondent to do or not to do to resolve the Claim; and

4) That Claimant wishes to resolve the Claim by mutual agreement with Respondent, and is willing to meet in person with Respondent at a mutually agreeable time and place to discuss in good faith ways to resolve the Claim.

e. Good Faith Negotiation. Each Claimant and Respondent (“Parties”) shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation. Upon receipt of a written request from any Party, accompanied by a copy of the Notice, the Board of Directors may appoint a representative to assist the Parties in resolving the dispute by negotiation, if in its discretion it believes its efforts will be beneficial to the Parties and to the welfare of the Project.

f. Final and Binding Arbitration. If the Parties do not resolve the Claim through negotiation within thirty (30) days of the date of the Notice (or within such other period as may be agreed upon by the Parties) (“Termination of Negotiations”), the Claimant shall have thirty (30) days following Termination of Negotiations to submit the Claim to arbitration in accordance with the Rules of Arbitration maintained on file in the office of the Association or the Claim shall be deemed abandoned, and Respondent shall be release and discharged from any and all liability to Claimant arising out of such Claim; provided, nothing herein shall release or discharge Respondent from any liability to Persons not a Party to the foregoing proceedings.

g. Arbitration Award. This constitutes an agreement of the Bound Parties to arbitrate all Claims except Exempt Claims and is specifically enforceable under the applicable Utah arbitration law. The arbitration award (the “Award”) shall be final and binding, and judgment may be entered upon it in any court of competent jurisdiction to the fullest extent permitted under Utah law.

h. Allocation of Costs of Resolving Claims.

1) Costs Incurred. Each Party shall bear all its own costs incurred prior to and during the proceedings described herein, including the fees of its attorney or other representative.

2) Costs of Arbitration. Each Party shall share equally in the costs of conducting the arbitration proceeding (collectively, “Arbitration Costs”), except as otherwise provided herein; provided, however, if the Claim is rejected in whole or in part, the Claimant shall pay all Arbitration Costs, including the costs incurred by the Respondent.

i. Enforcement of Resolution. If the Parties agree to resolve any Claim through negotiation in accordance herewith and any Party thereafter fails to abide by the terms of such Agreement, or if the Parties agree to accept the Award following arbitration and any Party thereafter fails to comply with such Award, then any other Party may file suit or initiate administrative proceedings to enforce such agreement or Award without the need to again comply with the procedures set forth herein. In such event, the party taking action to enforce the agreement or Award shall be entitled to recover from the non-complying Party (or if more than one non-complying Party, from all such Parties pro rata) all costs incurred in enforcing such agreement or Award, including, without limitation, attorneys fees and court costs.

36. Enforcement and Right to Recover Attorneys Fees. Should the Association or Board of Directors be required to take action to enforce the Declaration, Bylaws or any administrative rules and regulations adopted from time to time, or to pursue any remedy provided hereunder or by applicable law, whether such remedy is pursued by filing suit or otherwise, they may recover all Additional Charges, including a reasonable attorneys fee, which may arise or accrue.

EASEMENTS AND RIGHTS OF WAY

37. Easements and Rights of Way. Declarant hereby reserves to itself and grants to the Association a nonexclusive, perpetual right-of-way and easement over, across and through the Property, together with the right to use, operate, maintain, repair and replace the Common Areas and Facilities, subject to all of the terms, covenants, conditions and restrictions set forth herein.

a. Common Use of Easement. Said easement is to be used in common by the Declarant, Association and Owners, subject to all of the terms, covenants, conditions and restrictions set forth herein.

b. Private Easement. The easement created is intended to be used as a private non-exclusive easement for the exclusive use and benefit of Declarant, Association and Owners.

c. Encroachments. If any part of the Common Areas and Facilities encroaches or shall hereafter encroach upon a Lot or Dwelling Unit, an easement for such encroachment and for the maintenance of the same shall and does exist. If any part of a Lot or Dwelling Unit encroaches or shall hereafter encroach upon the Common Areas and Facilities, or upon an adjoining Lot or Dwelling Unit, an easement for such encroachment and for the maintenance of the same shall and does exist. Such easements shall extend for whatever period the encroachment exists. Such encroachments shall not be considered to be encumbrances either on the Common Areas and Facilities or the Lots or Dwelling Units. Encroachments referred to herein include, but are not limited to, encroachments caused by error in the original construction of any improvement constructed or to be constructed within the Project, by error in the Final Plat, by settling, rising or shifting of the earth, or by changes in position caused by repair or reconstruction of the Project or any part thereof.

d. Improvements. Improvements, including Lots or Dwelling Units, and/or Common Areas and Facilities constructed as subsequent phases of the Project may encroach upon portions of the Common Areas and Facilities of earlier phases of the Project. A perpetual easement for such encroachment and this Declaration necessary to repair, maintain and operate such improvements is hereby granted.

e. Rights of Access. Each Owner shall have the right to ingress and egress over, upon and across the Common Area and Facilities as necessary for access to the Lot or Dwelling Unit he or she is occupying and to any Limited Common Areas and Facilities appurtenant to his Lot or Dwelling Unit, and he or she shall have the right to the horizontal, vertical and lateral support of his Lot.

f. Declarant's Easement. The Association hereby grants and conveys to the Declarant an exclusive easement to make such use of the Common Areas and Facilities, as may be necessary or convenient to perform the duties and functions that each is obligated or permitted to perform pursuant to this Declaration, including, without limitation, the right to construct and maintain the Common Areas and Facilities for use by the Owners, Members, and the Association.

g. Construction Easements. The Declarant hereby reserves for itself and its affiliates and assignees a temporary construction easement over the Common Areas and Facilities for the purpose of doing all things that are reasonably necessary as a part of constructing any new improvements for the Project including all physical improvements as well as all Lots, Dwelling Units, and Common Areas and Facilities. The Owners of Lots do hereby

acknowledge and agree that there will be construction activities, traffic, noises, odors and vibrations which may temporarily disrupt their quiet enjoyment of their Lots, Units or the Common Areas and Facilities appurtenant thereto until all improvements are complete, and such Owners do hereby waive any right to object to such construction activity; provided, however, Declarant shall endeavor to use reasonable efforts to minimize the adverse impact of such construction activities on the Owners. Declarant's construction activities pursuant to the easement granted hereunder shall not be deemed to be a violation of the Use Restrictions.

h. Locations Facilities Easements. Declarant reserves a non-exclusive easement for itself and its affiliates and assignees to construct, operate, maintain, repair and replace all types of telecommunication facilities, including but not limited to roof antennas, within suitable locations for such facilities (the "Locations of Facilities") within the Project. Declarant further reserves a right of access to the Locations of Facilities over, across, and through all other Common Areas and Facilities of the Project in order to access the Locations of Facilities to exercise the rights established herein. Declarant reserves the perpetual right to transfer by easement, license agreement or other conveyance the rights reserved hereunder to one or more telecommunication facilities providers. Declarant may exercise all of such rights unilaterally and without the consent of any Owner, Mortgagee or the Association. The Association, on behalf of all Owners, agrees to execute such further and additional instruments as may be requested by Declarant documenting the rights hereunder, in form satisfactory to the Declarant, and any assignee of its rights hereunder.

i. Entry Monument Easement. Easements for the Entry Monument and corresponding utility and drainage systems and facilities, and irrigation are reserved hereby on the recorded Plat. An Owner may not do any landscaping, grading or work, or install any structure, building, improvement, planting, or other object, natural or artificial, or materials which may damage or interfere with the installation and maintenance of utilities, Entry Monument, or which may change the direction of flow of drainage channels in, on or about the easements and rights of way, or which may obstruct or retard the flow of water through the drainage channels in the easements and rights of way. If an Owner alters a drainage channel, the Declarant and/or the Association expressly reserve the right to enter onto the property to restore the area at the cost of the Owner, and without being guilty of a trespass. In addition, the easement and right of way area of or on each Lot, including by way of illustration but not limitation, the Entry Monument, in whole or in part, utilities, drainage systems and facilities, and irrigation, and all improvements within said area shall be maintained continuously by the Owner of the property, at his sole expense, excepting those improvements for which a public authority or utility company is expressly responsible.

j. Joint or Common Utility Easements with Neighboring Subdivisions or Developments. The Declarant for itself and/or its successors in interest (including but not limited to the Association), hereby reserves the irrevocable and exclusive right, without any additional consent required, to enter into easement agreements with or to convey to owners or Declarant of adjoining subdivisions, projects or developments any and all reasonable and necessary utility easements or rights of way for access, ingress, egress, transportation, cable,

utilities, gas, water, power, sewer, storm drain systems, and so forth under, over, across or through the Project.

k. Support, Maintenance and Repair. There is hereby reserved to the Association and the Association is hereby granted a non-exclusive easement over, across, through, above and under the Lots and the Common Area for the operation, maintenance, and repair of the Common Area and Facilities, and regulation of the Design Guidelines.

MAINTENANCE

38. Operation, Maintenance and Alterations. Each Lot, the Limited Common Area and Common Area shall be maintained, repaired, and replaced in accordance with the following covenants, conditions and restrictions:

a. Clean, Safe, Sanitary and Attractive Condition. The Lots, Limited Common Area and Common Area shall be maintained in a usable, clean, functional, safe, sanitary, attractive and good condition, consistent with Community Standards.

b. Landscaping. All landscaping in the Project shall be maintained and cared for in a manner consistent with the standards of design and quality originally established by Declarant and in accordance with any County landscaping maintenance plans or ordinances. Specific additional written guidelines, standards, controls, and restrictions on landscaping may be adopted or amended by the Board of Directors from time to time. All landscaping shall be maintained in a safe, sanitary, aesthetic and orderly condition. Any weeds or diseased or dead lawn, trees, ground cover or shrubbery shall be removed and replaced. All lawn areas shall be neatly mowed and trees, shrubs and bushes shall be neatly trimmed. All landscaping shall be tasteful, so as not to affect adversely the value or use of any other Lot, or to detract from the uniform design and appearance of the Project. Anything to the contrary notwithstanding, all landscaping must abide by and strictly comply with all soils report recommendations and County requirements.

c. Area of Common Responsibility. Unless otherwise expressly noted, the Association shall maintain, repair and replace all of the Common Area and Facilities within or serving the Project, including by way of illustration but not limitation all landscaping, open space and play areas, foundations, columns, girders, beams, supports, main walls, roofs, driveways, and exterior Building surfaces; driving lanes and parking amenities; walkways; and the Entry and Entry Monument. The Association is not obligated to maintain any Limited Common Area.

d. Area of Personal Responsibility. Each Owner shall maintain, repair and replace his Lot and Limited Common Area (i.e., private dock), including without limitation all interior spaces and improvements, individual services such as power, light, gas, hot and cold water, heating, refrigeration, air conditioning, fixtures, windows and window systems, glass, doors and door systems, garage doors and garage door systems, patios, balconies and decks, plumbing fixtures, systems and lateral pipes or valves servicing only his Lot, including any damage caused thereby and not covered by insurance. Each Lot Owner shall also maintain

broom clean and free of debris, repair and replace the physical improvements to his Limited Common Area, including by way of illustration but not limitation all privacy fencing, gates, flooring, cement, decking and rails. All such Limited Common Area maintenance, repairs and replacements are subject to the approval of the Board of Directors as to construction materials, quality of construction and installation, and uniformity of appearance. No Lot Owner shall allow his Lot or Limited Common Area to detract from the health, safety or uniform appearance or design of the Project.

e. Party Wall. If it becomes necessary or desirable to repair or rebuild the whole or any part of a party fence or wall, the repairing or rebuilding expense shall be borne equally by the parties who shall at the time of the repair or rebuilding be using it. Any repairing or rebuilding of the wall shall be on the same location, and of the same size, and with the same quality of construction and materials, as the original fence, wall or portion thereof. If there is a disagreement among the parties as to the necessity or extent of repairs to a party fence or wall, the dispute must be submitted to the Board of Directors for resolution, and the decision of the Board of Directors shall in all instances be final and conclusive.

f. Default Provisions. If (except in the case of an emergency) after written notice and a hearing, it is determined that any responsible party has failed or refused to discharge properly his obligation with regard to the maintenance, repair, or replacement of the real property and improvements described herein, or that the need for maintenance, repair, or replacement thereof is caused through the willful or negligent act of any person, then the Association, or Board of Directors may, but is not obligated to, provide such maintenance, repair, or replacement at the defaulting or responsible party's sole cost and expense (the "Default Maintenance Cost"). The term "emergency" as used here means a situation or condition in which there is a threat of imminent and substantial harm to person or property. The Default Maintenance Cost is the debt of such defaulting or responsible party at the time the expense is paid and shall be collectible as such. In addition, it may be considered a "Fine" against a Lot Owner. A Fine assessed hereunder which remains unpaid after the time for appeal has expired becomes a lien against the Lot Owner's interest in the property in accordance with the same standards as a lien for the nonpayment of Common Expenses under U.C.A., Section 57-8-20.

g. Alterations to the Common Area. The Declarant may make changes to the design and construction of the improvements located in or on the Common Areas without additional approval required, including without limitation the consent of the Board of Directors or Members of the Association; provided, however, no Owner or Permittee may make any structural alterations to the Common Area (including the Limited Common Area), without the express prior written consent of the Board of Directors.

h. Certain Work Prohibited. No Lot Owner shall do any work or make any alterations or changes which would jeopardize the soundness or safety of the Property, reduce its value or impair any easement, without in every such case the unanimous written consent of all the other Lot Owners being first had and obtained.

MISCELLANEOUS

39. Interpretation. To the extent Utah law is consistent with this Declaration, such provisions shall supplement the terms hereof and are incorporated herein. The captions, which precede the Articles and Sections of this Declaration, are for convenience only and shall in no way affect the manner in which any provision hereof is construed. Whenever the context so requires, the singular shall include the plural, the plural shall include the singular, the whole shall include any part thereof, and any gender shall include both genders. The invalidity or unenforceability of any portion of this Declaration shall not affect the validity or enforceability of the remainder hereof.

40. Security. Neither the Association, nor the Declarant shall in any way be considered insurers or guarantors of security within the Project. Neither the Association, nor the Declarant shall be held liable for any loss or damage, including malfunction, by reason of failure to provide adequate security or ineffectiveness of security measures undertaken. All Owners, Guests, and Permittees acknowledge that neither the Declarant, the Association, Board of Directors, Manager, employees, agents or representatives represent or warrant that any fire protection system or burglar alarm system designated by or installed in the Project may not be compromised or circumvented, that any fire protection or burglar alarm systems will prevent loss by fire, smoke, burglary, theft, hold-up, or otherwise nor that the fire protection or burglar alarm systems will in all cases provide the detection or protection for which the system is designed or intended. Each Owner for himself and his Guests acknowledges and understands that the Declarant, Association, Board of Directors, Manager, employees, agents or representatives are not insurers and that each Owner and his Guests assume all risks for loss or damage to persons or property within the Project and further acknowledges that Declarant, the Association, Board of Directors, Manager, employees, agents or representatives have made no representations or warranties nor has any Owner or his Guests relied upon any representations or warranties, expressed or implied, including any warranty of merchantability or fitness for any particular purpose, relative to any fire and/or burglar alarm systems recommended or installed or any security measures undertaken within the Project.

41. Covenants to Run with Land. This Declaration and all the provisions hereof shall constitute covenants to run with the land or equitable servitudes, as the case may be, and shall be binding upon and shall inure to the benefit of Association, all other signatories hereto, all parties who hereafter acquire any interest in a Lot or in the Project, and their respective grantees, transferees, heirs, devisees, personal representative, successors, and assigns. Each Owner or occupant of a Lot shall comply with, and all interests in all Lots shall be subject to, the terms of this Declaration and the provisions of any rules, regulations, agreements, instruments, supplements, amendments, and determinations contemplated by this Declaration. By acquiring any interest in a Lot in the Project, the party acquiring such interest consents to, and agrees to be bound by, each and every provision of this Declaration.

42. Agent for Service of Process. The President of the Association is the person to receive service of process in the cases authorized by the Act and the office. The initial

Registered Agent is Rick Lybbert and the initial office of the Registered Agent is 166 Cottonwood Loop, Saratoga Springs, Utah 84045.

43. Condemnation and Eminent Domain: If the state or a municipality, private person, corporation or other legal entity authorized to exercise functions of public character exercises its power of eminent domain to acquire private property for public use by condemnation, it shall do so in accordance with Utah law and in return for just compensation. For use herein the term “condemnation” shall mean the process of taking private property, without the consent of the owner, for public use through the power of eminent domain.

44. Conveyancing. Any deed, lease, mortgage, deed of trust, or other instrument conveying or encumbering a Lot shall describe the interest or estate involved substantially as follows:

All of Lot No. _____, Last Chance Ski Ranch aka Last Chance Lakes, as the same is identified in the Final Plat recorded in Tooele County, Utah as Entry No. _____ in Book _____ at Page _____ of the official records of the County Recorder of Tooele County, Utah (as said Final Plat may have heretofore been amended or supplemented) and in the Declaration of Covenants, Conditions and Restrictions for Last Chance Ski Ranch aka Last Chance Lakes recorded in Tooele County, Utah as Entry No. _____ in Book _____ at Page _____ of the official records of the County Recorder of Tooele County, Utah (as said Declaration may have heretofore been supplemented), together with an undivided percentage of ownership interest in the Common Areas and Facilities.

Regardless of whether or not the description employed in any such instrument is in the above-specified form, all provisions of this Declaration shall be binding upon and shall inure to the benefit of any party who acquires any interest in a Lot. Neither the membership in the Association, nor the right of exclusive use of a Limited Common Area shall be separated from the Lot to which it appertains; and, even though not specifically mentioned in the instrument of transfer, such mandatory membership in the Association and such right of exclusive use shall automatically accompany the transfer of the Lot to which they relate.

45. Amendment. This Declaration may be amended as follows:

a. General. Except as provided elsewhere in this Declaration, including by way of illustration but not limitation to sections pertaining to the addition or annexation of any land, any amendment to this Declaration shall require the affirmative written vote or consent of at least sixty-seven percent (67%) of the total undivided ownership interest in the Common Area and Facilities cast either in person or by proxy at a meeting duly called for such purpose or otherwise approved in writing by such Owners without a meeting.

b. Initial Declarant Right to Amend. The Declarant alone may amend or terminate this Declaration prior to the closing of a sale of the first Lot.

c. Unilateral Right to Amend Under Certain Conditions. Notwithstanding anything contained in this Declaration to the contrary, this Declaration may be amended unilaterally at any time and from time to time by Declarant if such Amendment is (1) necessary to correct typographical errors or inadvertent omissions; (2) necessary to bring any provision hereof into compliance with any applicable governmental statute, rule, or regulation or judicial determination which shall be in conflict therewith; or (3) reasonably necessary to enable any reputable title insurance company to issue title insurance coverage with respect to the Lots subject to this Declaration; provided, however, any such amendment shall not materially adversely affect the title to any Lot unless the Owner of said Lot shall consent thereto in writing.

d. Declarant's Right to Amend Unilaterally Prior to Termination of Declarant's Right to Control. Prior to the expiration of the Period of Declarant's Control, Declarant may unilaterally amend this Declaration for any other purpose; provided, however, any such amendment shall not materially adversely affect the substantive rights of any Owner hereunder, nor shall it adversely affect title to any property without the express written consent of said Lot Owner.

e. To Satisfy Requirements of Lenders. Anything to the contrary notwithstanding, Declarant reserves the unilateral right to amend all or any part of this Declaration to such extent and with such language as may be requested by a State Department of Real Estate (or similar agency), FHA, VA, the FHLMC or FNMA and to further amend to the extent requested by any other federal, state or local governmental agency which requests such an amendment as a condition precedent to such agency's approval of this Declaration or approval of the sale of Lots, or by any federally chartered lending institution as a condition precedent to lending funds upon the security of any Lot, or any portions thereof. Any such amendment shall be effected by the recordation by Declarant of an Amendment duly signed by the Declarant, specifying the federal, state or local governmental agency or the federally chartered lending institution requesting the amendment and setting forth the amendatory language requested by such agency or institution. Recordation of such an Amendment shall be deemed conclusive proof of the agency's or institution's request for such an amendment, and such Amendment, when recorded, shall be binding upon all Lots and all persons having an interest therein. It is the desire of Declarant to retain control of the Association and its activities during the anticipated period of planning and development. If any amendment requested pursuant to the provisions of hereof deletes, diminishes or alters such control in any manner whatsoever in the opinion of Declarant, then Declarant shall have the unilateral right to amend this Declaration to restore such control.

f. Declarant's Rights. No provision of this Declaration reserving or granting to Declarant any unexpired developmental rights may be amended, including by way of illustration but not limitation a modification which would terminate or decrease any developmental right, without the prior express written consent of Declarant, which consent may

be withheld, conditioned or delayed for any reason or for no reason at Declarant's sole and exclusive discretion.

g. Execution of Amendments.

1) An amendment or revocation which only requires the execution of an instrument by Declarant as hereinabove provided shall be effective when executed by Declarant and when recorded in the office of the County Recorder.

2) An amendment which requires the affirmative written assent or vote of the Owners as hereinabove provided shall be effective when executed by the President and Secretary of the Association, who shall certify that all of the voting requirements have been satisfied, and the Declarant, if the Declarant's consent is also required, and recorded in the office of the County Recorder.

h. Mortgagee Protection. Nothing herein contained, and no violation of these covenants, conditions and restrictions, shall invalidate or impair the lien, encumbrance, security interest, mortgage or deed of trust, given in good faith and for value. The lien or claim against a Lot for unpaid Assessments shall be subordinate to any Mortgage recorded on or before the date a notice of lien securing payment of any such Assessments is recorded in the Office of the County Recorder of Utah County, Utah. The lien or claim against an Additional Membership for unpaid Assessments shall be subordinate to any security interest filed on or before the date a financing statement is filed with the Utah Department of Commerce. Notice of any proposed amendment to any Eligible Mortgagee to whom a written request to approve an addition or amendment to this Declaration or the Final Plat is required shall be mailed postage prepaid to the address for such Mortgagee shown on the list maintained by the Association. Any Eligible Mortgagee who does not deliver to the Board of Directors or the Association a negative response to the notice of the proposed amendment within thirty (30) days from the date of such mailing shall be deemed to have approved the proposal. The foregoing consent requirements shall not be applicable to amendments to this Declaration and the Plat Final Plat or the termination of the legal status of the Project as a planned Community development if such amendments or such termination are made or accomplished in accordance with the provisions of this Declaration regarding Condemnation or Substantial Obsolescence.

46. Effective Date. This Declaration, any amendment or supplement hereto, and any amendment or supplement to the Final Plat shall take effect upon its being filed for record in the office of the County Recorder of Tooele County, Utah.

Dated this ___ day of March, 2008.

Wild Oak Properties, LLC
a Utah limited liability company

By: _____

Name: Rick Lybbert
Title: Manager

STATE OF UTAH)
 ss:
COUNTY OF UTAH)

On November 4, 2008, personally appeared before me Rick Lybbert, who by me being duly sworn, did say that he is the Manager of Wild Oak Properties, LLC, a Utah limited liability company, and that the within and foregoing instrument was signed in behalf of said Company by authority of its Articles of Organization or a resolution of its Members, and said Rick Lybbert duly acknowledged to me that said Company executed the same.

NOTARY PUBLIC

EXHIBIT "A"
LAST CHANCE SKI RANCH, PUD AKA LAST CHANCE LAKES
LEGAL DESCRIPTION OF PROPERTY

The Land described in the foregoing document is located in Tooele County, Utah and is described more particularly as follows:

LOCATED IN THE SOUTH HALF OF THE NORTHEAST QUARTER OF SECTION 12, TOWNSHIP 8 SOUTH, RANGE 6 WEST, SALT LAKE BASE AND MERIDIAN TOOELE COUNTY, UTAH.

NOW KNOWN AS: LOTS 1-19 AND LOTS A, B, AND C, LAST CHANCE SKI RANCH, PUD.

EXHIBIT "B"
PERCENTAGES OF UNDIVIDED OWNERSHIP INTEREST

Lot No.	Percentage of Ownership Interest
1	3.70%
2	3.70%
3	3.70%
4	3.70%
5	3.70%
6	3.70%
7	3.70%
8	3.70%
9	3.70%
10	3.70%
11	3.70%
12	3.70%
13	3.70%
14	3.70%
15	3.70%
16	3.70%
17	3.70%
18	3.70%
19	3.70%
AHOAM -1	3.70%
AHOAM -2	3.70%
AHOAM -3	3.70%
AHOAM -4	3.70%
AHOAM -5	3.70%
AHOAM -6	3.70%
AHOAM -7	3.70%
AHOAM -8	3.70%
TOTAL:	100.0%

EXHIBIT "C"
BYLAWS
FOR
LAST CHANCE LAKES HOMEOWNERS ASSOCIATION
AND
LAST CHANCE LAKES WATER SKI CLUB

ARTICLE I
REGISTERED AGENT AND OFFICE

1. Office and Registered Agent. The initial Registered Agent shall be Rick Lybbert of 166 Cottonwood Loop, Saratoga Springs, Utah 84045. However, after transfer of management and control of the Association is made by the Declarant to the Members of the Last Chance Lakes Homeowners Association and Last Chance Lakes Water Ski Club (collectively referred to herein as the "Association"), the Registered Agent shall be the President of the Association and the Registered Office shall be the home of the President or such other place as shall be designated by him.

ARTICLE II
ASSOCIATION

1. Composition. The Association is a mandatory association consisting of all Lot Owners and Additional Members. The Water Ski Club is a mandatory club consisting of all Lot Owners and Additional Members.

2. Meetings. The Association shall meet at least annually. Meetings of the Association shall be held from time to time at the principal office of the Association or at such other suitable place as may be designated by the Board of Directors.

3. Notice of Meeting. It shall be the duty of the Secretary to hand deliver or mail to each owner at the last known address, by regular U.S. mail postage prepaid, a notice of (a) each annual meeting of the Association not less than ten (10) and not more than thirty (30) days in advance of such meeting. The notice shall state the purpose, day, date, time and place of the meetings. The mailing of a notice of meeting in the manner provided in this Section shall be considered service of notice.

4. Qualified Voters. An Owner shall be deemed to be in "good standing" and "entitled to vote" at any meeting of the Association if he or she is in full compliance with all of the terms, covenants, and conditions of the Project Documents, and shall have fully paid his share of the Common Expenses and all Assessments and/or Additional Charges due.

5. Proxies. The votes appertaining to any Lot may be cast pursuant to a proxy or proxies duly executed by or on behalf of the Designated Owner, or in cases where the Designated Owner is more than one person, by or on behalf of all such persons. Any proxy shall be void if it is not dated, if it purports to be revocable without notice, or if it is not signed by a person having authority, at the time of the execution thereof, to execute deeds on behalf of that person. Unless it expressly states otherwise, a proxy shall terminate automatically (a) if the Owner attends the meeting in person, (b) it is revoked in writing and written notice of the revocation is given to the Secretary of the Association prior to the meeting, and (c) upon the adjournment of the first meeting held on or after the date of that proxy. Each proxy must be filed with the Secretary of the Association prior to the meeting. Only Designated Owners or the legal representative of an institutional Owner may be proxies.

6. Quorum Voting. Twenty-five (25%) percent of the Members of the Association shall constitute a quorum for the adoption of decisions. If however, such quorum shall not be present or represented at any meeting, the Owners entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting and reschedule for a time no earlier than two days after the set time for the original meeting. No notice of such rescheduled meeting shall be required except an oral announcement at the meeting to be rescheduled. Those Owners present, either in person or by proxy, at the rescheduled meeting shall constitute a quorum for the adoption of decisions. When a quorum is present at any meeting, the vote of the Owners representing a majority of the members of the Association in person or by proxy, shall decide any question brought before the meeting. If the Declaration requires a fixed percentage of Owners to approve any action, however, that percentage shall be required anything to the contrary notwithstanding.

7. Order of Business. The order of business at all meetings of the Association shall be as follows:

- a. roll call;
- b. proof of notice of meeting;
- c. reading of minutes of preceding meeting;
- d. reports of officers;
- e. report of special committees, if any;
- f. election of inspectors of election, if applicable;
- g. election of Committee Members, if applicable;
- h. unfinished business; and
- i. new business.

8. Conduct of Meeting. The President shall, or in his absence the Vice-President, preside over all meetings of the Association; and the Secretary shall keep the minutes of the meeting as well as record of all transactions occurring thereat.

9. Action May Be Taken Without A Meeting. Any action to be taken at the meeting of the Board of Directors may be taken without a meeting if a consent in writing,

setting for the action so taken, shall be signed by all the members of the Board of Directors. An explanation of the action taken shall be posted at a prominent place or places within the common areas with three (3) days after the written consents of all of the members of the Board of Directors have been obtained.

ARTICLE III BOARD OF DIRECTORS

1. Powers and Duties. The Board of Directors consisting of three (3) or more Lot Owners shall manage the affairs and business of the Association and Water Ski Club. The Board of Directors shall have all of the powers and duties necessary for the administration of the affairs of the Association in accordance with the provisions of the Declaration and may do all such acts and things necessary to operate and maintain the Project. The Board shall have the power from time to time to adopt any Rules and Regulations deemed proper for the exercise of its management powers. The Board may delegate its authority to a manager or managers. Subject to any limitations or provisions contained in the Declaration, the Board shall be responsible for at least the following:

- a. Preparing an annual budget;
- b. Allocating the Common Expenses;
- c. Providing for the operation, care, upkeep, replacement, maintenance, and regulation of all the Common Areas and Facilities.
- d. Designating, hiring, and dismissing the personnel necessary to operate and maintain the Project.
- e. Collecting and depositing the Assessments.
- f. Making, amending, and enforcing the Rules and Regulations.
- g. Opening and closing bank accounts for and in behalf of the Association, and designating the signatories required therefore.
- h. Making, or contracting for the making of, repairs, additions, and improvements to, or alterations of, the Property and repairs to, and restoration of, the Property, in accordance with the Declaration and other provisions of the Bylaws, after damage or destruction by fire or other casualty.
- i. Enforcing by legal means the Project Documents.
- j. Purchasing and maintaining insurance.
- k. Paying the cost of all services rendered to the Project and not billed directly to Owners or individual Lots.

- l. Keeping books and records.
- m. Providing, where necessary, all water, electricity, and other necessary utility services for the Common Areas and such services to the Lots, including but not limited to heating, as are not separately metered or charged to the Owners.
- n. Making emergency repairs;
- o. At the sole expense and risk of the Owner, impounding, immobilizing, towing or otherwise removing any motor vehicle parked, stored or standing in violation of the parking rules and regulations or in an unauthorized area;
- p. Assigning or leasing overflow parking spaces to residents and/or establishing handicap parking;
- q. Establishing and collecting user fees;
- r. Scheduling the use of the Lake, Lake Amenities and Lodge; and
- s. Doing such other things and acts necessary to accomplish the foregoing and not inconsistent with the Declaration or Bylaws, or to do anything required by a proper resolution of the Board of Directors or Association.

2. Composition of Board of Directors. The Board of Directors shall be composed of at least three (3) but not more than nine (9) members.

3. Election and Term of Office of the Board of Directors. The term of office of membership on the Board of Directors shall be two (2) years. At the expiration of the member's term, a successor shall be elected. Initially, the President shall have a 3 year term and the Treasurer shall have a 4 year term. After the initial term of the first President and the first Treasurer of the first Board of Directors, all office terms will be 2 years.

4. First Meeting. The first meeting of the members of the Board of Directors shall be immediately following the annual meeting of the Association or at such other time and place designated by the Board of Directors.

5. Regular Meetings. Regular meetings of the Board of Directors shall be held from time to time and at such time and place as shall be determined by a majority of the members of the Board of Directors, but no less often than quarterly.

6. Special Meetings. Special meetings of the Board of Directors may be called by the President, Vice President or a majority of the members on at least forty-eight (48) hours prior notice to each member. Such notice shall be given personally, by regular U.S. Mail postage prepaid, or by telephone, and such notice shall state the time,

place and purpose of the meeting. Any meeting attended by all members of the Board of Directors shall be valid for any and all purposes.

7. Waiver of Notice. Before or at any meeting of the Board of Directors, any member may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member at any meeting of the Board of Directors shall constitute a waiver of notice. If all the members are present at any meeting of the Committee, no notice shall be required and any business may be transacted at such meeting.

8. Board of Director's Quorum. At all meetings of the Board of Directors, a majority of the members then in office shall constitute a quorum for the transaction of business, and the acts of the majority of all the Board members present at a meeting at which a quorum is present shall be deemed to be the acts of the Board. If, at any meeting of the Board, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time but for no longer than two days. At any such rescheduled meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

9. Vacancies. Vacancies in the Board of Directors caused by any reason other than removal of a member by a vote of the Association shall be filled by vote of the majority of the remaining members of the Board at a special meeting of the Committee held for that purpose promptly after the occurrence of any such vacancy, even though the total members remaining may constitute less than a quorum of the committee; and each person so elected shall be a member for the remainder of the term of the member so replaced. A vacancy created by the removal of a member by a vote of the Association shall be filled by the election and vote of the Association.

10. Removal of a Board Member. A member of the Board of Directors may be removed with or without cause, and his successor elected, at any duly called regular or special meeting of the Association at which a quorum of the Association is present, by an affirmative vote of a majority of the members of the Association. Any member whose removal has been proposed by the Owners shall be given at least thirty days notice of the calling of the meeting and the purpose thereof and an opportunity to be heard at the meeting. Any Board Member who misses twenty-five percent (25%) or more of the Board Meetings or who misses three (3) consecutive meetings, in any calendar year, shall be automatically removed from the Committee.

11. Presiding Authority. The President shall preside over all meetings of the Committee.

12. Minutes. The Secretary shall keep a Minute Book of the Board of Directors recording therein all resolutions adopted by the Board and a record of all transactions and proceedings occurring at such meetings.

13. Report of Board of Directors. The Board of Directors shall present at each annual meeting, and when called for by vote of the Association at any special meeting of the Association, a full and clear statement of the business and condition of the Association.

ARTICLE IV OFFICERS

1. Designation. The principal officers of the Association shall be a President, a Vice-President, a Secretary and a Treasurer, all of whom shall be elected by the Board of Directors. The Board may appoint assistant secretaries and such other officers as in its judgment may be necessary. The President, Secretary and Treasurer must be members of the Board. The same person may hold two or more offices, except that the President shall not hold any other office.

2. Election of Officers. The officers of the Association shall be elected annually by the Board at the first meeting of the Board immediately following the annual meeting of the Association and shall hold office at the pleasure of the Board. Any vacancy in an office shall be filled by the Board at a regular meeting or special meeting called for such purpose.

3. Removal of Officers. The officers shall hold office until their respective successors are chosen and qualify in their stead. Any officer elected or appointed by the Board may be removed at any time by the affirmative vote of a majority of the Board, and his successor may be elected at any regular meeting of the Board, or at any special meeting of the Board called for such purposes.

4. President. The President shall be the chief executive officer; he/she shall preside at meetings of the Association and the Board of Directors; shall be an ex officio member of all committees; he/she shall have general and active management of the business of the Board and shall see that all orders and resolutions of the Board are carried into effect. He/she shall have all of the general powers and duties, which are usually vested in, or incident to the use of president of a corporation organized under the laws of the State of Utah.

5. Vice-President. The Vice-President shall, in the absence or disability of the President, perform the duties and exercise the powers of the President, and shall perform such other duties as the Board or the President shall prescribe. If neither the President nor the Vice President is able to act, the Board shall appoint a member of the Board to do so on an interim basis.

6. Secretary. The secretary shall attend all meetings of the Board and all meetings of the Association and record all votes and the minutes of all proceedings in a book to be kept by him for that purpose and shall perform like duties for committees when required. He/she shall give, or cause to be given, notices for all meetings of the

Association and the Board and shall perform such other duties as may be prescribed by the Board. The Secretary shall compile and keep current at the principal office of the Association, a complete list of the Owners and their last known post office addresses. This list shall be open to inspection by all Owners and other persons lawfully entitled to inspect the same, at reasonable hours during regular business days. The Secretary shall also keep current and retain custody of the Minute Book of the Association, containing the minutes of all annual and special meetings of the Association and all sessions of the Board including resolutions.

7. Treasurer. The Treasurer shall have custody of all funds and securities that are not under the control of the Managing Agent, and with the assistance of the Managing Agent, shall keep full and accurate records of receipts and disbursements, shall prepare all required financial data, and shall deposit all monies and other valuable effects in such depositories as may be designated by the Board. He/she shall disburse funds as ordered by the Board, taking proper vouchers for such disbursements, and shall render to the President and members, at the regular meetings of the Board, or whenever they may require it, an account of all transactions as Treasurer and of the financial condition of the Project.

ARTICLE V FISCAL YEAR

The fiscal year of the Association shall be the calendar year consisting of the twelve (12) month period commencing on January 1 of each year terminating on December 31 of the same year. The fiscal year herein established shall be subject to change by the Board should it be deemed advisable or in the best interests of the Association.

ARTICLE VI INVESTMENT OF COMMON FUNDS

Common funds may only be deposited into institutions, which are federally insured.

ARTICLE VII AMENDMENT TO BYLAWS

1. Amendment. These Bylaws may be amended as follows:
 - a. General. Except as provided elsewhere in these Bylaws, including by way of illustration but not limitation to sections pertaining to the addition or annexation of any land, any amendment to these Bylaws shall require the affirmative written vote or consent of at least a majority of the Designated Members cast either in person or by proxy at a meeting duly called for such purpose or otherwise approved in writing by such Designated Members without a meeting.

b. Initial Declarant Right to Amend. The Declarant alone may amend or terminate these Bylaws prior to the closing of a sale of the first Lot.

c. Unilateral Right to Amend Under Certain Conditions. Notwithstanding anything contained in these Bylaws to the contrary, these Bylaws may be amended unilaterally at any time and from time to time by Declarant if such Amendment is (1) necessary to correct typographical errors or inadvertent omissions; (2) necessary to bring any provision hereof into compliance with any applicable governmental statute, rule, or regulation or judicial determination which shall be in conflict therewith; or (3) reasonably necessary to enable any reputable title insurance company to issue title insurance coverage with respect to the Lots subject to these Bylaws; provided, however, any such amendment shall not materially adversely affect the title to any Lot unless the Owner of said Lot shall consent thereto in writing.

d. Declarant's Right to Amend Unilaterally Prior to Termination of Declarant's Right to Control. Prior to the expiration of the Period of Declarant's Control, Declarant may unilaterally amend these Bylaws for any other purpose; provided, however, any such amendment shall not materially adversely affect the substantive rights of any Owner hereunder, nor shall it adversely affect title to any property without the express written consent of said Lot Owner.

e. To Satisfy Requirements of Lenders. Anything to the contrary notwithstanding, Declarant reserves the unilateral right to amend all or any part of these Bylaws to such extent and with such language as may be requested by a State Department of Real Estate (or similar agency), FHA, VA, the FHLMC or FNMA and to further amend to the extent requested by any other federal, state or local governmental agency which requests such an amendment as a condition precedent to such agency's approval of these Bylaws or approval of the sale of Lots, or by any federally chartered lending institution as a condition precedent to lending funds upon the security of any Lot, or any portions thereof. Any such amendment shall be effected by the recordation by Declarant of an Amendment duly signed by the Declarant, specifying the federal, state or local governmental agency or the federally chartered lending institution requesting the amendment and setting forth the amendatory language requested by such agency or institution. Recordation of such an Amendment shall be deemed conclusive proof of the agency's or institution's request for such an amendment, and such Amendment, when recorded, shall be binding upon all Lots and all persons having an interest therein. It is the desire of Declarant to retain control of the Association and its activities during the anticipated period of planning and development. If any amendment requested pursuant to the provisions of hereof deletes, diminishes or alters such control in any manner whatsoever in the opinion of Declarant, then Declarant shall have the unilateral right to amend these Bylaws to restore such control.

f. Declarant's Rights. No provision of these Bylaws reserving or granting to Declarant any unexpired developmental rights may be amended, including by way of illustration but not limitation a modification which would terminate or decrease any developmental right, without the prior express written consent of Declarant, which

consent may be withheld, conditioned or delayed for any reason or for no reason at Declarant's sole and exclusive discretion.

g. Execution of Amendments.

1) An amendment or revocation which only requires the execution of an instrument by Declarant as hereinabove provided shall be effective when executed by Declarant and when recorded in the office of the County Recorder.

2) An amendment which requires the affirmative written assent or vote of the Owners as hereinabove provided shall be effective when executed by the President and Secretary of the Association, who shall certify that all of the voting requirements have been satisfied, and the Declarant, if the Declarant's consent is also required, and recorded in the office of the County Recorder.

2. Effective Upon Recording. An amendment to these Bylaws shall become effective immediately upon recordation in the Office of the County Recorder.

**ARTICLE VIII
NOTICE**

1. Manner of Notice. All notices, demands, bills, statements, or other communications provided for or required under these Bylaws (except as to notices of Association meetings which were previously addressed in Article II of these Bylaws) shall be in writing and shall be deemed to have been duly given if delivered personally or sent by regular U.S. Mail postage pre-paid, a) if to a Member, at the address of his Lot and at such other address as the Member may have designated by notice in writing to the Secretary; or b) if to the Board or the Manager, at the principal office of the Manager or at such other address as shall be designated by notice in writing to the Owners pursuant to this Section.

2. Waiver of Notice. Whenever any notice is required to be given under the provisions of the statutes, the Declaration, or of these Bylaws, a waiver thereof, in writing, signed by the person or persons entitled to such notice, whether signed before or after the time stated therein, shall be deemed equivalent thereto, unless such waiver is ineffective under the provisions of the Declaration.

**ARTICLE IX
BOOKS AND RECORDS**

1. Books and Records. All books and records shall be kept in accordance with generally accepted accounting practices.

2. Financial Statements: Upon the written request of any Designated Member, the Board of Directors shall mail to such member its most recent financial

statements showing in reasonable detail its assets and liabilities and the results of its operation, unless the member has already received the same.

3. Limitation of Liability. Neither the Association nor any director, officer, employee or agent of the Association shall be liable to the member or anyone to whom the member discloses the financial statement or any information contained therein for any error or omission therein, whether caused without fault, by negligence or by gross negligence, unless (1) the error or omission is material, (2) the director, officer, employee or agent in question knew of the error or omission and intended for the member or other person to rely thereon to his detriment, (3) the member or other persons did reasonably rely thereon, and, in addition, (4) he/she is otherwise liable under applicable law.

4. Independent Compilation, Review or Audit. Within 120 days of the end of the Association fiscal year, the Board of Directors shall provide a Compilation Report, Reviewed Financial Statement, or an Audited Financial Statement¹, prepared by an independent CPA.² Whenever requested in writing by a majority of the Designated Members, the Board of Directors shall provide an Audited Financial Statement. The cost of the Compilation Report, Reviewed Financial Statement, or an Audited Financial Statement shall be a common expense.

¹ The Board of Directors should be sensitive to the legal requirements for, and the costs involved in, preparing financial reports. The Board of Directors may require preparation of anything from merely compiled financial statements to a full audit. With compiled financial statements, the accountant simply takes information supplied by the Board of Directors of the Association and puts it in proper financial statement form, without attempting to verify the information supplied. The accountant expresses no assurances regarding the financial statements. Reviewed financial statements involve certain inquiries and analytical procedures by the accountant concerning the Association's accounting methods. A review should provide the accountant with a reasonable basis for expressing limited assurances to homeowners that no material modification need be made to the financial statements. Audited financial statements require detailed examination, tests of accounting records and methods, and direct verification of assets and liabilities with banks, attorneys, creditors, and others. Generally, the accountant will give the Association an unqualified opinion that the financial statements fairly represent the financial position of the Association. Although audited financial statements may be the most thorough, they are also the most expensive financial report and may be unnecessary for the average Association. A compilation is generally the least expensive type of report, but it gives the homeowners no assurances that the Board of Directors is accounting for Association monies in accordance with generally accepted accounting principles. For this reason, the Board of Directors may wish to require only a review, which should be adequate to fulfill the Board of Directors' fiduciary duty to account to the home owners.

² The CPA may not own or reside in a Unit, serve on the Board of Directors, be an officer, agent, representative or employee of the Association, or otherwise have a conflict of interest, real or apparent.

**ARTICLE X
COMPLIANCE, CONFLICT, AND MISCELLANEOUS PROVISIONS**

1. Conflict. These Bylaws are subordinate and subject to all provisions of the Declaration. All of the terms hereof, except where clearly repugnant to the context, shall have the same meaning as they are defined to have in the Declaration. In the event of any conflict between these Bylaws and the Declaration, the provision of the Declaration shall control.

2. Waiver. No restriction, condition, obligation, or provision of these Bylaws shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same.

3. Captions. The captions contained in these Bylaws are for convenience only and are not part of these Bylaws and are not intended in any way to limit or enlarge the terms and provisions of these Bylaws.

4. Interpretation. Whenever in these Bylaws the context so requires, the singular number shall refer to the plural and the converse; and the use of any gender shall be deemed to include both masculine and feminine; and the term "shall" is mandatory while the term "may" is permissive.

5. Severability. The invalidity of any one or more phrases, sentences, subparagraphs, subsections or sections hereof shall not affect the remaining portions of this instrument or any part thereof, and in the event that any portion or portions of this document should be invalid or should operate to render this document invalid, this document shall be construed as if such invalid phrase or phrases, sentence or sentences, subparagraph or subparagraphs, paragraph or paragraphs, subsection or subsections, or section or sections had not been inserted.

Dated this ___ day of March, 2007.

Wild Oak Properties, LLC
a Utah limited liability company

By: _____

Name: Rick Lybbert

Title: Manager

STATE OF UTAH)
 ss:
COUNTY OF UTAH)

On November 4, 2008, personally appeared before me Rick Lybbert, who by me being duly sworn, did say that he is the Manager of Wild Oak Properties, LLC, a Utah limited liability company, and that the within and foregoing instrument was signed in behalf of said Company by authority of its Articles of Organization or a resolution of its Members, and said Rick Lybbert duly acknowledged to me that said Company executed the same.

NOTARY PUBLIC