

**Declaration of Covenants, Conditions and Restrictions
Scofield Mountain Estates Home Subdivision
Phases 1, 2, & A**

WHEREAS THIS DECLARATION, made this Fifth day of October, AD, 2004, by Scofield Mountain Estates, LLC.

WHEREAS, Scofield Mountain Estates, LLC is the owner of certain real property in the County of Carbon, State of Utah, which is more particularly described as Scofield Mountain Estates Home Subdivision, (SMEHS). This document does not preclude additional lots being added if approved by Carbon County at a future date. Future phases shall be designated as Phases 3, 4, etc.

WHEREAS, Scofield Mountain Estates, LLC desires to develop a mountain home subdivision and desires to protect and enhance the value, desirability and attractiveness of SMEHS for all parties having or acquiring any right, title or interest in said SMEHS and to this end, will convey the real property subject to the covenants, restrictions, easements, hereinafter set forth, each and all of which is and are for the benefit of said property and each owner thereof, and which have been crafted to help assure the development and long-term maintenance of a unique, prestigious mountain home recreational property.

WHEREAS, Scofield Mountain Estates, LLC to insure that the purposes of this declaration are carried out, will cause or has caused the creation of "SMEHS Homeowners Association, Inc." (Hereinafter referred to as the Association) with the power of administering and enforcing the covenants, conditions and restrictions and determining amounts of money required for enabling the Association to carry out its duties; as well as collecting and administering such assessments from Lot Owners.

All roads, right of ways, and utility easements shall be the property of the Association with the exception of those easements that may be owned by utility companies or otherwise identified. The Association shall retain all rights and title to the interior vehicular roads and shall have the authority and responsibility of maintaining and/or improving such; the Association is empowered to assess SMEHS lot owners such maintenance and/or improvement of the properties and systems herein described.

NOW THEREFORE, Scofield Mountain Estates, LLC declares that the real property in said SMEHS is and shall be held, transferred, sold, conveyed and occupied subject to the covenants, conditions, restrictions, and easements, sometimes referred to collectively as "covenants and restrictions: contained in this entire document, all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of said property. These covenants and restrictions shall run with said real property and shall be binding on all persons having or acquiring any right title or interest in said property or any part thereof, and shall insure to the benefit of each owner thereof.

ARTICLE I

DEFINITIONS

SECTION 1. The following terms when used in this Declaration and/or any Supplement or Amendment thereto shall have the following meanings unless prohibited by the context:

- (A) "Association" shall mean and refer to Scofield Mountain Estates Homeowners Association.
- (B) "Properties" shall mean and refer to the real property parcels in Phases A, and Phases 1-3, and additional phases which may be added in the future by the declarant.
- (C) "Common Area", "Developed Common Area", "Developed Common Facilities," or "Open Space" shall mean and refer to all real property owned by the Association for the common use and enjoyment of the members of the Association, within the fenced or unfenced boundaries of those areas so-designed on Phases "1-2" and "A" as recorded for Scofield Mountain Estates.

(C) "Lot" shall mean and refer to any plot of land subdivided by Scofield Mountain Estates, LLC or future approved lots and phases.

(D) "Member" shall mean and refer to every person or entity that holds membership in the Association.

(E) "Owner" shall mean and refer to the record owner, whether one or more persons or entities.

(F) "Declarant", "Declarer", or "Developer" shall mean and refer to Scofield Mountain Estates, LLC or future assignees.

(G) "Architectural Control Committee" shall mean the committee of two or more persons appointed by the Management Committee of the Scofield Mountain Estates Homeowners Association, Inc., to review and approve the plans for all improvements to be constructed on the Properties.

(H) "Management Committee" means those persons appointed by vote of the Members (Owners) to run the affairs of the "Association."

(I) "Declaration" shall mean this document, the "Declaration of Covenants, Conditions and Restrictions, SMEHS.

ARTICLE II

THE ASSOCIATION

SECTION 1. Purpose. The purpose of the Association is to manage, maintain and preserve the Developed Facilities and Undeveloped Areas and to perform such other duties as specifically set forth in this Declaration, the Articles and Bylaws of the Scofield Mountain Estates Homeowners Association, Inc.

SECTION 2. Association Action; Management Committee and Officers. Except as to matters requiring the approval of Members as set forth in this Declaration, the Articles, or the Bylaws, the Affairs of the Association shall be conducted by the Management Committee and such officers as the Management Committee may elect or appoint. Such election or appointment shall be in accordance with this Declaration of the Bylaws and any amendments thereto.

SECTION 3. Powers and Duties of Association. The Association is a nonprofit corporation organized under the Nonprofit Corporation Act of Utah subject only to such limitations on the exercise of such powers as are set forth in the Articles, the Bylaws and this Declaration. It shall have the power to do any lawful thing that may be authorized, required, or permitted to be done by the Association under this Declaration, the Articles and the Bylaws, and to do and perform any act that may be necessary or proper for or incidental to, the exercise of any of the express powers of the Association, including, without limitation the following:

- (a) Assessments. The association shall have the power to establish, fix and levy assessments against the Owners of Lots and to enforce payment of such assessments in accordance with the provisions of this Declaration.
- (b) Right of Enforcement. The Association in its own name and on its own behalf, or on behalf of any Owner who consents, can commence and maintain actions for damages or to restrain and enjoin any actual or threatened breach of any provisions of this Declaration or of the Articles or Bylaws, or of the Association rules or any resolutions of the Management Committee, and to enforce by mandatory injunction, or otherwise, all of those provisions.
- (c) Delegation of Powers. The Association, acting by and through the Management Committee, can delegate its powers, duties and responsibilities to committees or employees.
- (d) Association Rules. The Association shall have the power to adopt, amend and repeal its rules, as it deems reasonable. However, the Association rules shall not be inconsistent with or materially alter any other provisions of this Declaration, the Articles or the Bylaws. A copy of the Association rules as adopted,

amended, or repealed, shall be mailed or otherwise delivered to each Owner.

- (e) Actions. The Association may prosecute or defend, in the name of the Association any action affecting or relating to the Developed Common Area and Facilities or Undeveloped Common Areas, or property owned by the Association, and any action in which all or substantially all Owners have an interest.
- (f) Duties of the Association. In addition to the powers delegated to it by its Articles or the Bylaws, and without limiting their generality, the Association acting by and through the Management Committee, or persons or entities described heretofore, has the obligation to conduct all business Affairs of common interest to all Owners and to perform each of the following duties:
 - 1. Operation and maintenance of roads, common areas, and common developed Area and facilities.
 - 2. Operation, maintenance and improvement of culinary water system.
Note: This culinary water system may be expanded upon Developed Common Area as designed on Phases "1-2" and "A" to better serve the existing Phases "1-2" and "A" owners, or to serve future phases planned for the entire development of Scofield Mountain Estates which will be designed as Phases "3", "4", etc. Expansion for future phases will be at the expense of the Developer or the Declarer.
 - 3. Maintain Liability as well as any other insurance needed.
 - 4. Enforce restrictions and rules.
 - 5. Maintain an adequate reserve fund for maintenance, repairs and replacement, and such reserve shall be funded by annual, quarterly or monthly assessments to owners.
- (g) Limitations on Authority of Management Committee. Except with the vote or written assent of (1) holders of majority of the voting power of the Association and (2) of holders of a majority of the voting power of the Association excluding Declarant, the Management Committee shall not take any of the following actions:
 - 1. Incur expenditures for capital improvements of Common Areas.
 - 2. Pay compensation to members of the Management Committee or to officers of the Association for services performed in the conduct of the Association's business. However, the Management Committee or an officer to be reimbursed for expenses incurred in carrying on the business of the Association.
- (h) Size of Management Committee. The Management Committee shall consist of five members and 2 alternates.
- (i) Future Role of Management Committee. The management committee will govern additional lots and phases added to the development as deemed by the developer. The Management Committee of the Association will be reconstituted at the recordation of those future phases so that the one Association herein described will assume overall management for the expanded subdivision.

ARTICLE III

MEMBERSHIP

SECTION 1. Membership. Every person or entity who is an Owner as hereinabove defined of any Lot shall be a member of the Association and each member is subject to the rules and regulations and assessments the Association is empowered to make or enforce. When more than one person is a record owner of a Lot, all such persons shall be members, and jointly and severally liable for all debts and assessments incurred by the Association. However, no lot shall have more than one vote per lot in the affairs of the Association, even though there may be one or more persons or entities holding ownership in a lot. Membership shall be appurtenant to and may not be separate from ownership of any Lot, which is subject to assessment by the Association. Ownership of such Lot shall be the sole qualification for membership.

SECTION 2. Classes of Membership. The Association shall have two classes of membership:

CLASS A: All the Owners as defined in Section 1 of this Article with the exception of the Declarant.

CLASS B: The Declarant.

ARTICLE IV

VOTING RIGHTS

SECTION 1. Class A Members. Those Class A members holding any interest in any one lot shall collectively be entitled to one vote for said lot. The vote for each Lot shall be exercised by the Owners thereof as they among themselves determine, but in no event shall more than one vote be cast with respect to any lot.

SECTION 2. Class B Member. The Class B member shall be entitled to three votes for each lot in which it holds the interest required for membership by Section 2 of Article III, provided that the Class B membership shall cease and become converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

- (A) When the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, or
- (B) January 2, 2015.

ARTICLE V

PROPERTY RIGHTS IN THE DEVELOPED OR UNDEVELOPED COMMON AREAS

SECTION 1. The water system for Scofield Mountain Estates Phases "1&2" (and for future phases, as may later be recorded) will deliver water to each lot line boundary, and shall be primarily for domestic use. Each lot shall be allocated no more than one-quarter acre-foot of water per year. However, in the event there is a water shortage or drought, each owner shall be obligated to conserve water, to eliminate waste of water so as not to be a detriment to other owners in the Scofield Mountain Estate's Subdivision. Should a lot owner wish additional water for irrigation or other purposes, such water may be available provided such owner or owners are able to purchase one or more additional shares of Scofield Water Shares of the Price River Water User's Association and deed that share irrevocably to the Scofield Mountain Estates Homeowners Association; and further provided that the availability and water system capability is such that the additional water can be provided, and that the transfer of water rights embedded in that water share is approved for transfer to Scofield Mountain Estates by the Utah State Division of Water Rights and the Price River Water User's association. Each House shall have a water meter installed to meter all water use. Extra water use on Scofield Mountain Estate's system may also require paying cost associated with expanding the water system.

SECTION 3. Member's Easements of Enjoyment. Every member shall have a right and easement of enjoyment in and to the Developed Common Areas and Facilities or Undeveloped Common Area/s and such easement shall be appurtenant to and shall pass with the title to every Lot, subject to the following rights of the Association:

- (a) The right of the Association, as provided in its Articles of Incorporation and By-Laws, to suspend the voting rights and right to the use of the Developed Common Area and Facilities or Undeveloped Common Area and any recreational facilities thereon of a member or members of his family for any period not to exceed thirty (30) days for any infraction of its published rules and regulations; and
- (b) The right of the Association to limit the number of guests of the members using the Developed Common Area and Facilities or Undeveloped Common Area; and
- (c) The right of the Association to dedicate or transfer all or any part of the Developed Common Area and Facilities or Undeveloped Common Area or appurtenance hereunto for such purpose and subject to such conditions as may be agreed to by the Members, provided that no such dedication or transfer shall be effective unless an instrument

signed by Members entitled to cast two-thirds (2/3's) of the votes of each class of membership agreeing to such dedication or transfer, and unless written notice of the proposed agreement and action there under is sent to every Member at least fifteen (15) days and not more than fifty (50) days prior to such dedication or transfer.

SECTION 4. Any Member may, in accordance with the By-Laws, share his right of enjoyment to the Common Area with the members of his family or friends (with certain limitations on numbers as may be reasonably established by the Homeowners Association) or delegate it to his tenants or contract purchasers provided they all reside on the property.

ARTICLE VI

COVENANT FOR MAINTENANCE AND/OR IMPROVEMENT ASSESSMENTS

SECTION 1. Agreement to Pay. Declarant, for each lot owned by it, covenants and agrees after December 31, 2010, to pay to the Association the regular assessments and special assessments to be established, made and collected as provided in this declaration.

Each purchaser of a lot by that person's acceptance of a deed, covenants and agrees for each lot so owned to pay to the Association regular assessments and special assessments to be established, made and collected as provided in this declaration. Each assessment together with any interest, collection costs and reasonable attorney's fees shall be the personal obligation of the person or entity who was an Owner at the time such assessment, or installment, became due and payable. If more than one person or entity was the Owner of a lot at the time the assessment or installment accrued, the personal obligation to pay such assessment, or installment, respecting such lot shall be the joint and several obligation of all owners.

SECTION 2. Management & Assessment Body. The Management Committee of Scofield Mountain Estates Homeowners Association shall be empowered to make regular and special assessments on owners.

SECTION 3. Purpose of Assessments. The assessments levied by the Association upon the Lots shall be used exclusively for the purpose of promoting the recreation, health, safety, and welfare of the residents of the Properties and in particular for the improvements, services and facilities devoted to this purpose and related to the use and enjoyment of the Developed Common Areas and Facilities of Undeveloped Common Area/s. The Homeowners Association Management Committee will be responsible for managing, maintaining, repairing, replacing, and where approved by the Members, improving or making additions to the following areas: 1) all interior subdivisions roads, 2) the developed and undeveloped common areas, 3) all water system facilities, 4) the payment of taxes and insurance thereon, and 5) to cover other costs or obligations as are deemed necessary by the committee.

SECTION 4. Basis and Maximum of Annual Assessments. Each Lot shall, as hereinafter provided, be subject to an annual assessment of not more than \$400.00. The Management Committee of the Homeowners Association shall fix the annual assessment within this amount and may raise or lower said annual assessment within said maximum, as they deem necessary in their discretion. From and after January 1, 2008 the maximum annual assessment may be increased or decreased by the assent of two-thirds (2/3's) of the votes of each class of Members who are voting in person or by proxy, at a meeting of the Members, written notice of which setting forth the fact that the question of the change in the assessment limit shall be considered shall be sent to all members not less than fifteen (15) days and not more than fifty (50) days prior to the meeting.

SECTION 5. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above the Association may levy in any fiscal year a special assessment applicable to that year or years, which may be collected on a monthly basis for the purpose of defraying in whole or in part the cost of any construction or reconstruction, unexpected repair, or replacement of a capital improvement upon Common Areas or right of ways, including the necessary fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3's) of the votes of each class of members, who are voting in person or by proxy at the meeting of the members, written notice of which setting forth the fact that the imposition of the special assessment shall be discussed, shall be sent

to all members not less than fifteen(15) days and not more than fifty (50) days prior to the meeting.

SECTION 6. Quorum for any Action Authorized Under Sections 4 and 5. The quorum required for any action authorized by Sections 4 and 5 hereof shall be as follows:

At the first meeting called, the presence a the meeting of Members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not coming forth at any meeting, another meeting may be called, provided there has been ten (10) days prior written notice to all members and there shall be no required quorum in order to conduct business at the subsequent meeting, provided that no such subsequent meeting shall be held more than thirty (30) days following the preceding meeting.

SECTION 7. Date of Commencement of Annual Assessments for Lot Purchasers. Due Dates: The first annual assessment provided for herein shall commence as to all Lots on the first day of the month following the first conveyance of title for purchase of a lot. The first annual assessment will be prorated based on 12 months of the fiscal year from the 1st day of January to the 31st day of December of the following year. For the Second and each succeeding year thereafter, the annual assessment will be due and payable on January 1st. The Association shall, upon demand at any time, furnish to any person with respect to a particular lot, a certificate in writing signed by an officer of the Association setting forth the amount of the annual and special assessments on said lot and whether said assessments are current.

SECTION 8. Assessment Lien. The right to collect and enforce assessments is vested in the Management Committee acting by and on behalf of the Association. Assessments levied upon Lots shall be a perpetual lien upon said Lots until such assessments and any interest, penalties and charges which may accrue thereon shall have been paid or the conditions occur as hereinafter provided; but such liens shall be subordinate to the lien of any trust deed or mortgages. Sale or transfer of any Lot shall not affect the Assessment Lien. Suit to recover a money judgment for unpaid assessments together with all other obligations described herein shall be maintainable without foreclosing or waiving the lien rights.

SECTION 9. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessments that are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of 18 percent per annum, and all costs that are incurred by the Management Committee or its authorized representatives in the collection of the amounts, including reasonable attorneys' fees, shall be a lien against such property upon the recordation in the Office of the County Recorder of Carbon County of a notice of lien executed by an authorized representative of the Association pursuant to Utah Code Annotated. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Developed and Undeveloped Common Area/s or abandonment of the Lot.

SECTION 10. Exempt Property. The following property subject to this Declaration shall be exempt from the assessments, charges and liens created herein:

- (a) All properties to the extent of any easement or other interest therein dedicated and accepted by a local public authority and devoted to a public authority and devoted to a public use;
- (b) The Developed or Undeveloped Common Area's.

SECTION 11. Gate Maintance. Inlets from the county road may be gated at the discretion of the property owners of their respective inlet. The inlet gate to the commons area will be installed and maintained by the entire association.

ARTICLE VII

ARCHITECTURAL CONTROL COMMITTEE

SECTION 1. Appointment Duties. Initially, Property Manager, Matthew Brown, will serve as the head of the Architectural Control Committee until these duties are delegated. It shall be the duty of the Architectural Control Committee and it shall have the power by the exercise of its best judgment to see that all structures, improvements, construction, decorating, and landscaping on the Properties conform to and harmonize with the existing surroundings and structures. For convenience, the Architectural Control Committee shall hereinafter sometime be referred to in this Article

as the "Committee".

SECTION 2. Review by the Committee. All improvements upon Lots must have prior approval of the Committee. No structure, whether residence, accessory building, tennis court, swimming pool, antennae, whether on a structure or on a Lot, flag poles, fences, walls, exterior lighting, or other improvements, shall be constructed or maintained upon any lot and no alteration or repainting to the exterior of a structure shall be made unless complete plans, specifications, and lot plans therefore, showing the exterior design, height, building materials and color scheme thereof, the location of the structure plotted horizontally and vertically, the location and size of driveways, the general plan of landscaping, fencing, walls and windbreaks, and the grading plans shall have been submitted to and approved in writing by the Committee and a copy of such plans, specifications and lot plans as finally approved, and deposited with the Committee. Application to the county of Carbon for a Building Permit shall not be made prior to the approval of plans by the Committee.

SECTION 3. Procedure. The Architectural Control Committee shall approve or disapprove all plans and requests within ten (10) days after requests have been submitted. If the Committee does not act within fifteen (15) days after submission, approval will not be required, and this Article will be deemed to have been fully complied with. A majority vote of the members of the Committee is required for approval or disapproval of proposed improvements.

The Architectural Control Committee shall maintain written records of all applications submitted to it and of all action taken. In approving or disapproving the plans submitted to it, the Architectural Control Committee shall take into consideration the design, style, and construction of the proposed building or alteration, its location of the lot, the harmony of its design, architecture and location with the terrain and surrounding neighborhood and shall determine whether such proposed building is consistent with the architecture of other buildings located upon the Properties subject to this Declaration and whether or not the construction or alteration of said building will adversely affect or decrease the value of other Lots because of its design, location, height, or type of material used in construction. The Committee may make reasonable requirements of the Lot Owner, including the submission of additional plans to insure conformance of such buildings when erected with these restrictions and covenants and the plans submitted and approved. The Committee may require such changes as may be necessary to conform to the general purposes as herein expressed.

The Committee shall have authority to grant variances from the provisions of this Declaration in cases of irregularly shaped lots, unusual terrain, or other conditions wherein the strict enforcement of these regulations would result in unusual hardship. The Committee shall be the sole and exclusive judge of whether or not such hardship exists.

Whenever the committee disapproves of any proposed plans or specifications, it shall state in writing its reason for such disapproval, in general terms, so that the objections can be met by alteration acceptable to the Committee.

All plans submitted to the Committee shall be left on file with the Committee.

It is the intent of these declarations that the Committee shall exercise broad discretionary powers hereunder and its decisions shall be final and conclusive except for any arbitrary abuse of its discretion or an act in excess of its authority. The Committee shall resolve all questions of interpretation. They shall be interpreted in accordance with their general purpose and intent as herein expressed.

SECTION 4. Liability of Committee. The Architectural Control Committee shall not be liable in damages to any person submitting a request for approval or for approval or to any Lot Owner by reason of any action, failure to act, disapproval, or failure to approve or disapprove with regard to such requests.

ARTICLE VIII

EXTERIOR MAINTENANCE

SECTION 1. The Owner of each Lot shall maintain the structures built on any Building Lot and any landscaping thereof in a neat and attractive manner or it shall remain natural, with debris and dead material removed.

SECTION 2. Upon the Owner's failure to maintain the exterior of any structure in good repair and appearance the Board of Directors may, at its option, after giving the Owner four (4) month's written notice, make repairs to and improve the appearance of such structure in a reasonable and workmanlike manner.

SECTION 3. Assessment of Cost. The cost of such maintenance referred to in Sections 1 and 2 above, shall be assessed against the Lot upon which such maintenance is done and shall be added to and become part of the maintenance assessment or charge to which such Lot is subject under this Declaration. If so directed by the Management Committee of the Homeowners Association, such maintenance cost under Section 2 of this Article may require a lump sum payment by Lot Owner within thirty (30) days.

SECTION 4. Access at Reasonable Hours. For the purpose solely of performing the maintenance referred to in Sections 1 and 2 of this Article, the Association shall, through its duly authorized agents or employees, have the right, after reasonable notice to the Owner, to enter upon any Lot or exterior of any structure situated thereon at reasonable hours of any day except Sunday.

ARTICLE IX

SEPTIC TANK INSTALLATION AND MAINTENANCE

SECTION 1. Installation. Each lot will be served by an individual waste disposal system, commonly known as an Individual Septic Tank System. The developer has made reasonable efforts to assure successful septic systems and drain field on each lot. Each lot shall have passed a percolation test observed by the Southeast Region Utah State Department of Health prior to final platting. This allows some assurance that future percolation tests will be successful in allowing a septic tank and drain field on each lot. Passing percolation tests in the future on the lot is not guaranteed. Percolation tests are affected by depth, rainfall, erosion, specific location, etc. Owners should pick a location for their drain field and test at the depth needed (homes with basements have deeper drain fields; there should be frost protection) so that an accurate and dependable test can be assessed for the specific drain field location. The size of a house and its facilities will be limited by the percolation test results and the size of area on each lot without shallow bedrock, too steep of slopes, etc. unless another option of dealing with sanitary sewage is obtained. Another option for sanitary sewers may be a tank which is pumped as with other facilities adjacent to Scofield Reservoir. This option would have to be approved by the County and the Department of Health. The developer neither assumes nor retains any responsibility or guarantee in assuring that any lot passes a percolation test at any location.

Each owner must follow the guidelines and requirements established by the Utah State Department of Health; follow the procedures in the location and design of their septic system as required by the Utah State Department of Health; and also submit such plans and required percolation test results to the Southeast Region of the Utah State Department of Health, and receive approval therefrom. Additionally, if the Scofield Reservoir Special Service District should additionally require their review and/or approval of the proposed septic tank installation, lot owners will submit whatever plans, percolation test results, etc. to the District. The installation or use of garbage disposals will not be permitted since these devices inhibit the effectiveness of Septic Tank Systems. Furthermore, each individual septic system must have a ground-level access port to enable inspection and service.

SECTION 2. Maintenance. Lot owners must make annual or other more frequent inspections of their Septic Tank Disposal System to make sure that it is in good working order at all times. Any problems with the System must be corrected immediately. Failure to do so may result in fines from the Utah State Department of Health.

In Addition to the owner's personal inspection, the Scofield Reservoir Special Service District may institute a formal inspection process to assure that all individual waste disposal systems are operating properly. For example, if the District so elects, routine inspection may take place every three to five years, although the time elapsed between inspections is at the discretion of the District. If such a formal inspection process is instituted by the District, owners must provide reasonable access to the District's Inspector; and if any deficiencies or problems are found, the owner must take immediate corrective action. Further, each individual lot owner with a Septic Tank System will be subject to any reasonable fee assessed by the Scofield Reservoir Special Services District for performing such inspections.

ARTICLE X

USE RESTRICTIONS, COVENANTS AND EASEMENTS

The following restrictions, covenants and easements are imposed uniformly upon the Properties and the use thereof as a common scheme for the benefit of each Lot and the Common Area may be enforced by the Association.

SECTION 1. Land Use and Occupancy. All Lots shall be used for residential purposes only. Nothing in this declaration shall prevent an owner from leasing or renting. No Owner may lease less than an entire home. However, any lease or rental agreement shall be in writing and any tenant shall abide by and be subject to all provisions of this Declaration, the Articles, the Bylaws, and the Association rules. Any lease or rental agreement must specify that failure to abide by such provisions shall be a default under the lease or rental agreement. Homes shall be designed to comply with all applicable government regulations. The county shall approve and inspect all construction of buildings as per their code. County regulations currently require that buildings be located on grades of 30% or less. Lot owners must perform surveys on site to ascertain the buildable area of 30% or less slope. The developer has made a good faith effort to assure adequate buildable area of under 30% slope by using an aerial topographic survey and calculating slope between contours. These surveys are not always completely accurate. Each person before or after buying a lot (risk of adequate buildable area completely assumed by lot purchaser) should have an accurate on site survey performed to ascertain areas with a slope of 30% or less.

SECTION 2. Subdivision. No lot shall be re-subdivided and only one structure per lot of less than 50 acres may be used as living space.

SECTION 3. Set-Back Requirements and Building Height. Each home or other building constructed on lot shall have a minimum set-back from the front or roadside line of the lot of 35 feet, unless Carbon County has a more restrictive requirement. Each home or other building shall not be built closer than 25 feet from the side or back lines of the lot. There is a 36-foot building height limit.

SECTION 4. Minimum Size of Dwelling. Each home shall have a minimum ground floor living area of at least 1000 square feet—not counting space for garages, patios, storage, basement or 2nd or 3rd floors or other attached buildings.

SECTION 5. Building Character and Construction. All buildings erected on the Properties shall be designed and constructed in accordance with the following standards or guidelines:

- (a) Materials and color – A similar palette of traditional materials such as wood, stone, logs, and earth-tone finishes for staining and trim should be used on homes throughout the development. Accent colors, used in moderation, may be acceptable. Exterior walls of all structures on each building lot shall be constructed of natural logs, cedar, stone, or brick.
- (b) Unified but different – No two houses are expected to be alike, and the Committee will allow a range of architectural styles while pushing for a continuous thread of related design elements. The prevalence of architectural style showing a direct relationship to traditional or contemporary mountain home or log cabin architecture.
- (c) All exterior walls of the main home dwelling as well as those of any other structures on the property (such as detached garages, storage buildings, or workshops) shall be constructed in a similar architectural style as the main dwelling, and shall also have the same exterior walls.
- (d) All buildings shall be completed within 12 months of beginning construction.
- (e) The Design Guidelines for Deer Valley Resort of Park City, Utah, Items 14 through 75, shall be followed (see Deer Valley Design Guidelines at the end of this document). However, this Declaration of Covenants and Restrictions shall prevail Deer Valley Design Guidelines and those set forth herein.
- (f) Any denuded land (land devoid of vegetation) caused by construction must be reseeded each fall with native

grasses on a roughened surface at a rate of 100 pounds per acre and lightly raked in. Tracking is suggested for roughening the surface.

- (g) Any denuded areas over 100 feet in length or width shall have a silt fence or straw bale erosion control barrier put in place along the lowest edge of the denuded area within seven days of vegetation removal.
- (h) Scofield Mountain Estates was designed to minimize disturbance to existing drainage paths and vegetation. Building constructed should be placed so as to minimize damage to drainage paths or vegetation. No building shall be allowed in natural drainage paths. Filling of natural drainage paths shall not be permitted. A professional engineer must stamp any proposal for adequately sized drainage culverts. Natural drainage paths and those created for road construction shall be allowed to pass from one property to another at the same point as when the property was first sold by the owners to lot owners. Buyers must be aware of drainage patterns and respect them by avoiding construction near them.
- (i) No building shall be constructed farther than 500 feet from a fire hydrant. No building shall be constructed in areas where water pressure falls below 40 psi (see Culinary Water Distribution and Fire Protection Plan – For further information on fire protection refer to Article X, Section 24).
- (j) All buildings shall be built on slopes less than 30%. See Preliminary Plan for approximation of area. A professional must submit a specific slope analysis for each lot for approval prior to construction.

SECTION 6. Fences or walls.

- (a) All fences shall be constructed of natural colored wood or of color or materials of the house on that lot. No fences shall be constructed on land steeper than 40%. At the Declarant's discretion, other perimeter fencing may be used for the boundaries of the current and future phases of the Development.
- (b) Wildlife-safe fences shall be used.
- (c) No barbed wire will be permitted except for perimeter boundaries of the subdivision.
- (d) The entire perimeter of the lot may be fenced using 2, 3, or 4 rail lodge pole fences only; or other like fencing with permission of the Architectural Control Committee.
- (e) An interior envelope-type fence that is used as a privacy fence within 100 feet of the home may be used so long as it conforms to the materials specified in Article X, Section 6 (a). Such fencing shall not exceed six feet in height.

SECTION 7. Landscaping, Agriculture, and Water. As much natural vegetation as is practical shall be preserved or planted and maintained. When this vegetation is established it usually needs no extra water. Only drip irrigation will be allowed and only one valve at $\frac{3}{4}$ " per residence. Use mulch around ground covers with shrubs, trees, etc. indigenous to the area. The area watered shall not exceed 1,000 square feet when measuring tree canopies or shrub coverage. Agriculture is encouraged if the owner can obtain adequate water. Individual wells are a possibility if the owner obtains water rights and permits as necessary by law. Otherwise, any extra landscaping, agriculture, or other water use will require turning over water shares to the appropriate entity

SECTION 8. Trash. No garbage, refuse, rubbish or cuttings shall be deposited on any Street, Road or Common Area and on any Lot unless placed in a suitable container. The burning of trash in outside incinerators, barbecue pits, or the like, is prohibited, it being intended that all refuse, trash, garbage and the like shall be hauled from the Properties and disposed of properly in the County's' dumpsters. Currently, these dumpsters are located on the Northeastern side of Scofield Reservoir. In the future, when demand dictates the necessity, the Association may have a dumpster available in a designated area in the common area for owners of Scofield Mountain Estates for disposal of such items. Garbage cans are to be inside garages, behind decorative fencing or otherwise hidden from view to the street.

SECTION 9. Storage of Building Materials. No building material of any kind or character shall be placed upon any Lot except in connection with construction or maintenance approved by the Architectural Control Committee. As soon as building materials are placed on any Lot in such connection, construction shall begin promptly and be built diligently.

SECTION 10. Commercial Vehicles, Campers, Trailers, or Motor Homes. No campers, trailers, motor homes, recreational vehicles, commercial type vehicles and no trucks shall be stored or parked on any Lot except in a closed garage or hidden behind visual screening, nor parked on any street, road or Common area except while engaged in transport to or from a dwelling or the Developed or Undeveloped Common Area/s. For the purposes of this restriction, a truck having a ¾ ton manufacturer's rated capacity, commonly known as a pick-up truck, shall not be deemed to be a commercial vehicle or a truck. Short-term visits from friends and family may be granted an exception to the above rule for campers, trailers, and motor homes within or on the lot.

Since SMEHS is intended to be a community of permanent, quality mountain homes, recreational trailers, campers or motor homes will be permitted only under the following very restrictive conditions:

- (a) For a period of five years ending December 31, 2009, camper trailers or motor homes may be used on the property by the Owner for three days or less per week. This provision in no way allows extended or permanent use of such vehicles. This is provided to Owners for a limited time to use and enjoy the property before building a permanent structure.
- (b) Use of campers, trailers or motor homes may be used on the property by the Owner, Builder or other Sub-Contractors during the 12-month active construction period of the lot owner's dwelling.
- (c) After a home is built, friends or family members with motor homes, campers, or trailers shall be permitted to park such vehicles by the permanent resident for not more than 3 days per month. Stays longer than three days may be permitted rarely—with written permission from the Homeowners Association only.

SECTION 11. Animal Control.

- (a) Only two (2) domestic household pets shall be permitted per lot, provided that said animals are well kept and provided for and do not become a health hazard or nuisance to the neighborhood. All domesticated animals shall be kept on the Owner's lot or on a leash.
- (b) A special corral may be fenced within the perimeter of the Lot for horses, cows, or sheep at the discretion of the Owner. Three animals may be kept and grazed per lot, except that for lots over 3 acres one animal can be added per acre of lot over 3 acres. Before bringing livestock on the property for any extended time, permission must first be obtained from the Management Committee of the Homeowners Association, which will determine if adequate water is available for the animals. Having livestock on the property is a privilege which must not be abused. All home owners maintaining livestock on their properties must take daily care to make sure animal refuse is cleaned up to prevent offensive odors and detract from neighboring property owners.
- (c) No sheep, goats, or other domesticated or undomesticated animals may be kept on SMEHS lots, excepting as noted in "a" and "b" of Section 11.
- (d) No owner shall have or allow any guest, tenant or other person lawfully on the premises to have or permit any animal at large upon the property. Definition of animal at large shall be: any animal either 1.) Not attached to a person by chain or leash, or 2.) Not confined by fences, or 3.) Not controlled electronically.
- (e) Owners may wish to fence all or a portion of their property in accordance to the architectural standards in Article IX Section 6 to keep out range cattle or other animals which freely roam the area.

Enforcement: The Management Committee or the Homeowners Association, shall undertake such action as it is necessary to enforce the provisions hereof, in particular, the Committee, though its designee, may inspect for violation, investigate claimed violations, request prompt voluntary terminations of violations, take possession of violation animals

and dispose thereof as the committee, in its sole discretion, deems appropriate. Additionally, the Management Committee of the Association may impose the following fines:

First Violation	\$50.00
Second Violation	\$100.00
Third Violation	\$200.00
Fourth Violation	\$500.00

SECTION 12. Signs. No sign of any kind shall be displayed to the public view on any lot except on professional sign of not more than ten (10) square feet advertising the property for sale or rent. Small signs displaying the owner's name and street address are allowable.

SECTION 13. Ingress and Egress. There shall be only one entrance/exit to and through each lot from the main subdivision road to minimize damage to the natural surroundings. Also, gravel surfaced driveways and parking areas are required on all lots.

SECTION 14. Exterior Lighting. Any exterior lighting installed on any Lot shall either be indirect or of such controlled focus and intensity so as not to disturb the residents of the adjacent property.

SECTION 15. Motor Vehicles, Boats, Recreational /Water & Off-Road Vehicles.

- (a) No motor vehicles owned or leased by Owners of Lots in the properties shall be parked or maintained on any street.
- (b) All boats and other recreational vehicles of any kind shall not be stored or parked on any Lots, except in a closed garage, or behind a visual screening.
- (c) No motorized vehicle shall be driven on any land other than the Owner's Lot and Common Roads.

SECTION 16. Easements and Rights-of-Way. The Declarant or its nominee shall have the right to construct, operate and maintain water, sewer, gas, telephone lines, other utilities, and roadways over and across rights of way or easements. Such installation shall be at the Declarant's or successor developer's cost. The Declarant (developer) shall have the right to easements across open space at his discretion for roads or utilities as he/she deems advantageous.

SECTION 17. Intended Seasonal Use of Property. While electricity and telephone lines will be maintained by their respective utility companies during winter months, SMEHS lots may not be accessible at all times during the winter due to snow conditions. It is intended, at least initially, that roads will be plowed once snow-covered. However, additional assessments may have to be made to maintain the roads under snowy conditions. Snowmobile access may be quite feasible, but snowmobile trails on the property will not be groomed. Snow removal of lots 1-4 of Phase A will be solely the responsibility of said lot owners. Owners of Phase A 1-4 however, shall pay only one-half of future assessments or annual payments for the use of the common areas and roads of the subdivision.

SECTION 18. Snowmobiling, Cross-Country Skiing, and Snow-Shoeing. It is not intended initially that snowmobile trails will be groomed on the property during the winter. However, at least currently, there are nearby trails groomed by the Utah Division of Parks and Recreation. While neither roads nor trails will be groomed, snowmobiling, cross-country skiing, or snowshoeing on such roadways will be permitted both for recreation and access to homes during snowy conditions, all at the owner's or guest's own risk.

SECTION 19. Shooting and Hunting. For the safety of its residents and subdivision neighbors, absolutely no shooting or hunting will be allowed on lots within SMEHS. SMEHS acreage shall remain a part of a CWMU (Controlled Wildlife Management Unit) owned by the developers. No hunting or shooting shall be allowed without permit (fee required) on any land owned by Scofield West, LLC, Scofield Estates, LLC, and Scofield Mountain Estates, LLC, which retain all hunting and wildlife rights for the state CWMU.

SECTION 20. Conflict with Ordinances. In the event the terms and conditions of this declaration conflict with any applicable Statutes or rules and regulations of governmental agencies, now existing and as many as may be hereafter

adopted or amended, then the higher standard shall control.

SECTION 21. Right of Association to Limit Guests and Adopt Other Rules and Regulations. The Homeowner's Association shall be empowered to limit the number of guests and to adopt other Association Rules and Regulations ("Association Rules").

SECTION 22. Right of Association to Borrow. The Homeowner's Association is empowered to borrow funds which may be needed for short- or long-term needs, as may be required for the continued operation, maintenance and/or improvement of the subdivision's roads, water system, or recreational facilities.

SECTION 23. Commercial Use. No part of the Subdivision shall be used or caused, allowed, or authorized to be used in any way, directly or indirectly, for any business, commercial, mercantile, manufacturing, storing, vending, or other such non-residential purpose. However, the Developer may operate a real estate sales office on the property as deemed necessary. The Declarer also reserves the right to keep each unsold lot in "greenbelt" status until over 50 percent of the lots are sold in their respective phase plus an additional five years.

SECTION 24. Offensive Conduct; Nuisances. No noxious or offensive activities, including but not limited to, repair of automobiles or other motorized vehicles (other than emergency repairs) and the use of amplified or other instruments or sound speakers which can be heard in adjoining or proximate homes, shall be carried on within the subdivision. Nothing shall be done on or within the subdivision that may be or may become an annoyance or nuisance to the residents of the subdivision.

SECTION 25. Fire protection is not guaranteed for this subdivision from Scofield City. They will respond to fires to the best of their ability.

Fire Hazards, Open Fires, and Outside Barbecuing. Every Lot Owner must take extreme precautions against any activity or action which might create a fire hazard for his own dwelling, property, lot or property of other persons. The nature of the terrain in dry summer conditions can raise fire danger to very high levels. Therefore, there shall be no open outside fires unless confined within well-constructed fire pits surrounded by at least 12 feet of non-combustible gravel or other material. No outside fires are allowed at all on windy days. All outside fires must be supervised at all times by an adult. Fires must be put dead out at the conclusion of use of the outdoor barbecuing activity so that it cannot re-ignite. Gas or other commercial barbecues may be used provided they are on concrete pads with at least four feet of concrete surrounding the barbecue.

All homes that have fireplaces must have special spark and tinder screens on exterior chimney openings.

All homes must have at least two large commercial-type fire extinguishers—one mounted close to an exterior door; another in the kitchen or central hall of the home.

All homes must install and have a yard hydrant 30 feet away from the home on the main 1" water line coming into the house. This shall be a freeze-less faucet with back-flow protection.

All homes must be built in locations with 40 psi water pressure or greater and within 500 ft. of a fire hydrant. (Refer to Article X, 5).

SECTION 26. Fishing. Fishing is a favorite activity at Scofield, but all Owners who fish must have the appropriate State Fishing Permit and obey all fishing laws set forth by the Division of Wildlife Resources.

SECTION 27. Camping in a Tent. Owners are encouraged to use the camping and tenting facilities at Madsen Bay or Mountain Home State Parks nearby. Also the use of tents will be permitted on Owner's own property. Such Tenting is intended only for casual, non-permanent uses; and if abused, the Management Committee may take this privilege away from the Owner.

SECTION 28. Archery and Bow-Shooting. Provided anyone conducting archery practice or bow-shooting is accompanied by an adult, these activities are permitted within the Owners own property so long as proper use and safety

measures are taken. However, anyone doing so must take extreme precaution not to endanger or harm someone that may be nearby. Bows must never be pointed at human or other living targets and must be targeted solely to a special target. Misuse or careless handling of such devices may result in this privilege being taken away from any Owner by the Management committee.

SECTION 29. Each lot owner shall have a geotechnical firm investigate all building sites for stability before construction. Any unstable slopes shall not be built upon. These areas described as restricted from building on lots 4 and 2 of Phase A are suspected to be unstable. No permanent buildings may be constructed within these areas. See exhibit "A" for a map of these areas of known concern.

SECTION 30. Water Shares, Water System and Roads. Scofield Mountain Estates is intended to be a Seasonal, Mountain Home Subdivision. Each lot is sold with the beneficial right and usage to 0.25 Acre Feet of Price River Water User's Association (Hereafter referred to as PRWUA) stock that is dedicated to the respective lot. However, the 0.25 acre foot per lot of water and the PRWUA stocks/shares are owned and controlled by the Scofield Mountain Estates Home Subdivision Association. One-quarter acre-foot of water meets the requirements for a seasonal home under the State Department of Health and the State Division of Water Rights. However, the Developer was required to file one acre foot which is equal to one share) of PRWUA stock per lot as per requirements of the PRWUA at the time of recording the subdivision. This requirement may change in the future to meet the State's requirements. The developer retains the absolute right to control and use the shares currently applied to Phases 1, 2, 3, and A above and beyond 0.25 acre foot per lot. (56 lots x 0.25 = 14 acre-feet total for Phases 1&2; 56 - 14 = 42) This leaves 42 shares or 42 acre feet of water to be used by developer towards future phases for additional lots to be added to the water system or other uses as the developer may deem necessary.

Developer has paid for the entire water system and has exceeded water storage requirements for Phases 1&2 with the intent to add additional lots to the water system. Developer shall retain the right to connect all additional phases to the water system. This includes the use of and connection to all improvements such as water storage tank, booster pumps, distribution lines, wells, well pumps, water shares, easements, etc.

Developer has also planned and constructed the roadways to meet additional traffic anticipated by all future phases of development using the current road system for Phases 1&2. Developer shall retain the right to connect all future phases to the road system and shall retain rights of ways and rights of ingress and egress for such future roads.

SECTION 31. At the Developers sole discretion, all future phases will have full use and access to all common area and amenities, roads, trails, gated entry, utilities, and any other benefits/areas that owners of Phases A, 1 & 2 have the right to use and enjoy. All owners of lots in future phases will have to pay the same yearly association dues as Phases 1 & 2 owners if Developer elects to give the same use and rights to future owners. All owners of lots in future phases will be: 1) Members of the Scofield Mountain Estates Mountain Home Subdivision; or 2) Developer also reserves the right to create another association for future phases with separate association dues in lieu of the paying dues of Phases 1&2 owners.

ARTICLE X, SECTIONS 30 and 31, cannot be amended, changed, or altered in any way by the Homeowner's Association; only by the Developer/Declarant. This protection shall supersede any and all other sections in these CC & R's that may state or imply otherwise.

ARTICLE XI

GENERAL PROVISIONS

SECTION 1. Duration. The covenants and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association; or the Owner of any Lot subject to this Declaration; their respective legal representatives, heirs, successors, and assigns, for a term of thirty (30) years from the date this Declaration is recorded, after which time, said covenants shall be automatically extended for successive periods of fifteen (15) years.

SECTION 2. Amendments. These covenants and the restrictions of this Declaration may be amended during the first twenty years from the date of the Declaration, by an instrument signed by the Owners of not less than sixty percent (60%) of the Lots and thereafter by an instrument signed by the Owners of not less than fifty percent (50%) of the Lots. with the exceptions of ARTICLE X, SECTIONS 30 and 31, which can only be amended by Developer/Declarant.

SECTION 3. Enforcement. The Association or any Owner shall have the right to enforce these covenants and restrictions by any proceeding at law against any person or person violating or attempting to violate any covenant or restriction, either to restrain violation or to recover damages.

SECTION 4. Severability. Invalidation of any one of these covenants or restrictions by judgment of court order shall in no way affect other provisions which shall remain in full force and effect.

SECTION 5. Notices. Any notice required to be given to any member or Owner under the provisions of this Declaration shall be sent to the last known address of the record Owner of the Lot in which the member has an interest as shown on the records of the Association at the time of such mailing.

THESE COVENANTS, CONDITIONS AND RESTRICTIONS APPLY TO AND GOVERN ALL THE REAL PROPERTY OF SCOFIELD MOUNTAIN ESTATES, PHASES A, 1&2. IN WITNESS WHEREOF, the Declarant has caused its corporate name and seal to be hereunto affixed by its duly authorized officer this 7th day of May, A.D. 2003.

SCOFIELD MOUNTAIN ESTATES, LLC

BY: _____
President

STATE OF UTAH,
COUNTY OF CARBON

On the ____ Day of ____, 200__, personally appeared before me Jared Brown, who being by me duly sworn did say, that he, the said Jared Brown, is the President, of Scofield Mountain Estates, LLC and that the within and foregoing instrument was signed in behalf of said corporation by authority of a resolution of its board of directors, and he duly acknowledged to me that said corporation executed the same.

Amendments to the Covenants, Conditions and Restrictions
Scofield Mountain Estates Home Subdivision
Phases 1, 2, & A

Amendment 1—Due to the terrain, size, and seclusion of lot 3 of Phase A, the developer grants buyer exclusive hunting rights to said lot and its future owners.

Amendment 2—Because the road distance per lot in Phase A is proportionally much greater than road distance per lot of the remainder of the subdivision phases, Phase A lot owners will be assessed one-half of the standard association dues; however, collectively Phase A lot owners will be responsible for the additional cost of road maintenance, and if elected, snow removal on the roads of Phase A.

The SMEHOA will be responsible for the coordination and payment to the road maintenance company and snow removal company, however this additional cost will be fully recuperated annually by the Phase A lot owners in addition to the one-half of the standard annual dues for Phase A lot owners.

Road maintenance and snow removal fees will be divided equally by the current landowners according to their shared travel segment. For example, the maintenance and snow removal cost for the distance from the county road to lot 2 will be paid equally by all current Phase A landowners. The distance from the entrance into lot 2 to the exit of lot 2 will be paid equally by the current landowners of lots 2, 3, and 4. The distance between the exit of lot 2 to the fork in the road of lots 3 and 4 will be paid by the current landowners of lots 3 and 4. All additional plowing and maintenance to any private drives used exclusively by individual lot owners will be entirely the responsibility in both cost and maintenance of the respective lot owner.

Current landowners are defined as lot owners that have purchased their lot(s) from the developer. The developer is not a current landowner.

When any of the four current landowners request road plowing service or road maintenance for the road to their lot, all affected current landowners will be required to pay their portion of the plowed or maintained road as stipulated in the previous paragraphs. Affected current landowners are defined as lot owners who receive the benefit of maintenance or snow removal on the main road on his or her property.

All water, electrical, and phone maintenance for the lots in Phase A will be handled by and paid by the Scofield Mountain Estates Home Owner's association (SMEHOA).

Amendment 3—Lot 3 will be responsible for the electricity and maintenance costs necessary to pump culinary water to the owner's building site.

Amendment 4—In addition to Article X, Section 2, No subdivision lot may be re-subdivided further without approval of the SMEHOA.

THESE COVENANTS, CONDITIONS AND RESTRICTIONS APPLY TO AND GOVERN ALL THE REAL PROPERTY OF SCOFIELD MOUNTAIN ESTATES, PHASES A, 1&2. IN WITNESS WHEREOF, the Declarant has caused its corporate seal and seal to be hereunto affixed by its duly authorized officer this 14th day of June, A.D. 2006.

SCOFIELD MOUNTAIN ESTATES, LLC