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10/02/2008 11:26 AM \$108.00
Book - 9648 Pg - 1602-1647
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DECLARATION OF CONDOMINIUM
OF
GRAPE IVY TOWNHOMES
(A Residential Condominium Project)

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DECLARATION OF CONDOMINIUM
OF
GRAPE IVY TOWNHOMES
(A Residential Condominium Project)

THIS DECLARATION OF CONDOMINIUM is made and executed this ____ day of _____, 2007, by **GRAPE IVY TOWNHOMES, LLC**, a Utah limited liability company (hereinafter referred to as the "Declarant"), pursuant to the provisions of the Utah Condominium Ownership Act (as defined below).

WITNESSETH:

WHEREAS, Declarant is the fee owner of, or has obtained the consent of all parties claiming an interest in that certain real property (hereinafter sometimes referred to as the "Subject Property") more particularly described in Article II hereof; and

WHEREAS, Declarant desires to construct upon the Property a residential townhouse project consisting of various improvements which Declarant desires to submit, as a Condominium Project to the provisions of the Act, all of such construction to be performed in accordance with the Map and the terms and conditions contained herein; and

WHEREAS, Declarant intends by recording this Declaration and the Plat to submit the Property, and all improvements now or hereafter constructed thereon, to the provisions of the Act as a Condominium Project and to impose upon the Property mutually beneficial restrictions under a general plan of improvement for the benefit of all Units within said Condominium Project and the Owners thereof; and

NOW, THEREFORE, the Declarant hereby makes the following Declaration:

I. DEFINITIONS

When used in this Declaration, including the recitals hereto, the following terms shall have the meaning indicated. Any term used herein which is defined by the Act shall, to the extent permitted by the context hereof, have the meaning ascribed by the Act.

1.1 "Act" shall mean and refer to the Utah Condominium Ownership Act, (Sections 57-8-1 through 57-8-36, Utah Code Annotated (2000 Replacement)), as the same may be amended from time to time.

1.2 "Association" shall mean Grape Ivy Homeowners Association, Inc., an incorporated Owner's Association of Grape Ivy Townhomes, a Residential Condominium Project, which Association is established as provided herein.

1.3 "Building" or "Buildings" when referring to every Building, shall mean and refer to a building containing Units and comprising a part of the Property.

1.4 "By-laws" shall mean and refer to the By-laws of the Association. The initial By-laws shall be in the form set forth in Exhibit "B" attached hereto and made a part hereof.

1.5 "Common Areas and Facilities" or "Common Areas" shall mean, refer to, and include:

- (a) The real property ("Subject Property") and interests in real property which this Declaration submits to the provisions of the Act, but excluding Units.
- (b) All Common Areas and Facilities designated as such in the Plat.
- (c) All Limited Common Areas and Facilities designated as such in the Plat.
- (d) All foundations, columns, girders, beams, supports, main walls, roofs, stairs and stairways (excluding stairs and stairways contained wholly within a Unit and servicing only that Unit).
- (e) All installations for any and all equipment connected with the furnishing of Project utility services such as electricity, gas, heating, air conditioning, water and sewer.
- (f) All tanks, pumps, motors, fans, compressors, ducts, and in general all apparatus, installations and facilities included within the Project and existing for common use.
- (g) The outdoor lighting, fences, landscaping, walkways, patios, open parking spaces and roads.
- (h) All portions of the Project not specifically included within the individual Units.
- (i) All Common Areas and Facilities as defined in the Act, whether or not enumerated herein.
- (j) All other parts of the Project normally in common use or necessary or convenient to its use, existence, maintenance, safety or management.

1.6 "Common Expenses" shall mean and refer to all sums which are assessed against and expended on behalf of all Owners and all sums which are required by the Association to perform or exercise its functions, duties, or rights under the Act, this Declaration, the management agreement for the operation of the Project, if any, and such rules and regulations as the Association may from time to time make and adopt. By way of illustration, but not in limitation, Common Expenses shall include: (i) expenses of administration, maintenance, operation, repair and replacement of those components of the Common Areas that must be maintained and/or replaced on a periodic basis together with such reserves as may be from time to time established for the same by the Association; (ii) expenses agreed upon by the Association, or the Owners, and lawfully assessed against the Owners in accordance with the Declaration; (iii) expenses declared to be Common Expenses by the Act, by this Declaration, or the By-Laws; and (iv) any valid charge against the Project as a whole.

1.7 "Declarant" shall mean and refer to Grape Ivy Townhomes, LLC, a Utah limited liability company, and any successor and assign of Declarant which, either by operation of law, or

through a voluntary conveyance, transfer, or assignment comes to stand in the same relation to the Project as did its predecessor.

1.8 "Declaration" shall mean and refer to this instrument and all modifications, amendments and/or supplements made in accordance with the Act and the provisions hereof.

1.9 "Limited Common Areas" shall mean and refer to those Common Areas and Facilities designated herein or on the Plat as reserved for the use of a certain Unit or Units to the exclusion of other Units.

1.10 "Manager" shall mean and refer to the person, firm, or company, if any, designated from time to time by the Association to manage, in whole or in part, the business and affairs of the Association and the Project.

1.11 "Management Committee" or "Committee" shall mean the committee charged by this Declaration with and having the responsibility and authority on behalf of the Association to make and enforce all of the reasonable rules and regulations covering the operation and maintenance of the Property.

1.12 "Mortgage" shall mean and include a mortgage, a deed of trust or other security instrument by which a Unit or any part thereof is encumbered.

1.13 "Mortgagee" shall mean and include a mortgagee of a mortgage on any Unit, a beneficiary of a deed of trust on any Unit, or a secured party of any other security instrument by which a Unit or any part hereof is encumbered.

1.14 "Official Records" shall mean the official records of the County Recorder for Salt Lake County, Utah.

1.15 "Owner" shall mean the person or persons, including the Declarant, owning in fee simple, a Unit in the Project. In the event a Unit is the subject of any executory contract of sale, the contract purchaser shall, unless the Seller and the purchaser have otherwise agreed and have informed the Association in writing of such agreement, be considered the Owner for purposes of voting. Notwithstanding any applicable theory relating to a mortgage, deed of trust, or like instrument, the term Owner shall 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.

1.16 "Percentage Interest" shall mean and refer to the undivided percentage interest of each Owner in the Common Areas and Facilities of the Property. The Percentage Interest which is appurtenant to a Unit shall be equal to the ratio between the Size of such Unit and the aggregate Size of all Units in the Project. The Percentage Interest of each Unit is set forth in Exhibit "C" attached hereto and incorporated herein by reference. "Percentage Interests" shall be the sum total of each and every Percentage Interest and shall equal 100%.

1.17 "Person" shall mean an individual, corporation, partnership, association, trustee or other legal entity.

1.18 "Plat" shall mean and refer to the Condominium Plat recorded in the Official Records (as defined below), recorded concurrently with this Declaration, consisting of three (3), pages, pre-

pared by Michael D. Hoffman, Utah Land Surveyor, a duly registered Utah Land Surveyor having Certificate No. 316831, and all modifications, amendments and/or all supplements thereto recorded in accordance with the Act and this Declaration.

1.19 "Project" shall mean the Property and the improvements constructed thereon submitted to the provisions of the Act by this Declaration and the Plat, sometimes referred to and known as "Grape Ivy Townhomes, a Residential Condominium Project".

1.20 "Property" shall mean and refer to the Subject Property, the Buildings, all improvements and structures on the Subject Property, all easements, rights and appurtenances belonging thereto, and all articles of personal property intended for use in connection therewith.

1.21 "Size" shall mean and refer to the area of floor space within a Unit, in square feet, rounded off to a whole number. The area included within a garage shall be excluded from the determination of the Size of a Unit. Declarant's determination of the Size of a Unit, as set forth in this Declaration or in any amendment or supplement hereto pursuant to Article V hereof shall be conclusive.

1.22 "Subject Property" shall mean the real property upon which the Project is situated, as more particularly described on Exhibit "A" attached hereto.

1.23 "Unit" shall mean and refer to a separate physical part of the Property intended for independent use, consisting of rooms or spaces located in a Building upon the Subject Property and the Percentage Interest appurtenant thereto. Mechanical equipment and appurtenances located within any one Unit or located without said Unit but designated and designed to serve only that Unit shall be considered part of the Unit, as shall all decorated interiors, all surfaces of interior structural walls, floors and ceilings, windows and window frames, doors and door frames, and trim, consisting of among other items, and as appropriate, wallpaper, paint, flooring, carpeting and tile. All pipes, wires, conduits or other utility lines or installations constituting a part of a Unit and serving only such Unit, and any structural members or any other property of any kind, including fixtures and appliances within such Unit, which are removable without jeopardizing the soundness, safety, or usefulness of the remainder of the Building within which such Unit is situated shall be considered part of the Unit. A Unit shall not include pipes, wires, conduits, or other utility lines running through it which are used for or which serve more than one Unit, and shall not include any load-bearing walls or floors comprising a part of a Building in which the Unit is located. Each Unit shall include its appurtenant Percentage Interest in the Common Areas and Facilities.

1.24 "Unit Number" shall mean the number, letter or combination thereof designating a Unit within the Project.

II. SUBMISSION TO THE ACT

Declarant hereby submits to the provisions of the Act, subject to the covenants, conditions and restrictions herein contained, the Subject Property (as described on Exhibit "A") and the Project,

TOGETHER WITH all easements, rights-of-way, and other appurtenances and rights incident to, appurtenant to, or accompanying the above-described real property (the real property).

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 reservations and exclusions; any mineral reservations of record and rights incident thereto; all instruments of record which affect the real property or any portion thereof, including, without limitation, any mortgage or deed of trust; all visible 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 Plat or otherwise existing; an easement for each and every pipeline, cable, wire, utility line, or similar facility which traverses or partially occupies the real property at such time as construction of all Project improvements is complete; and all easements necessary for ingress to, egress from, maintenance of, and replacement of all such pipes, lines, cables, wires, utility lines, and similar facilities.

RESERVING UNTO DECLARANT, however, such easements and rights of ingress and egress over, across, through and under the real property and any improvements now or hereafter constructed thereon as may be reasonable necessary for Declarant or for any assignee or successor of Declarant (in a manner which is reasonable and not inconsistent with the provisions of this Declaration): (i) to construct and complete each of the Units in any Building and all of the other improvements described in this Declaration or in the Plat recorded concurrently herewith, and to do all things reasonably necessary or proper in connection therewith; and (ii) to improve portions of the real property with such other or additional improvements, facilities, or landscaping designed for the use and enjoyment of all the Owners as Declarant or as such assignee or successor may reasonably determine to be appropriate. If, pursuant to the foregoing reservations, the real property or any improvement thereon is traversed or partially occupied by a permanent improvement or utility line, a perpetual easement for such improvement or utility line shall exist. With the exception of such perpetual easements including the perpetual easement specified in (i) above, the reservations hereby effected shall, unless sooner terminated in accordance with their terms, expire seven (7) years after the date on which this Declaration is filed for record in the Official Records.

III. IMPROVEMENTS ON LAND

3.1 Description of Improvements. The improvements contained in the Project are now or will be located upon the Subject Property. The major improvements contained in the Project include seven townhome-style condominiums, each with a two-car garage. The location and configuration of said improvements are shown on the Plat. The Project also contains other improvements such as outdoor lighting, walkways, private road, playground, landscaping and fencing. The Plat shows the number of Buildings, the number of Units which are included in the Project and the access areas. Each Building is composed of the following building materials: Exterior walls consisting of wood, stucco and brick, pitched roof; interior walls of stick lumber construction with wall finish of sheet rock according to applicable building codes.

3.2 Description and Legal Status of Units. The Plat shows each Unit Number, its location, dimensions from which its Size may be determined, the Common Areas to which it has immediate access and the Limited Common Areas, if any, reserved for each Unit. The undivided ownership interest in the Common Areas and Facilities appurtenant to a Unit may not be partitioned from the balance of the Common Areas and Facilities by an action pursuant to Chapter 39 of Title 78, Utah Code Annotated (1953 as amended).

3.3 Contents of Exhibit "C". Exhibit "C" to this Declaration contains the following information with respect to each Unit contained in the Project: (i) the Unit Number; (ii) its Size; and (iii) the Percentage Interest which is assigned to and appurtenant to the Unit.

IV. NATURE AND INCIDENTS OF CONDOMINIUM OWNERSHIP

4.1 Estate of an Owner. The Project is hereby divided into Units, each consisting of a fee simple interest in a Unit and a Percentage Interest as set forth in the attached Exhibit "C". The Percentage Interests set forth in Exhibit "C" are hereby declared to be appurtenant to the respective Units.

4.2 Title. Title to a Unit may be held or owned by any Person or more than one Person and in any manner in which title to any other real property may be held or owned in the State of Utah, including, without limitation, joint tenants or tenancy in common.

4.3 Inseparability. No part of a Unit or the legal rights comprising ownership of a Unit may be separated from any other part thereof during the period of ownership prescribed herein, so that each Unit and the Percentage Interest appurtenant to such Unit shall always be conveyed, devised, encumbered, or otherwise affected only as a complete Unit. Every gift, devise, bequest, transfer, encumbrance, conveyance or other disposition of a Unit shall be presumed to be a gift, devise, bequest, transfer, encumbrance, or conveyance, respectively, of the entire Unit, together with all appurtenant rights created by law or by this Declaration.

4.4 Computation of Percentage Interests. The Percentage Interest which is appurtenant to a Unit shall be equal to the ratio between the Size of such Unit and the aggregate Size of all Units in the Project. Declarant reserves the right to make minor adjustments in some or all of the Percentage Interests which result from the strict application thereof for the purpose, but only for the purpose, of assuring that the total of all Percentage Interests equals 100%. Percentage Interests shall be for all purposes, including, without limitation, voting and participation in Common Expenses.

4.5 Partition Not Permitted. The Common Areas shall be owned in common by all the Owners of Units, and no Owner may bring any action for partition thereof.

4.6 Owner's Rights to Common Areas. Subject to the limitations contained in this Declaration, any Owner shall have the non-exclusive right to use and enjoy the Common Areas and shall have the exclusive right to use and enjoy the Limited Common Areas designated herein for exclusive use by such Owner or Owners.

4.7 Owner's Rights with Respect to Interiors. Each Owner shall have the exclusive right at his sole cost and expense to maintain, repair, paint, repaint, tile, wax, paper, or otherwise refinish and decorate the interior surfaces of the walls, ceilings, floors, and doors forming the boundaries of his Unit and all walls, ceilings, floors and doors within such boundaries.

4.8 Easement for Access to Units. Each Owner shall have the right to ingress and egress over, upon and across the Common Areas necessary for access to his Unit, and to the Limited Common Areas, if any, designated for use in connection with his Unit, and such rights shall be appurtenant to and pass with the title to each Unit.

4.9 Easement for Encroachments. If any part of the Common Areas encroaches or shall hereafter encroach upon a Unit or Units, an easement for such encroachment and for the maintenance of the same shall and does hereby exist. If any part of a Unit encroaches or shall hereafter encroach upon the Common Areas, or upon an adjoining Unit or Units, an easement for such encroachment and for the maintenance of the same shall and does hereby exist. Encroachments referred to herein include, but are not limited to, encroachments caused by error in the original construction of the Building, by error in the Plat, by settling, rising or shifting of the earth, or by change in position caused by repair or reconstruction of the Project or any part thereof.

4.10 Easement of Access for Repair, Maintenance and Emergencies. Some of the Common Areas are or may be located within the Units or may be conveniently accessible only through the Units. The Owners of other Units shall have the irrevocable right, to be exercised by the Association (or its agent), as their agent, to have access to each Unit and to all Common Areas from time to time during such reasonable hours as may be necessary for the maintenance, repair or replacement of any of the Common Areas located therein or accessible therefrom or for making emergency repairs therein necessary to prevent damage to the Common Areas or to another Unit or Units. The Association shall also have such right independent of any agency relationship. Damage to the interior of any part of a Unit or Units resulting from the maintenance, repair, emergency repair, or replacement of any of the Common Areas or as a result of emergency repairs within another Unit at the instance of the Association shall be an expense of the Association; provided, however, that if such damage is the result of negligence of the Owner of a Unit, then such Owner shall be financially responsible for all such damage. Such damage shall be repaired and the property shall be restored substantially to the same condition as existed prior to damage. Amounts owing by Owners pursuant hereto shall be collected by the Association by assessment pursuant to Article VIII below.

4.11 Owner's Right to Support. Each Owner shall have the right to horizontal and lateral support of his Unit, and such rights shall be appurtenant to and pass with the title to each Unit.

4.12 Association's Right to Use of Common Areas. The Association shall have a non-exclusive easement to make such use of the Common Areas as may be necessary or appropriate to perform the duties and the functions which it is obligated or permitted to perform pursuant to this Declaration.

4.13 Easements Deemed Created. All conveyances of Units hereafter made, by whatever means, shall be construed to grant and reserve such reciprocal easements as shall give effect to Sections 4.8, 4.9, 4.10, 4.11, and 4.12, above, and Section 5.2. below, even though no specific reference to such easements or to those Sections appears in any such conveyance.

V. UNITS AND LIMITED COMMON AREAS

5.1 Conveyances. Any deed, lease, mortgage, deed of trust, sales contract or other instrument conveying or encumbering a Unit shall describe the interest or estate involved substantially as follows:

Unit No. ____ contained within the Grape Ivy Townhomes, a Residential Condominium Project, as the same is identified in the Condominium Plat recorded in Salt Lake County, State of Utah, as Entry No. _____ in Book _____ at Page _____ (as said Condominium Plat may have heretofore been amended or supplemented)

and in the Declaration of Condominium of Grape Ivy Townhomes recorded in Salt Lake County, Utah; as Entry No. _____ in Book _____ at Page _____ (as said Declaration may have heretofore been amended or supplemented).

TOGETHER WITH the undivided ownership interest in said Project's Common Areas and Facilities which is appurtenant to said Unit.

Such description shall be construed to describe the Unit, together with the appurtenant Percentage Interest in the Common Areas and to incorporate all the rights incident to ownership of a Unit and all the limitations on such ownership as described in the Declaration, including the applicable appurtenant Percentage Interest.

5.2 Maintenance of Units. Each Unit, and all utility facilities, including but not limited to all electrical, plumbing, heating, air conditioning, water, sewer lines, ducts, and other such apparatus serving solely such Unit, shall be maintained by the Owner thereof so as not to detract from the appearance of the Project and so as not to affect adversely the value or use of any other Unit or other portions of the Project. The Association shall maintain the exterior of each Unit, including garage doors, in good repair and in the color required by the Association. Each Owner shall keep the interior of his Unit, including without limitation, interior walls, doors, windows, ceilings, floors, and permanent fixtures and appurtenances thereto, in a sanitary condition and in good state of repair. In the event that any such Unit shall develop an unclean or unsanitary condition or fall into a state of disrepair, and in the event that the Owner of such Unit shall fail to correct such condition or state of disrepair promptly following written notice from the Association and only upon the approval of the Management Committee, the Association shall have the right, at the expense of the Owner and without liability to the Owner for trespass or otherwise, to enter said Unit and correct or eliminate said unsanitary or unclean condition or state of disrepair; provided, however, that the Association shall in no event have the obligation to correct or eliminate any such condition or state of disrepair. The Association shall have the irrevocable right to have access to each Unit from time to time during such reasonable hours as may be necessary to insure each Owner's compliance with the provisions of this Section 5.2.

5.3 Separate Mortgages by Owners. Each Owner shall have the right separately to mortgage or otherwise encumber his Unit. No Owner shall attempt to or shall have the right to mortgage or otherwise encumber the Common Areas or any part thereof, except the Percentage Interest therein appurtenant to his Unit. Any Mortgage or other encumbrance of any Unit within the Project shall be subordinate to all of the provisions of this Declaration, and in the event of foreclosure the provisions of this Declaration shall be binding upon any Owner whose title is derived through foreclosure by private power of sale, judicial foreclosure, or otherwise.

5.4 Taxation of Units. Each Unit within the Project, including each Unit's appurtenant Percentage Interest in the Common Areas, shall be deemed to be a parcel and shall upon conveyance of any Unit by Declarant be assessed separately for all taxes, assessments, and other charges of any political subdivision or of any special improvement district or of any other taxing or assessing authority. For purposes of such assessment, the valuation of the Common Areas shall be apportioned among the Units in proportion to the Percentage Interests appurtenant to such Units. All such taxes, assessments, and other charges of each respective Unit shall be separately levied against the Owner thereof. No forfeiture or sale of any Unit for delinquent taxes, assessments, or other governmental charges shall divest or in any way affect the title to any other Unit.

5.5 Limited Common Areas. The Limited Common Areas of the Project and the Units to which they are appurtenant are as follows: one or more balconies or patios as assigned to each Unit as more particularly shown on the Plat. The Owner of a Unit shall keep the Limited Common Areas designated for use in connection with his Unit, in a good, clean, sanitary and attractive condition; provided, however, the Association shall keep the same in a good state of repair (including the interior and exterior surfaces thereof). All such garage doors shall be painted, maintained and/or replaced so as to be in conformity with all others located within the Project. In the event that an Owner fails to keep the Limited Common Areas appurtenant to his Unit, in a good, clean, sanitary and attractive condition, the Association may the same to occur, at the expense of the Owner, in accordance with the procedures set forth in Section 5.2 above.

NOTE: GARAGES ARE LOCATED WITHIN PARKING AREAS AND MAY FROM TIME TO TIME BE SUBJECTED TO WATER UPON FLOORS. OWNERS ARE ADVISED NOT TO STORE MATERIALS ON THE FLOORS OF ANY GARAGES OR CARPORTS.

5.6 Mechanic's Liens. No labor performed or material furnished or used in connection with any Unit with the consent or at the request of an Owner or his agent or subcontractor shall create any right to file a notice of mechanic's lien against the Unit of any other Owner not expressly consenting to or requesting the same or against any interest in the Common Areas, except the Percentage Interest therein appurtenant to the Unit of the Owner for whom such labor shall have been performed and such materials shall have been furnished.

VI. THE ASSOCIATION

6.1 Membership. Every Owner shall be entitled and be required to be a member of the Association. If title to a Unit is held by more than one Person, the membership related to such Unit shall be shared by all such Persons in the same proportionate interests and by the same type of tenancy in which the title to such Unit is held. An Owner shall be entitled to one membership for each Unit owned by him. Each such membership shall be appurtenant to the Unit from which it is derived and shall be transferred automatically by conveyance of such Unit. No person or entity other than an Owner may be a member of the Association, and the By-laws of the Association shall so provide. Such By-laws shall in addition state that membership in the Association may not be transferred except by the transfer of a Unit; provided, however, that the rights of membership may be assigned to a Mortgagee as further security for a loan secured by a Mortgage on a Unit.

6.2 Management Committee. The Management Committee of the Association shall consist of three (3) members and one (1) alternate who may vote in the absence of a regular Committee member, provided, however, that until (i) the expiration of three (3) years from the date that this Declaration (exclusive of amendments or supplements) is recorded in the Official Records, or such shorter period as the Declarant may determine in its sole discretion, or (ii) four months after Units to which an aggregate of at least three-fourths (3/4) of the Percentage Interest then appurtenant to the Project have been conveyed by the Declarant to Unit purchasers, the Management Committee may consist of one (1) individual selected by the Declarant. Members of the Management Committee, other than sole Management Committee members appointed by Declarant as provided above (who may serve at Declarant's pleasure as long as Declarant has the right to appoint a sole Management Committee member) shall serve for three (3) year terms, subject to re-election or re-appointment as provided herein. Designees of Declarant, Owners, spouses of Owners, Mortgagees (or designees of Mortgagees), partners of partnerships owning a Unit, directors or officers of corporations owning a Unit, Managers of limited liability companies

owning a Unit, and Trustees of trusts owning a Unit shall be eligible for membership on the Management Committee.

At each annual meeting, each Unit shall have one (1) vote for each seat on the Committee to be filled. Any Committee member who fails on three (3) successive occasions to attend Committee meetings (whether regular or special) or who has failed to attend at least sixty percent (60%) of all Committee meetings (whether regular or special) held during any 12-month vacancy, the remaining Committee members may remove the same from the Management Committee and elect a replacement to sit on the committee until the expiration of the term for which the member being replaced was elected. Unless he or she forfeits or otherwise loses his or her seat as herein provided, a member shall serve on the Committee until his or her successor is elected and qualifies. Committee members shall be reimbursed for all expenses reasonably incurred in connection with Committee business. The Committee may fix such compensation for any member as may be reasonable in light of the Committee duties which that member is required to perform.

6.3 Votes and Voting. The number of votes appurtenant to each respective Unit shall be equal to the product of the Percentage Interest set forth in Exhibit "C" attached hereto (as the same may be revised as the result of minor adjustments as provided in Section 4.4) multiplied by One Hundred (100). The number of votes appurtenant to each Unit as set forth in said Exhibit "C" (subject to revisions the result of minor adjustments as provided in Section 4.4) shall have a permanent character and shall not be altered without the unanimous written consent of all Owners expressed in a duly recorded amendment to this Declaration. The number of votes appurtenant to each Unit may not be divided between multiple Owners of such Unit or between matters which require the vote of Owners.

VII. RIGHTS AND OBLIGATIONS OF THE ASSOCIATION

7.1 Common Areas. The Association, subject to the rights of the Owners set forth in Article IV hereof, shall be responsible for the exclusive management and control of the Common Areas and all improvements thereon (including furnishings and equipment related thereto) and shall keep the same in good, clean, attractive and sanitary condition, order and repair; provided, however, that each Owner of a Unit shall keep the Limited Common Areas, if any, designated for use in connection with his Unit, in a good, clean, sanitary and attractive condition. The Association shall be responsible for the maintenance and repair of all Common Areas, including Limited Common Areas. The cost of such management, operation, maintenance and repair by the Association of the Common Areas shall be borne as provided in Article VIII.

7.2 Miscellaneous Services. The Association may obtain and pay for the services of any person or entity to manage its affairs, or any part thereof, to the extent it deems advisable, as well as such other personnel of the Association as it shall be determined to be necessary or desirable for the proper operation of the Project, whether such personnel are furnished or employed directly by the Association or by any person or entity with whom or which it contracts. The Association may obtain on behalf of the Association and pay for legal and accounting services necessary or desirable in connection with the operation of the Project or the enforcement of this Declaration. The Association may arrange with others to furnish trash collection, snow removal, ground maintenance, and other common services to each Unit. The cost of such services shall be borne as provided in Article VIII. The Declarant may enter into one or more professional management contracts on behalf of the Association pursuant to the provisions hereof; provided the Association

shall have the right to terminate any such contract, without cause, at any time after transfer of control of the Association to Owners.

7.3 Personal Property for Common Use. The Association may acquire and hold for the use and benefit of the Association and all of the Owners, tangible and intangible personal property and may dispose of the same by sale or otherwise, and the beneficial interest in any such property shall be deemed to be owned by the Owners in the same proportion as each Owner's respective Percentage Interest. Such interest shall not be transferable except with the transfer of a Unit. A transfer of a Unit shall transfer to the transferee ownership of the transferor's beneficial interest in such property without any reference thereto. Each owner may use such property in accordance with the purpose for which it is intended, subject to rules and regulations adopted by the Association as provided herein, without hindering or encroaching upon the lawful rights of other Owners. The transfer of title to a Unit under foreclosure shall entitle the purchaser to the interest in such personal property associated with the foreclosed Unit.

7.4 Rules and Regulations. The Association may make reasonable rules and regulations governing the use of the Units and of the Common Areas, which rules and regulations shall be consistent with the rights and duties established in this Declaration. Such rules and regulations may include, without limitation: (i) a requirement that draperies, shades, or other interior window coverings, including the interior surfaces of any window or door glass used in Units shall present a uniform appearance of type and color from the exterior of any Building or all Buildings and that the Association shall have the right to inspect and reinspect and approve all proposed draperies, shades, or other interior window coverings to insure compliance with such rules before installation thereof in a Unit, and (ii) that Limited Common Areas conform to standardized regulations regarding appearance, maintenance and modifications thereof. In furtherance of the above, and unless modified by the Declarant and a majority of the Owners, all exterior windows and sliding doors shall be treated with two inch wide, white, horizontal wood or vinyl blinds, except that sliding doors may be treated with white vertical blinds. The Association may suspend any Owner's voting rights in the Association during any period or periods during which such Owner fails to comply with such rules and regulations, or with any other obligations of such Owner under this Declaration. The Association may also take judicial action against the Owner to enforce compliance with such rules, regulations or other obligations or to obtain damages for non-compliance, all to the extent permitted by law.

7.5 Granting Easements. The Association may, without a vote or consent of the Owners, or of any other person, grant or create, on behalf of the Association, on such terms as it deems advisable, utility and similar easements and rights-of-way over, under, across, and through the Common Areas.

7.6 Implied Rights. The Association may exercise any other right or privilege given to it expressly by this Declaration or By-law, and every other right or privilege reasonably to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege.

VIII. ASSESSMENTS

8.1 Agreement to Pay Assessment. Declarant, for each Unit owned by it within the Project, and for and as the owner of the Project and every part thereof, hereby covenants, and each Owner of any Unit by the acceptance of a deed therefore, whether or not it be so expressed

in the deed, shall be deemed to covenant and agree with each other and with the Association to pay to the Association annual assessments made by the Association for the purposes provided in this Declaration, and special assessments for capital improvements and other matters as provided in this Declaration. Such assessments shall be fixed, established and collected from time to time in the manner provided in this Article.

8.2 Amount of Total Annual Assessments. The total annual assessments against all Units shall be based upon advance estimates of cash requirements by the Association to provide for the payment of all estimated expenses growing out of or connected with the maintenance and operation of the Common Areas, which estimates may include, among other things: expenses of management, grounds maintenance, taxes and special assessments, until the Units are separately assessed as provided herein; premiums for all insurance which the Association is required or permitted to maintain pursuant hereto; common lighting and heating expenses; water charges; trash collection charges; snow removal expenses; sewer service charges; repairs and maintenance expenses; wages for Association employees; legal and accounting fees; any deficit remaining from a previous period; the creation of a reasonable contingency reserve; surplus and/or sinking fund; and any other expenses and liabilities which may be incurred by the Association for the benefit of the Owners under or by reason of this Declaration. Notwithstanding the foregoing, the total amount of annual assessments shall not exceed the previous year's annual assessments (determined for an entire 12 month period) by more than 25% without the affirmative vote of Owners holding sixtyseven percent (67%) of the Percentage Interests and the affirmative vote of at least fifty-one percent (51%) of first Mortgagees. The first annual assessment for Units for calendar year 2009, prorated and commencing January 1, 2009, is as follows: \$ 1,020.

8.3 Apportionment of Annual Assessments. Expenses attributable to the Common Areas and to the Project as a whole shall be apportioned among all Owners in proportion to their respective Percentage Interests.

8.4 Notice of Annual Assessments and Time for Payment Thereof. Annual assessments shall be made on a calendar year basis. The Association shall give written notice to each Owner as to the amount of the annual assessment with respect to his Unit not less than thirty (30) days nor more than sixty (60) days prior to the beginning of the next calendar year. Such assessment shall be due and payable in equal monthly installments on the first day of each and every month of each year; provided, however, that the first annual assessment shall be for the balance of the calendar year remaining after the date fixed by the Association as the date of commencement of the Project but not later than sixty (60) days after the conveyance of the first Unit. The first annual assessment shall be due and payable within thirty (30) days after written notice of the amount thereof shall have been given to the Owners. Each monthly assessment shall bear interest at the rate of eighteen percent (18%) per annum from the date it becomes due and payable if not paid within ten (10) days after it is due. In addition to the foregoing, the payment of any delinquent assessment shall be subject to the payment of a late fee as established by the Management Committee. Failure of the Association to give timely notice of any assessment as provided herein shall not affect the liability of the Owner for such assessment, but the date when payment shall become due in such case shall be deferred to a date ten (10) days after such notice shall have been given.

8.5 Special Assessments for Capital Improvements. In addition to the annual assessments authorized by this Article, the Association may levy in any assessment year a special assessment, payable over such period of time as the Association may determine, for the purpose of defraying, in whole or in part the cost of any construction or reconstruction, unexpected repair

or replacement of the Project or any part thereof, or for any other expense incurred or to be incurred as provided in this Declaration. This Section shall not be construed as an independent source of authority for the Association to incur expenses, but shall be construed to prescribe the manner of assessing for expenses authorized by other Sections hereof which shall make specific reference to this Article. Any amounts assessed pursuant hereto shall be assessed to Owners in proportion to their respective Percentage Interest. Notice in writing of the amount of such special assessments and the time for payment thereof shall be given promptly to the Owners, and no payment shall be due less than thirty (30) days after such notice shall have been given. A special assessment shall bear interest at the rate of eighteen percent (18%) per annum from the date it becomes due and payable if not paid within thirty (30) days after such date.

8.6 Lien for Assessments.

(a) All sums assessed to any Unit pursuant to this Article, together with interest thereon, as provided herein, shall be secured by a lien on such Unit in favor of the Association. Such lien shall be superior to all other liens and encumbrances on such Unit, except only for: (a) valid tax and special assessment liens on the Unit in favor of any governmental assessing authority; and (b) encumbrances on the interest of the Owner recorded in the Official Records prior to the date a notice (as provided herein) is recorded which by law would be a lien prior to subsequently recorded encumbrances, including all unpaid obligatory advances to be made pursuant to such encumbrances and all amounts advanced pursuant to such encumbrances and secured by the lien thereof in accordance with the terms of such instrument. All other Mortgagees and lienors shall be deemed to consent that such liens shall be inferior to future liens for assessments, as provided herein, whether or not such consent be specifically set forth in the instruments creating such liens.

(b) To evidence a lien for sums assessed pursuant to this Article, the Association shall prepare a written notice of lien setting forth the amount of the assessment, the date due, the amount remaining unpaid, the name of the Owner of the Unit and a description of the Unit. Such a notice shall be signed by an officer of the Association and shall be recorded in the Official Records. No notice of lien shall be recorded until there is a delinquency in payment of the assessment. Such lien may be enforced by power of sale or judicial foreclosure by the Association in the same manner in which deeds of trust or mortgages on real property are foreclosed in the State of Utah. In any such sale or foreclosure, the Owner shall be required to pay the costs and expenses of such proceeding, the costs and expenses of filing the notice of lien and all reasonable attorneys' fees. All such costs, expenses and fees shall be secured by the lien being foreclosed. The Owner shall also be required to pay to the Association any assessments against the Unit which shall become due during the period of foreclosure. The Association shall have the right and power to bid an amount equal to its then existing lien at the foreclosure sale or other legal sale and to acquire, hold, convey, lease, rent, encumber, use and otherwise deal with the Unit as the Owner thereof.

(c) A release of notice of lien shall be executed by an officer of the Association and recorded in the Official Records upon payment of all sums secured by such lien which has been made the subject of a recorded notice of lien.

(d) Any Mortgagee or encumbrancer holding a lien on a Unit may pay, but shall not be required to pay, any amounts secured by the lien created by this Section, and upon

such payment such Mortgagee or encumbrancer shall be subrogated to all rights of the Association with respect to such lien, including priority.

(e) A lien for common area assessments will not be affected by the transfer or conveyance of a Unit, unless such transfer is pursuant to a foreclosure of a mortgage with priority. In such event, the prior Owner shall nevertheless remain liable for the delinquent assessments.

8.7 Personal Obligation of Owner. The amount of any annual or special assessment against any Unit shall be the personal obligation of the Owner thereof to the Association. Suit to recover a money judgment for such personal obligation shall be maintainable by the Association without foreclosing or waiving the lien securing the same. No Owner may avoid or diminish any personal obligation by waiver of the use and enjoyment of any of the Common Areas or by abandonment of his Unit.

8.8 Statement of Account. Upon payment of a reasonable fee not to exceed Twenty Five Dollars (\$25.00), or such higher amount as the Act may allow, and upon written request of any Owner or any Mortgagee, prospective Mortgagee or prospective purchaser of a Unit, the Association shall issue a written statement setting forth the amount of the unpaid assessments, if any, with respect to a Unit, the amount of the current yearly assessment and the date that such assessment becomes or became due, the amount of any credit for advance payments or prepaid items, including, but not limited to, such Owner's share of prepaid insurance premiums. Such statement shall be conclusive upon the Association in favor of persons who rely thereon in good faith. Unless such request for a statement of account shall be complied with within ten (10) days, or such longer period allowed by the Act, all unpaid assessments which became due prior to the date of making such request shall be subordinate to the lien of a Mortgagee which acquires its interest subsequent to requesting such statement. Where a prospective purchaser makes such request, both the lien for such unpaid assessments and the personal obligations of the purchaser shall be released automatically if the statement is not furnished within the ten (10) day period provided herein and thereafter an additional written request is made by such purchaser and is not complied with by the Association within ten (10) days, and the purchaser subsequently acquires the Unit.

8.9 Personal Liability of Purchaser for Assessments. Subject to the provisions of Section 8.8 a purchaser of a Unit shall be jointly and severally liable with the seller for all unpaid assessments against the Unit up to the time of the grant or conveyance, without prejudice to the purchaser's right to recover from the seller the amount paid by the purchaser for such assessments.

8.10 Reserve for Replacements. As set forth in Section 14.4(b) of this Declaration, the Association shall be required to establish and maintain an adequate reserve fund for the cost of reasonably predictable and necessary major repairs, maintenance and replacement of Common Areas, including Limited Common Areas. Such reserve shall be funded out of Common Area Assessments; provided, however, that as of the earlier of: (i) the sale and closing of each Unit by Declarant; or (ii) transfer of control of the Project to the Owners, the Declarant shall fund such reserve with an amount not less than two months' common area assessments for each Unit in the Project. Any amount paid to this reserve shall not be considered as an advance payment of regular assessments. This reserve fund shall be transferred to a segregated fund in the name of the Association upon transfer of control of the Association to the Owners. The Declarant shall be prohibited from using the reserve funds to defray any of its expenses, reserve contribution, or con-

struction costs, or make up any budget deficits while it is in control of the Association. Upon transfer, the reserve account provided herein shall be maintained separate from the general operating and assessment account of the Association, but in the Association's name.

IX. INSURANCE

9.1 Provided by Association. The Association shall secure and at all times maintain for the benefit of the Association and the Owners the following insurance coverages:

(a) Hazard Coverage. A multi-peril policy or policies of fire and other hazard insurance covering the entire Project (both Units and Common Areas), with extended coverage and all other coverages in the kinds and amounts commonly required by private institutional mortgage investors for projects similar in construction, location and use, including the standard "All risk" endorsement, on a replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value (based upon replacement cost) of the Project. Each such policy shall contain the standard mortgagee clause which must be endorsed to provide that any proceeds shall be paid to the Association for the use and benefit of Mortgagees as their interests may appear. The assured shall be the Association as a trustee for the Owners, or their authorized representatives. In addition, the Association should obtain, if available, an Inflation Guard Endorsement, a Building Ordinance or Law Endorsement and a Steam Boiler and Machinery Coverage Endorsement (with minimum liability of \$2,000,000 per accident) if the Project has central heating or cooling.

(b) Public Liability. A comprehensive policy of public liability insurance covering all of the Common Areas insuring the Association, the Management Committee and its members, the Manager, and the Owners against any liability incident to the ownership, use, or operation of the Common Areas and public ways of the Project or of any Unit which may arise among themselves, to the public, or to any invites, or tenants of the Project, or of the Owners. Limits of liability under such insurance shall be not less than One Million Dollars (\$1,000,000.00) covering all claims for bodily injury and/or property damage arising out of a single occurrence, including protection against water damage liability, liability for non-owned and hired automobiles and liability for property of others. Such insurance policy shall contain a "severability of interest" endorsement which shall preclude the insurer from denying the claim of a Owner because of negligent acts of the Association, its committee members, its Officers or other Owners. The scope of coverage must include all other coverage in the kinds and amounts required by private institutional mortgage investors for similar projects in location, construction and use.

(c) Workmen's Compensation Insurance. The Association shall obtain and maintain for the benefit of and on behalf of the Association workmen's compensation and employer's liability insurance and all other similar insurance with respect to employees of the Association in the amounts and in the forms now or hereafter required by law.

(d) Fidelity Insurance or Bond. The Association shall purchase for the benefit of and on behalf of the Association, in amounts not less than three (3) months assessments for all Units, and in such forms as it deems appropriate, fidelity insurance or a bond to cover against dishonesty of Committee members, Officers, employees and others who hold or

administer funds, destruction or disappearance of money or securities, and forgery. The fidelity policy or bond shall name the as the insured.

9.2 Additional Provisions. The following additional provisions shall apply with respect to insurance.

(a) In addition to the insurance and bond coverage described above, the Association shall secure and at all times maintain for the benefit of and on behalf of the Association, insurance against such risks as are or hereafter may be customarily insured against in connection with all condominium projects similar to the Project in construction, nature and use.

(b) All insurance policies shall be written by a company holding a "B" or better general policyholder's rating or a "6" or better financial performance index rating in Best's Insurance Reports, an "A" or better general policyholder's rating and a financial size category of "VIII" or better in Best's Insurance Reports - International Edition, an "A" or better rating in Demotic's Hazard Insurance Financial Stability Ratings, a "BBB" qualified solvency ratio or a "BBB" or better claims-paying ability rating in Standard and Poor's Insurer Solvency Review, or a "BBB" or better claims-paying ability rating in Standard and Poor's International Confidential Rating Service. Each insurer must be specifically licensed to transact business within the State of Utah. Policies are unacceptable where (i) under the terms of the carrier's charter, by-laws or policy, contributions or assessments may be made against the Borrower or a Mortgagee; or (ii) by the terms of the carrier's charter, by-laws or policy, loss payments are contingent upon action by the carrier's board of directors, policy holders, or members; or (iii) the policy includes any limiting clauses (other than insurance conditions) which could prevent a Mortgagee or the borrower from collecting insurance proceeds.

(c) The Association, on behalf of all Owners, individually and collectively, shall have the authority to adjust losses with respect to insurance secured and maintained by the Association, to pursue claims, negotiate and settle claims, and to enter into agreements relative to the same, and each Owner shall be deemed to have appointed the Association as an attorney-in-fact for such purpose.

(d) Insurance secured and maintained by the Association shall not be brought into contribution with insurance held by the individual Owners or their Mortgagees.

(e) Each policy of insurance obtained by the Association for the benefit of the Association shall provide: a standard mortgagee clause commonly accepted by private institutional mortgage investors in the area in which the Project is located; a waiver (if available) of the insurer's subrogation rights with respect to the Association, the Trustees, Officers of the Association, the Manager and its members, the Owners, and their respective servants, agents and guests; that it cannot be canceled, suspended or invalidated due to the conduct of any member, officer, or employee of the Association or of the Manager without a prior written demand that the defect be cured; that any "no other insurance" clause therein shall not apply with respect to insurance held individually by the Owners; and that a mortgagee clause endorsement which must provide that the insurance carrier shall notify in writing any and all insureds, including the servicers on behalf of Mortgagees thereof at least thirty (30) days in advance of the effective date of any substantial modification or cancellation of the policy.

(f) Any Owner may obtain additional insurance at his own expense, so long as such additional insurance does not have the effect of decreasing the amount which may be realized under any policy maintained by the Association. Any Owner who individually obtains insurance covering any portion of the Project shall supply the Committee with a copy of his policy within thirty (30) days after he acquires such insurance.

(g) Insurance coverage required by this Article must not be prejudiced by (i) any act or neglect of the Owners when such act or neglect is not within the control of the Association, or (ii) any failure of the Association to comply with any warranty or condition regarding any portion of the Project over which the Association has no control.

(h) All policies of property insurance must provide that notwithstanding any provision affording the insurer the right to elect to restore damage in lieu of a cash settlement, such option shall not be exercisable without the prior written approval of the Association (or any insurance trustee) or when in conflict with the provisions of any insurance trust agreement to which the insurance may be a party, or any requirement of law.

(i) The foregoing provisions of this Article IX shall not be construed to limit the power or authority of the Association to obtain and maintain insurance coverage. In addition to any insurance coverage required hereunder, the Association may obtain such other insurance or additional insurance in such amounts and in such forms as the Association may deem proper from time to time.

(j) The Association shall have no responsibility regarding insurance on the personal property of Owners. Each Owner shall acquire for his own protection, such insurance on his contents as he deems appropriate.

(k) The maximum deductible amount for policies covering Units and Common Areas shall be the lesser of \$10,000 or 1% of the policy face amount.

X. DAMAGE OR DESTRUCTION

10.1 Procedures. In the event of damage of or destruction of part or all of the improvements in the Project, the following procedures shall apply:

(a) Insurance Proceeds Sufficient to Repair or Reconstruct. If proceeds of the insurance maintained by the Association are alone sufficient to repair or reconstruct the damage or destroyed improvement, such repair or reconstruction shall be carried out.

(b) Damage and Destruction less than 75%. If less than 75% of the Project's improvements are destroyed or substantially damaged, and if proceeds of the insurance maintained by the Association are not alone sufficient to accomplish repair or reconstruction, restoration shall be carried out and all Owners shall be assessed for any deficiency on the basis of their respective Percentage Interests.

(c) Damage or Destruction Exceeds 75%. If 75% or more of the Project's improvements are destroyed or substantially damaged, if proceeds of the insurance maintained by the Association are not alone sufficient to accomplish restoration, and unless

the Owners within 100 days after the destruction or damage by a vote of at least 67% elect to repair or reconstruct the affected improvements, restoration shall be accomplished in the manner directed under subsection (b) above.

(d) Substantial Damage or Destruction but Owners Elect Not to Repair or Reconstruct. If 75% or more of the Project's improvements are destroyed or substantially damaged, if proceeds of the insurance maintained by the Association are insufficient to accomplish restoration, and if the Owners, within 100 days after the destruction, and by a vote of at least 67% elect not to repair or reconstruct the affected improvements, the Association shall promptly record with the Salt Lake County Recorder a notice setting forth such facts. Upon the recording of such notice the provisions of the Act shall apply and shall govern the rights of all parties having an interest in the Project or any of the Units.

10.2 Determination of Extent of Damage or Destruction. Any reconstruction or repair which is required to be carried out by this Article X regarding the extent of damage to or destruction or Project improvements shall be made by three MAI appraisers selected by the Association. The decision of any two such appraisers shall be conclusive.

XI. OBSOLESCENCE

11.1 Adoption of a Plan. The Owners representing an aggregate voting interest of eighty percent (80%) or more of the Project may agree that the Project is obsolete and adopt a written plan for the renewal and reconstruction, provided that such plan have the unanimous approval of all first Mortgagees of record at the time of the adoption of such plan. Written notice of adoption of such a plan shall be given to all Owners. Such plan shall be recorded in the Official Records.

11.2 Payment for Renewal and Reconstruction. The expenses of renewal or reconstruction shall be payable by all of the Owners as assessments against their respective Units. These assessments shall be levied in advance pursuant to Article VIII hereof and shall be allocated and collected as provided in that Article. Further levies may be made in like manner if the amounts collected prove insufficient to complete the renewal and reconstruction.

11.3 Dissents from the Plan. An Owner not a party to such a plan for renewal or reconstruction may give written notice of dissent to the Association within fifteen (15) days after the recordation of such plan. The Association shall then give written notice of such dissents to all Owners within five (5) days after the expiration of such fifteen (15) day period. Within fifteen (15) days of receipt of such notice from the Association, the Owners representing an aggregate voting interest of more than twenty percent (20%) of the Project may cancel the plan by written instrument recorded in the Official Records. If the plan is not canceled then the Units of each dissenter shall be purchased according to the following procedures. If the Owner and the Association can agree on the fair market value of such Owner's Unit, then such sale and conveyance shall be completed within sixty (60) days thereafter. If the parties are unable to agree on the fair market value of such Owner's Unit, the date when either party notifies the other that he or it is unable to agree with the other shall be the "commencement date" from which all periods of time mentioned herein shall be measured. Within ten (10) days following the commencement date, each party shall nominate a qualified appraiser by written nomination and shall give notice to the other of such nomination. In the event a party fails to nominate an appraiser, the appraiser nominated shall, within five (5) days after notice of the other party's failure to appoint an appraiser, appoint and associate with him another qualified appraiser. If the two appraisers designated by the parties, or selected pursuant

hereto in the event of default of one party, are unable to agree, they shall appoint another qualified appraiser to be umpire between them, if they can agree on such person. If they are unable to agree upon such umpire, then each appraiser previously appointed shall nominate two qualified appraisers, and from the names of the four persons so nominated one shall be drawn by lot by a judge of any court of record in Utah, and the person whose name is so drawn shall be the umpire. The nominations from among which the name of the umpire is to be drawn by lot shall be submitted within ten (10) days of the failure of the two appraisers to agree, which, in any event, shall not be later than twenty (20) days, following the appointment of the second appraiser. The decision of the appraisers as to the fair market value, or in the case of their disagreement, the decision of such umpire shall be final and binding. The expenses and fees of such appraisers shall be borne equally by the Association and the Owner. The sale shall be consummated within sixty (60) days after decision of the appraisers, and the Association as attorney in fact shall disburse the proceeds first to Mortgagees and encumbrancers (including the Association) in the order of the priority of their liens and the balance remaining to the Owner. The obligation of the Association to make such purchase shall be conditioned on the fair market value of the Unit exceeding the obligations secured by Mortgages and liens on such Unit, and upon the marketability of the title of the Owner. An Owner shall furnish the Association an appropriate commitment for title insurance evidencing marketability of his title not less than fifteen (15) days prior to the date set forth completion of the sale. The Association, pursuant to Article VIII hereof, may levy a special assessment sufficient to provide funds to pay for other Units of the dissenters, provided that such assessments shall not apply to any of the Owners who are among the dissenters and shall not be liens against the Units of such Owners.

11.4 Sale of Obsolete Units. The Owners representing an aggregate ownership interest of eighty percent (80%) or more of the Units may agree that the Units are obsolete and that the Project should be sold. Such an agreement must have the unanimous approval of every first Mortgagee of record at the time such agreement is made. In such instance the Association shall forthwith record a notice setting forth such fact or facts, and upon the recording of such notice by the Association the Project shall be sold by the Association as attorney in fact for all of the Owners free and clear of the provisions contained in this Declaration, the Plat and the Bylaws of the Association. The sale proceeds shall be apportioned among the Owners in proportion to the respective undivided interests in the Common Areas, and such apportioned proceeds shall be paid into separate accounts, each such account representing one Unit. Each such account shall remain in the name of the Association, and shall be further identified by the Unit designation and the name of the Owner. From each separate account the Association, as attorney in fact, shall use and disburse the total amount of such accounts without contribution from one account to the other, first to Mortgagees and encumbrancers (including the Association) in the order of the priority of their liens and the balance remaining to each respective Owners.

11.5 Distribution of Excess. In the event amounts collected pursuant to Section 11.2 are in excess of the amounts required for renewal and reconstruction, the excess shall be returned to the Owners by the Association by a distribution to each Owner in an amount proportionate to the respective amount collected from each such Owner.

XII. CONDEMNATION

12.1 Consequences of Condemnation. If at any time or times during the continuance of the condominium ownership pursuant to this Declaration, all or any part of the Project shall be

taken or condemned by any public authority or sold or otherwise disposed of in lieu of or in avoidance thereof, the following provisions shall apply.

12.2 Proceeds. All compensation, damages or other proceeds therefrom, the sum of which is hereinafter called the "Condemnation Award", shall be payable to the Association. The Association, on behalf of all Owners, individually and collectively, shall have the authority to represent the Association and all Owners and in such regard shall represent their interests in proceedings, negotiations, settlement and agreements, and each Owner shall be deemed to have appointed the Association as attorney-in-fact for such purpose.

12.3 Complete Taking. In the event that the entire Project is taken or condemned, or sold or otherwise disposed of in lieu of or in avoidance thereof, the condominium ownership pursuant thereto shall terminate. The Condemnation Award shall be apportioned among the Owners in proportion to the respective Percentage Interest in the Common Areas, provided that if a standard different from the value of the Project as a whole is employed to measure the Condemnation Award in the negotiations, judicial decree, or otherwise, then in determining such shares the same standard shall be employed to the extent it is relevant and applicable. On such basis, the Association shall soon as practicable determine the share of the Condemnation Award to which each Owner is entitled. Such shares shall be paid into separate accounts and disbursed as soon as practicable in the same manner provided in Section 12.4 of this Declaration.

12.4 Partial Taking. In the event that less than the entire Project is taken or condemned, or sold or otherwise disposed of in lieu of or in avoidance thereof, the condominium ownership hereunder shall not terminate. Each Owner shall be entitled to a share of the Condemnation Award to be determined in the following manner: (a) as soon as practicable the Association shall, reasonably and in good faith, allocate the Condemnation Award between compensation, damages, or other proceeds, and shall apportion the amounts so allocated to taking of or injury to the Common Areas among Owners in proportion to their respective Percentage Interests in the Common Areas, (b) the total amount allocated to severance damages shall be apportioned to those Units which were not taken or condemned, (c) the respective amounts allocated to the taking of or injury to a particular Unit and/or improvements an Owner has made within his own Unit shall be apportioned to the particular Unit involved, and (d) the total amount allocated to consequential damages and any other takings or injuries shall be apportioned as the Association determines to be equitable in the circumstances. If an allocation of the Condemnation Award is already established in negotiation, judicial decree, or otherwise, then in allocating the Condemnation Award the Association shall employ such allocation to the extent it is relevant and applicable. Distribution of apportioned proceeds shall be made by checks payable jointly to the respective Owners and their respective Mortgagees and encumbrancers.

12.5 Reorganization. In the event a partial taking results in the taking of a complete Unit, the Owner thereof automatically shall cease to be a member of the Association. Thereafter the Association shall reallocate the ownership, voting rights, and assessment ratio determined in accordance with this Declaration according to the same principles employed in this Declaration at its inception and as required by the Act and shall submit such reallocation to the Owners of remaining Units for amendment of this Declaration as provided.

12.6 Reconstruction and Repair. Any reconstruction and repair necessitated by condemnation shall be governed by the procedures specified in Article X, above.

XV. USE OF UNITS AND COMMON AREAS

13.1 Unit Use Restrictions. All Units within the Project shall be used exclusively for residential housing (subject, however to the further provisions hereof for leasing) and for no other purposes, provided, however, any lease or rental agreement for a Unit must be in writing and subject to the terms of the Declaration, Bylaws, rules, and regulations, and other documentation of the Association. In furtherance of the foregoing, the Association is granted the express right to regulate the rental of Units, but it may not prohibit the rental of Units. The Association may require: (i) the rental of Units to be conducted through the Association or a designated management company; (ii) that all lease agreements be reviewed and approved by the Association or the designated management company; (iii) that tenants be screened and approved by the Association or the designated management company prior to the rental of any Unit; provided, however that the approval of the Association or the designated management company shall not be unreasonably withheld. Prior to the occupancy of any Unit, the Owner and the tenant shall execute a written lease agreement which shall include, among other matters, the following: (i) an obligation that the tenant shall comply with all of the terms and conditions of the Declaration, Bylaws, rules and regulations of the Association; (ii) that tenant shall not allow or commit any nuisance, waste, unlawful or illegal act within the Unit or the Project; (iii) that the Association is an intended third party beneficiary of the lease agreement, that the Association shall have the right to enforce compliance with the Declaration, Bylaws, rules and regulations of the Association, and abate any nuisance, waste, unlawful or illegal activity within the Unit or the Project; and (iv) that the Association shall have the right, but not the obligation, to exercise all of the Owner's rights and remedies under the lease agreement. Prior to the tenant's occupancy of any Unit, the Owner must provide to the Association the name, address and telephone number of the tenant and a copy of the written lease agreement.

NOTE: THE ASSOCIATION SHALL HAVE THE RIGHT AND THE OBLIGATION TO ENFORCE COMPLIANCE WITH THE DECLARATION, BYLAWS, RULES AND REGULATIONS OF THE ASSOCIATION AGAINST ANY OWNER AND/OR OCCUPANT OF ANY UNIT, AND SHALL HAVE ALL RIGHTS AND REMEDIES AVAILABLE UNDER STATE OR LOCAL LAW, IN ADDITION TO ITS RIGHTS AND REMEDIES AS A THIRD PARTY BENEFICIARY UNDER ANY LEASE AGREEMENT, TO ENFORCE SUCH COMPLIANCE..

13.2 Use of Common Areas. There shall be no obstruction of the Common Areas by the Owners and/or their tenants, guests, or invites without the prior consent of the Association. The Association may by rules and regulations prohibit or limit the use of the Common Areas as may be reasonably necessary for the purpose of protecting the interests of all the Owners or protecting the Units or the Common Areas. Nothing shall be kept or stored on any part of the Common Areas without the prior written consent of the Association, except as specifically provided herein. Nothing shall be altered on, constructed in, or removed from, the Common Areas except upon the prior written consent of the Association.

13.3 Prohibition of Damage and Certain Activities. Nothing shall be done or kept in any Unit or in the Common Areas or any part thereof which would result in the cancellation of the insurance on the Project or any part thereof or an increase of the rate of the insurance on the Project or any part thereof, over what the Association, but for such activity, would pay, without the prior written consent of the Association. Nothing shall be done or kept in any Unit or in the 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. No damage to, or waste of, the Common Areas or any part thereof shall be committed by any Owner or any invitee of any

Owner, and each Owner shall indemnify and hold the Association and other Owners harmless against all loss resulting from such damage or waste caused by him or his invitees; provided, however, that any invitee of the Declarant shall not be under any circumstances deemed to be an invitee of any other Owner. No noxious, destructive or offensive activity shall be carried on in any Unit or in the Common Areas or any part thereof, nor shall anything be done therein which may be or may become an annoyance or nuisance to any other owner or to any person at any time lawfully occupying a Unit in the Project.

13.4 Rules and Regulations. No Owner shall violate the rules and regulations for the use of the Units and of the Common Areas as adopted from time to time by the Association.

13.5 Structural Alterations. No structural alterations to any Unit shall be made, no other alterations to any Unit modifying the external appearance of any Unit and no plumbing, electrical or similar work within the Common Areas (including but not limited to Limited Common Areas) shall be done, by any Owner without the prior written consent of the Association.

13.6 Restriction on Signs and Attachments. No signs, flags, windsocks, wind chimes, hanging plants, bird feeds, advertising devices or exterior attachments or attachments visible from outside a Unit (collectively, "Attachments") shall be erected, displayed or maintained on any part of the Project without the prior written approval of the Association, except (i) as may be necessary temporarily to caution or warn of danger or to provide directions as required by law and (ii) such signs as Declarant may erect or maintain incident to sale or lease of Units. If the Association consents to the erection of any such signs or devices, the same shall be removed promptly at the request of the Association.

13.7 Animals. No animals, livestock or poultry of any kind shall be raised, bred, or kept in or on the Properties for commercial or other purposes, except an Owner or Occupant may have one (1) cat or dog ("Pet"), provided: (a) they abide by the rules and regulations adopted by the Committee, (b) the Pet does not weigh more than a weight limit set by the rules and regulations, and (c) the Pet does not have a known propensity for violence. No animal enclosures shall be erected, placed, or permitted to remain on any portion of the Common Areas, nor shall Pet be kept tied to any structure outside the Unit. The keeping of Pets and their use of the Common Areas shall be subject to such rules and regulations as may be issued by the Management Committee from time to time. Pets shall be on a leash at all times when outside a Unit. No Pet shall be permitted to defecate on any portion of the Common Areas, and the Owner of such Pet shall immediately remove feces left upon the Common Areas by his or her Pet.

If an Owner or Occupant fails to abide by the rules and regulations and/or covenants applicable to Pets, the committee may, in addition to all other actions permitted hereunder, bar such Pet from the Common Areas. The Management Committee may regulate the use of the Common Areas to a user fee, which may be a general fee for all similarly-situated persons or a specific fine or fee imposed for failure of an Owner or occupant to abide by the rules, regulations, and/or covenants applicable to pets. In addition, any pet which endangers the health of any Owner or Occupant of a Unit or which creates a nuisance or an unreasonable disturbance or is not a common household pet, as may be determined in the sole discretion of the Committee, must be permanently removed from the Properties upon seven (7) days written notice by the Management Committee.

13.8 Recreational Vehicles and Restrictions on Parking. No recreational vehicle (boats, campers, trailers, motor homes, or similar items) shall be parked on any portion of the Common

Areas except in common areas, if any, designated for immediate loading and unloading only, nor shall the same be left in such area longer than twenty-four (24) hours at any one time. All such parking shall be subject to rules and regulations adopted by the Association and the Association shall be responsible for the maintenance and repair thereof, and the cost of such management, operation, maintenance and repair by the Association shall be borne as provided in Article VIII.

13.9 No Overloading. No Owner shall bring anything into his Unit or permit anything to be done in his Unit that will cause damage to a Building. No Owner shall overload a floor of his Unit. No Owner shall permit the use or operation in his Unit of any equipment or other device that will in any manner injure a Building or portions thereof.

13.10 Exemption of Declarant. The provisions of this Article XIII shall not apply to any improvement or structure constructed on the Subject Property by Declarant prior to the time that Units and appurtenant Percentage Interest are conveyed by Declarant to purchasers; and the Declarant shall have the right to use any Unit owned by it, and any part of the Common Areas reasonably necessary or appropriate, in furtherance of any construction, marketing, sales, management, promotional, or other activities designed to accomplish or facilitate improvement of the Common Areas or improvement and sale of Units owned by Declarant.

XIV. MORTGAGEE PROTECTION

14.1 Notice to First Mortgagee. From and after the time a first Mortgagee (or an insurer or guarantor thereof) makes written request to the Association therefor, stating both its name and address and the Unit Number or address of the Unit on which it has (or insures or guarantees) a Mortgage, the Association shall notify such first Mortgagee (or an insurer or guarantor thereof) in writing of the following: (i) in the event that the Owner of the Unit encumbered by the first Mortgage held by such first Mortgagee neglects for a period of sixty (60) or more days to cure any failure on his part to perform any of this obligations under this Declaration; (ii) any condemnation or casualty loss that affects either a material portion of the Project or the Unit securing its Mortgage; (iii) a lapse, cancellation, or material modification of any insurance policy maintained by the Association; and (iv) any proposed action that requires the consent of a specified percentage of first Mortgagees.

14.2 Priority of Liens for Unpaid Assessments. The lien or claim against a Unit for unpaid assessments or charges levied by the Association pursuant to this Declaration or the Act shall be subordinate to a Mortgage affecting such Unit provided that such Mortgage was recorded prior to recording of such notice of lien or claim levied by the Association, and the Mortgagee thereunder which comes into possession of or which obtains title to the Unit shall take the same free of such lien or claim for unpaid assessments or charges, but only to the extent of assessments or charges which accrue prior to foreclosure of the Mortgage, exercise of a power of sale available thereunder, or deed or assignment in lieu of fore-closure (except for claims for a pro rata share of such prior assessments or charges resulting from a pro rata reallocation thereof to all Units including the Unit in which the Mortgagee is interested). No assessment, charge, lien or claim which is described in the preceding sentence as being subordinate to a Mortgage or as not to burden a Mortgagee which comes into possession or which obtains title shall be collected or enforced by the Association from or against a Mortgagee, a successor in title to a Mortgagee, or the Unit affected or previously affected by the Mortgage concerned.

14.3 First Mortgagee Consents. Unless at least sixty-seven percent (67%) of the first Mortgagees (based upon one vote for each Mortgage) of the individual Units subject to first Mortgages consent in writing, the Association shall not be entitled, by act, omission, or otherwise:

(a) To abandon or terminate the Project or to abandon or terminate the condominium arrangement which is established by this Declaration and the Plat;

(b) To partition or subdivide any Unit;

(c) To abandon, partition, subdivide, encumber, sell or transfer all or any part of the Common Areas (except for the granting of easements for utilities and similar purposes consistent with the intended use of the Common Areas);

(d) To use hazard insurance proceeds resulting from damage to any part of the Project (whether to Units or to the Common Areas) for purposes other than the repair, replacement or reconstruction of such improvements, except as provided in Article IX;

(e) To change the pro rata interests or obligations of any Unit which apply for (i) purposes of levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards and for (ii) determining the pro rata share of ownership of each Unit in the Common Areas, except as such changes may occur as a result of partial condemnation or as otherwise permitted hereunder.

14.4 Miscellaneous Mortgagee Rights.

(a) The Association shall not: (i) alter the provisions of Article IX in such a way as to diminish the insurance protection required to be afforded to the parties designated to be protected thereby; or (ii) fail to maintain the insurance coverage described in said Article.

(b) Any first Mortgagee shall have the right, at its request and expense and upon reasonable notice, to examine the books and records of the Association. After the commencement of sale of individual Units, the Association shall establish an adequate reserve to cover the cost of reasonably predictable and necessary major repairs, maintenance and replacement of the Common Areas and shall cause such reserve to be funded by regular monthly or other periodic assessments against the Units rather than by special assessments.

(c) From and after the time a first Mortgagee makes written request to the Association therefore, the Association shall notify such Mortgagee in writing in the event that there occurs any damage or loss to, or taking or anticipated condemnation of: (i) the Common Areas involving an amount in excess of, or reasonably estimated to be in excess of, Ten Thousand Dollars (\$10,000.00); or (ii) any Unit encumbered by the Mortgage held by such Mortgagee, if the amount involved in such damage, loss, or taking is in excess of, or reasonably estimated to be in excess of, One Thousand Dollars (\$1,000.00). Said notice shall be given within ten (10) days after the Association learns of such damage, loss, taking or anticipated condemnation.

(d) No provision of this Declaration gives or may give a Owner or any other party priority over any rights of Mortgagees pursuant to their respective Mortgages in the case

of a distribution to Owners of insurance proceeds or condemnation awards for loss to or taking of Units and/or the Common Areas.

(e) In the event another provision or clause of this Declaration deals with the same subject matter as is dealt with in any provision or clause of this Article XIV, the provision or clause which results in the greatest protection and security for a Mortgagee shall control the rights, obligations or limits of authority, as the case may be, applicable to the Association with respect to the subject concerned.

(f) No amendment to this Declaration which has the effect of diminishing the rights, protection, or security afforded to first Mortgagees shall be accomplished or effected unless fifty-one percent (51%) of the first Mortgagees of the individual Units have given their prior written approval to such amendment. A change to the provisions governing the events set forth in Section 14.1(c) would be considered material requiring the consent of first Mortgagees as provided herein. Any amendment to this Article XIV shall be accomplished by an instrument executed by the Association and filed for record in the Official Records. In any such instrument an officer of the Association shall certify that any prior written approval of first Mortgagees required by this Article XIV, as a condition to amendment, has been obtained.

14.5 Implied Approval. In the event that the approval of a first Mortgagee is required pursuant to the provisions of this Article XIV or elsewhere herein, in the event a first Mortgagee fails to submit a response to any written proposal for an amendment within thirty (30) days after it receives proper notice of the proposal, approval will be deemed to have been given, provided notice was delivered to such Mortgagee by certified or registered mail, "return receipt" requested.

XV. AMENDMENT

15.1 Except as provided in and/or subject to the terms of items (a) through (c) below, the vote of Owners holding at least 67% of the Percentage Interests in the Common Areas shall be required to amend this Declaration or the Plat. Any amendment so authorized shall be accomplished through the recordation of an instrument executed by the Association. In such instrument an officer of the Association shall certify that the vote required by this Article for amendment has occurred. The foregoing right of amendment shall, however, be subject to the following:

(a) Any amendment to Article XIV ("Mortgagee Protection") shall be subject to the requirements for amendment contained in such Article XIV.

(b) Until the Declarant has sold all Units, Declarant shall have the right unilaterally to amend and supplement this Declaration and the Plat to correct any technical errors or to clarify any provision to more fully express the intent of the Declarant for development and management of the Project.

(c) Until the Declarant has sold all Units which it intends to sell to purchasers, no amendment to the Plat or to any provisions of this Declaration which has or may have the effect of diminishing or impairing any right, power, authority, privilege, protection, or control accorded to Declarant (in its capacity as Declarant) herein shall be accomplished

or effective unless the instrument through which such amendment is purported to be accomplished is consented to in writing by the Declarant.

(d) A change to the following provisions would require the vote of Members as provided in this Section 15.1 as well as the vote of first Mortgagees in accordance with the requirements of Section 14.4 (f) above:

- (i) voting rights;
- (ii) increases in assessments that raise the previously assessed amount by more than 25%, assessment liens, or the priority of assessment liens;
- (iii) reductions in reserves for maintenance, repair, and replacement of Common Areas;
- (iv) responsibility for maintenance and repairs;
- (v) reallocations of interests in the general or Limited Common Areas, or rights to their use;
- (vi) redefinition of any Unit boundaries;
- (vii) convertibility of Units into Common Areas or vice versa;
- (viii) expansion or contraction of the Project, or the addition, annexation, or withdrawal of Property to or from the Project;
- (ix) hazard or fidelity insurance requirements;
- (x) imposition of any restrictions on the leasing of Units;
- (xi) imposition of any restrictions on an Owner's right to sell or transfer his or her unit;
- (xii) a decision by the Association of the Project to establish self-management if professional management has been required previously by the Declaration, Bylaws or other operating documents for the Association, or by an eligible Mortgagee;
- (xiii) restoration or repair of the Project (after damage or partial condemnation) in a manner other than that specified in the Declaration; or
- (xiv) any provisions that expressly benefit first Mortgagees, insurers, or guarantors.

XVI. GENERAL PROVISIONS

16.1 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.

16.2 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 Declarant, all other signatories hereto, all parties who hereafter acquire any interest in a Unit or in the Project, and their respective grantees, transferees, heirs, devisees, personal representatives, successors and assigns. Each Owner or occupant of a Unit shall comply with, and all interests in all Units 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. Failure to comply with any of the same shall be grounds for an action to recover sums due and for damages or injunctive relief or both, maintainable by the Association on behalf of the Owners, or, in a proper case, by an aggrieved Owner. By acquiring any interest in a Unit or in the Project, the party acquiring such interest consents to, and agrees to be bound by, each and every provision of this Declaration.

16.3 Limitation on Association's and Declarant's Liability. The Association and Declarant shall not be liable for any failure of water service or other utility services to be obtained and paid for by the Association hereunder, or for injury or damage to any person or property caused by the elements or by another Owner or Person in or upon the Project, or resulting from electricity, water, rain, snow, or ice which may leak or flow from outside or from any part of any Building or its drains, pipes, conduits, appliances or equipment, or from any other place, unless caused by the grossly negligent or willful misconduct of the Association. No diminution or abatement of any assessment under this Declaration shall be claimed or allowed for inconvenience or discomfort arising from the making of any repairs or improvements to or maintaining the Project or any part thereof, or from any action taken to comply with the provisions of this Declaration or with the laws, ordinances, regulations, rules or orders of any governmental authority.

The Project, including common areas, was initially designed and constructed to satisfy the requirements of the American's with Disabilities Act. As of the date of this Declaration, the Declarant was not required to make every Unit readily accessible and usable by individuals with disabilities, although a certain number of Units and all common areas located in the Project were designed accordingly. Consequently each Owner, by his purchase of a Unit, acknowledges that his Unit may not be readily accessible and usable by individuals with disabilities, that claims to the contrary are disclaimed, and that the Association and Declarant shall not be liable for any claimed deficiencies in such regard.

16.4 Owner's Obligations Continue. All obligations of the Owner under and by virtue of the provisions contained in this Declaration shall continue, notwithstanding that he may have leased or rented a Unit, but the Owner of a Unit shall have no obligation for expenses or other obligations accruing after the date of conveyance of such Unit. In the event of the rental or lease of a Unit, an Owner shall be deemed to have granted a license to his tenant(s) of his right to use the Common Areas for the term of the lease or the period of rental and such Owner shall have no right to use the Common Areas during the term or period of such lease or rental.

16.5 Interpretation. To the extent the provisions of the Act are 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 other genders. The invalidity or unenforceability of any portion of this Declaration shall not affect the validity or enforceability of the remainder hereof.

16.6 Agent for Service of Process. Kenneth T. Holman, with his principal place of business located at 421 South 400 East, Salt Lake City, Utah 84111, is the person to receive service of process in cases authorized by the Act. The Association shall, however, have the right to appoint a successor or substitute process agent. Such successor or substitute agent and his address shall be specified by an appropriate instrument filed in the official records of the Office of the County Recorder of Salt Lake County, State of Utah.

16.7 Effective Date. This Declaration, any amendment or supplement hereto, and any amendment or supplement to the Plat shall take effect upon its being filed for record in the official records of the Office of the County Recorder of Salt Lake County, State of Utah.

16.8 Request for Notice. The Association hereby requests that a copy of any notice of default and a copy of notice of sale under any mortgages or deeds of trust filed for record against any Units be mailed to the Grape Ivy Homeowners Association at 421 South 400 East, Salt Lake City, Utah 84111 pursuant to U.C.A. Section 57-1-26 (1953), as amended.

16.9 Enforcement and Remedies. If any Owner or occupant fails to comply with any provision hereof, including any of the rules and regulations promulgated hereunder by the Association, within fifteen (15) days after written notice of violation thereof (except that, where such violation cannot reasonably be cured within fifteen (15) days, the fifteen (15) day period will be extended to that reasonable time required, as long as the Owner/occupant commences the cure within such fifteen (15) day period and diligently pursues the same to completion) (the "Cure Period"), the Association may:

a. suspend such Owner's voting rights in the Association during any period or periods during which such Owner or the occupants of its Unit fail to comply with such rules and regulations, or with any other obligations of such Owner under this Declaration; and Owners shall be responsible for any non-compliance hereunder of all occupants of their respective Units;

b. take judicial action against the Owner and/or occupant to enforce compliance with such rules, regulations or other obligations or to obtain damages for non-compliance, all to the extent permitted by law; and/or (at Association's election)

c. impose the following fines in connection therewith:

Original Violation:	\$ 50.00
Any Recurrence of same violation:	\$ 100.00

The failure to cure a violation within a period equal to the Cure Period after receipt of notice of the imposition of a fine shall constitute a recurrence of such violation. Any fine which is not paid within fifteen (15) days after notice thereof is issued shall bear interest from such date at the rate of 18% per annum, and there shall be added thereto reasonable attorneys' fees (whether or not legal

action is commenced) and, if legal action is commenced, the costs of such action. All fines and charges (collectively, "Charges") related to a Unit, the occupants thereof or a particular Owner shall be the personal obligation of such Owner, and shall constitute assessments under Article VIII, and shall be secured by lien as described therein.

16.10 Waiver of Jury.

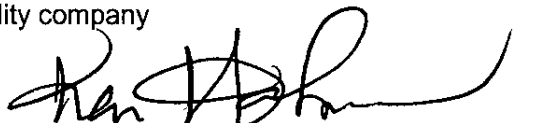
TO THE MAXIMUM EXTENT PERMITTED BY LAW, DECLARANT AND THE RESIDENTIAL ASSOCIATION AND EACH UNIT OWNER BY ACCEPTING A DEED TO A UNIT HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ANY RIGHT TO A TRIAL BY JURY IN RESPECT OF ANY ACTION, CAUSE OF ACTION, CLAIM, DEMAND OR PROCEEDING ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS DECLARATION, THE OWNERSHIP OF A UNIT, OR IN ANY WAY CONNECTED WITH, RELATED TO OR INCIDENTAL TO THE DEALINGS OF DECLARANT, RESIDENTIAL ASSOCIATION AND A UNIT OWNER OR UNIT OWNERS WITH RESPECT TO THIS DECLARATION OR ANY OTHER RESIDENTIAL ASSOCIATION DOCUMENTS, OR THE TRANSACTIONS RELATED HERETO, OR ANY COURSE OF CONDUCT, COURSE OF DEALINGS, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE. TO THE MAXIMUM EXTENT PERMITTED BY LAW, DECLARANT, RESIDENTIAL ASSOCIATION AND EACH UNIT OWNER HEREBY AGREE THAT ANY SUCH ACTION, CAUSE OF ACTION, CLAIM, DEMAND OR PROCEEDING SHALL BE DECIDED BY A COURT TRIAL WITHOUT A JURY AND THAT DECLARANT, RESIDENTIAL ASSOCIATION, OR A UNIT OWNER MAY FILE AN EXECUTED COPY OF THIS AGREEMENT WITH ANY COURT OR OTHER TRIBUNAL AS WRITTEN EVIDENCE OF THE CONSENT OF DECLARANT, RESIDENTIAL ASSOCIATION AND EACH UNIT OWNER TO THE WAIVER OF ITS RIGHT TO TRIAL BY JURY. DECLARANT, RESIDENTIAL ASSOCIATION, OR AND UNIT OWNER SHALL NOT SEEK TO CONSOLIDATE, BY COUNTER CLAIM OR OTHERWISE, ANY ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED.

EXECUTED by Declarant on the day and year first above written.

DECLARANT:

GRAPE IVY TOWNHOMES, LLC; a Utah limited liability company

By:



Kenneth T. Holman
Manager

STATE OF UTAH)
 : ss.
COUNTY OF SALT LAKE)

On the 1 day of October, 200⁸7, personally appeared before me Kenneth T. Holman, who being by me duly sworn, did say that he is the manager of Grape Ivy Townhomes, LLC, a Utah limited liability company, and that the foregoing Declaration was signed on behalf of said limited liability company by authority of its operating agreement, and the said Kenneth T. Holman acknowledged to me that said limited liability company executed the same.

My Commission Expires:


NOTARY PUBLIC, Residing at:

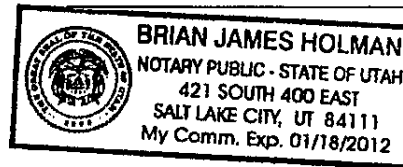


EXHIBIT "A"

to

Declaration of Condominium of
Grape Ivy Townhomes
(a Residential Condominium Project)

(Real Property Description)

LOCATED IN THE SOUTHWEST QUARTER OF SECTION 32, TOWNSHIP 1 SOUTH,
RANGE 1 EAST, SALT LAKE BASE AND MERIDIAN
SALT LAKE COUNTY, UTAH

BEGINNING AT A POINT ON THE EASTERLY LINE OF 900 EAST STREET, SAID POINT BEING ON THE NORTHERLY LINE EXTENSION OF THE GRAPE IVY PLACE PHASE 1 CONDOMINIUM, AS RECORDED WITH THE OFFICE OF THE SALT LAKE COUNTY RECORDER, SAID POINT ALSO BEING NORTH 00°11'03" EAST ALONG SAID EASTERLY LINE 194.59 FEET (NORTH 194.00 FEET RECORD) FROM THE SOUTHWEST CORNER OF LOT 3, BLOCK 21, 10 ACRE PLAT "A", BIG FIELD SURVEY, SAID POINT ALSO BEING NORTH 00°11'03" EAST ALONG THE MONUMENT LINE OF SAID 900 EAST STREET 803.48 FEET AND SOUTH 89°59'58" EAST 33.00 FEET FROM A BRASS CAP MONUMENT FOUND IN THE INTERSECTION OF 3900 SOUTH STREET AND 900 EAST STREET, AND RUNNING THENCE NORTH 00°11'03" EAST ALONG SAID EASTERLY LINE 93.10 FEET (NORTH 93.10 FEET RECORD); THENCE SOUTH 89°59'58" EAST 239.50 FEET (EAST 239.50 FEET RECORD); THENCE SOUTH 00°11'03" WEST 93.10 FEET (SOUTH 93.10 FEET RECORD) TO A POINT ON THE NORTHERLY LINE OF SAID GRAPE IVY PLACE PHASE 1 CONDOMINIUM; THENCE NORTH 89°59'58" WEST ALONG SAID NORTHERLY LINE AND LINE EXTENDED 239.50 FEET (WEST 239.50 FEET RECORD) TO THE POINT OF BEGINNING.

CONTAINS: 22,297 SQ.FT. OR 0.512 ACRES

Parcels 16-32-327-001
 16-32-327-003

EXHIBIT "B"
to
Declaration of Condominium of
Grape Ivy Townhomes
(a Residential Condominium Project)

(Bylaws)

EXHIBIT "C"
to
Declaration of Condominium of
Grape Ivy Townhomes
(a Residential Condominium Project)

(Percentage Interest)

<u>UNIT NO</u>	<u>STYLE</u>	<u>SIZE</u>	<u>PERCENTAGE INTEREST</u>	<u>VOTES</u>
1		1,241	14.28%	1,428
2		1,241	14.28%	1,428
3		1,241	14.28%	1,428
4		1,241	14.29%	1,429
5		1,241	14.29%	1,429
6		1,241	14.29%	1,429
7		1,241	14.29%	1,429
TOTAL		8.687	100.00%	10,000

BYLAWS
OF
GRAPE IVY HOMEOWNERS ASSOCIATION, INC.

ARTICLE I
NAME AND LOCATION

The name of the corporation is **GRAPE IVY HOMEOWNERS ASSOCIATION, INC.**, hereinafter referred to as the "Association". The principal office of the Corporation in the State of Utah shall be located at 421 South 400 East, Salt Lake City, Utah 84111, but meetings of Members and Directors may be held at such places within the State of Utah, County of Salt Lake, as may be designated by the Board of Directors.

ARTICLE II
DEFINITIONS

Section 2.1 "Association", "Association of Unit Owners", or "Unit Owners Association" shall mean and refer to "Grape Ivy Homeowners Association, Inc.", a Utah nonprofit corporation, its successors and assigns.

Section 2.2 "Board of Directors" or "Board" shall mean and refer to the individuals elected by the Declarant and/or Unit Owners to conduct and oversee the affairs of the Association and shall have the powers and duties as set forth in the Declaration, the Articles of Incorporation, and these Bylaws.

Section 2.3 "Common Elements" shall mean and refer to that part of the Subject Property which is not included within the Units and which is owned by the Association for the common use and enjoyment of the Owners, together with all improvements thereon and all easements appurtenant thereto including, but not limited to, private utility lines and personal property owned by the Association when the context so requires, and as more particularly described in the Declaration.

Section 2.4 "Declarant" shall mean and refer to Grape Ivy Townhomes, LLC, a Utah limited liability company, its successors and assigns, if such successors or assigns should acquire from the Declarant all of its rights and obligations of development.

Section 2.5 "Declaration" shall mean and refer to the Declaration of Condominium applicable to the Subject Property recorded in the Office of the Recorder of Salt Lake County, State of Utah, and amendments thereto.

Section 2.6 "Member" shall mean and refer to those persons entitled to Membership as provided in the Declaration.

Section 2.7 "Unit" means a physical portion of the Condominium Project that:

- (1) consists of one or more rooms or spaces located in one or more floors or parts of floors located in the Subject Property;

- (2) is designated for separate ownership and independent use; and
- (3) is designated as a Residential Unit or Unit on Exhibit C of the Declaration and on the Plat.

The walls, floors or ceilings are designated as boundaries of a Unit, and all paneling, tiles, wallpaper, painting, finished flooring and any other materials constituting any portion of the finished surfaces thereof are part of the Unit, and all other portions of the walls, floors and ceilings are part of the Common Elements.

Section 2.8 "Unit Owner" means the Person who is the record holder of legal title to the fee simple interest in any Condominium Unit as reflected in the Salt Lake County Records. If there is more than one record holder of legal title to a Condominium Unit, each record holder shall be a Unit Owner. The term "Unit Owner" includes Declarant to the extent that Declarant is the record holder of legal title to the fee simple interest in a Condominium Unit. Notwithstanding any applicable theory relating to a mortgage, deed of trust, or like instrument, the term "Unit Owner" shall not mean or include a mortgagee or a beneficiary or trustee under a deed of trust unless and until such Person has acquired title pursuant to foreclosure or any arrangement or proceeding in lieu thereof.

Section 2.9 "Subject Property" shall mean and refer to that certain real property described in the Declaration of Condominium (the "Declaration"), as amended, and such additions thereto as may hereafter be brought within the jurisdiction of the Association, referred to in the Declaration as the "Subject Property."

ARTICLE III **MEETING OF MEMBERS**

Section 3.1 Annual Meetings. Annual meetings of the Members shall be held on the second Tuesday of March each year commencing 2009, and each subsequent regular annual meeting of the Members shall be held on the same day of the same month of each year thereafter, at the hour of 7:00 o'clock, p.m. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 3.2 Special Meetings. Special meetings of the Members may be called by or at the request of the president or by the Board of Directors, or upon written request of the Members holding one-fourth (1/4) of the Interests in Common Elements.

Section 3.3 Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least 15 days before such meeting to each Member entitled to vote thereafter addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 3.4 Quorum. The quorum required for any action by the Members hereunder, unless otherwise specifically set forth in the Declaration, shall be as follows: At each scheduled meeting called, the presence of Members or of proxies entitled to cast fifty percent (50%) of all outstanding votes shall constitute a quorum. If a quorum is not present at a scheduled meeting, such meeting may be adjourned pending notice of subsequently scheduled meeting at which a quorum shall be one-half of the quorum which was required at the immediately preceding meeting. No such subsequently scheduled meeting shall be held less than ten (10) or more than forty-five (45) days following the immediately preceding meeting.

Section 3.5 Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Unit.

Section 3.6 Voting. Since a Unit Owner may be more than one person, if only one of such person(s) is present at a meeting of the Association that person shall be entitled to cast the votes appertaining to that Unit. But if more than one of such persons are present, the votes appertaining to that Unit shall be cast only in accordance with the agreement of a majority of them, and such consent shall be conclusively presumed if any one of them purports to cast the votes appertaining to that Unit without protest being made forthwith by any of the others to the person presiding over the meeting. The votes appurtenant to any one Unit may not be divided between Owners of such Unit or with respect to matters before the Association; all such votes appurtenant to any one Unit shall be voted in one block. If more than the allocated votes are cast for any particular Unit, none of such votes shall be counted and all of such votes shall be deemed null and void other than to determine whether a quorum exists.

Section 3.7 Action Taken Without a Meeting. The Members shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of Members in accordance with the requirements of Utah Code Annotated, Section 16-6a-707. Any action so approved shall have the same effect as though taken at a meeting of the Members.

ARTICLE IV **BOARD OF DIRECTORS: SELECTION AND TERM OF OFFICE**

Section 4.1 Number. The affairs of the Association shall be managed by a Board of Directors of not less than five (5) individuals; provided, however, that until (i) the expiration of three (3) years from the date that the Declaration (exclusive of amendments or supplements) is recorded in the official records of the County Recorder of Salt Lake County, State of Utah, or such shorter period as the Declarant may determine in its sole discretion, or (ii) a date not later than one hundred twenty (120) days after the date upon which Units representing seventy-five percent (75%) of the total interests in the General Common Elements have been conveyed to purchasers (the "Declarant Control Period"), Declarant shall have the exclusive right to appoint and remove all Directors and Officers. The Board of Directors may consist of one (1) individual selected by the Declarant. Unit Owners who permanently occupy their Unit shall be eligible for Board membership. In addition to individual Unit Owners, spouses of Unit Owners, Mortgagees (or designees of Mortgagees), partners of partnerships owning a Unit, managers or members of limited liability companies owning a Unit, and trustees or officers of corporations owning a Unit, shall be eligible for Membership on the Committee.

Section 4.2 Term of Office. Subject to the provisions of Section 4.1 above, at the first annual meeting, the Members shall elect three (3) of the Directors, two (2) for a term of one year and one (1) for a term of two (2) years, and at each annual meeting thereafter the Members shall elect the number of Directors whose terms are to expire for a term of two (2) years each.

Section 4.3 Removal. Any Director who is appointed by the Declarant may be removed by the Declarant. Other Directors may be removed, with or without cause, by a sixty-seven percent (67%) or greater vote allocated to the Units as provided in the Declaration. In the event of death, resignation or removal of a Director, his or her successor shall be selected in accordance with the provisions of the Declaration.

Section 4.4 Compensation. Board members shall be reimbursed for all expenses reasonably incurred in connection with Association business. The Board may fix such compensation for any member as may be reasonable in light of the Association duties which that member is required to perform.

Section 4.5 Action Taken Without a Meeting. The Board of Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Board members. Any action so approved shall have the same effect as though taken at a meeting of the Board of Directors.

ARTICLE V **NOMINATION AND ELECTION OF BOARD MEMBERS**

Section 5.1 Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. If no Nominating Committee has been appointed by the Board, the Board shall serve in that capacity. Nominations may also be made from the floor at the annual meeting of Members. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board, and two or more Members of the Association or if such Members do not exist or decline appointment, the Declarant. The Nominating Committee shall be appointed by the Board prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made among Members or non-Members.

Section 5.2 Election. Election to the Board of Directors shall be by secret written ballot. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VI **MEETINGS OF THE BOARD OF DIRECTORS**

Section 6.1 Regular Meetings. Regular meetings of the Board shall be held quarterly without notice, at such place and hour as may be fixed from time to time by resolution of the Board

members. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 6.2 Special Meetings. Special meetings of the Board shall be held when called by the president of the Association, or by any two Board members after not less than three (3) days notice to each Board member.

Section 6.3 Quorum. A majority of the number of Board members shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Board members present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VII **POWERS AND DUTIES OF THE BOARD OF DIRECTORS**

Section 7.1 Powers. The Board of Directors shall have power to:

(a) adopt and publish Rules and Regulations governing the use of the Common Elements and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;

(b) suspend the voting rights and right to use of the recreational facilities, if any, of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations;

(c) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the Membership by other provisions of these Bylaws, the Articles of Incorporation, or the Declaration;

(d) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and

(e) employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.

Section 7.2 Duties. It shall be the duty of the Board of Directors to:

(a) retain by written contract, a professional manager (the "Manager") who shall be responsible for the routine operation of the Condominium Project, unless Unit Owners holding two thirds (2/3) or more of all votes allocated to Units agree to the contrary. Each contract for professional management shall be subject to termination by either party on not more than ninety (90) days advance written notice and without the payment of any penalty for such termination; however, if the professional management contract is with the Declarant or its affiliate, such contract may be terminated without cause at such time as the Members (other than the Declarant) take control of the Association. Each Manager (or its

principal broker) shall be a licensed real estate broker or property manager in the State of Utah;

(b) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by Members owning one-fourth (1/4) of the Interests in Common Elements;

(c) supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

(d) as more fully provided in the Declaration, to:

(1) fix the amount of the annual assessment against each Unit at least fifteen (15) days in advance of each annual assessment period;

(2) send written notice of each assessment to every Owner subject thereto at least fifteen (15) days in advance of each annual assessment period; and

(3) foreclose the lien against any Unit for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the Owner personally obligated to pay the same.

(e) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board of Directors for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(f) procure and maintain adequate liability and hazard insurance on property owned by the Association;

(g) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(h) cause the Common Elements to be maintained; and

(i) maintain the books and financial records of the Association, and, cause to be prepared within one hundred twenty (120) days of the end of each fiscal year of the Association, an audited financial statement of the Association for the preceding fiscal year and to make the same available to the holder, insurer or guarantor of any first mortgage secured by a Unit upon submission of a written request for it.

Section 7.3 The Board of Directors may not act on behalf of the Association to:

(a) amend the Declaration;

(b) terminate the Association, the Declaration or the Condominium;

- (c) elect Directors to the Board of Directors; or
- (d) determine the qualifications, powers and duties, or terms of office, of Directors.

ARTICLE VIII **OFFICERS AND THEIR DUTIES**

Section 8.1 **Enumeration of Offices.** The officers of this Association shall be a president and vice-president, who shall at all times be members of the Board of Directors, a secretary, and a treasurer, and such other officers as the Board may from time to time by resolution create.

Section 8.2 **Election of Officers.** The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members. At the initial meeting, the Board of Directors shall elect a President, Vice President, and other officers as shall be deemed appropriate.

Section 8.3 **Term.** The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year or such longer period as the Board shall designate, unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 8.4 **Special Appointments.** The Board of Directors may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board of Directors may, from time to time, determine.

Section 8.5 **Resignation and Removal.** Any officer may be removed from office with or without cause by the Board of Directors. Any officer may resign at any time giving written notice to the Board of Directors, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 8.6 **Vacancies.** A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by appointment by the Board of Directors. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 8.7 **Multiple Offices.** The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 8.4 of this Article.

Section 8.8 **Duties.** The duties of the officers are as follows:

President. The president shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

Vice-President. The vice-president shall act in the place and stead of the president in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board of Directors.

Secretary. The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal of the Association and affix it on all papers requiring said seal; keep appropriate current records showing the Members of the Association together with their addresses, and shall perform such other duties as required by the Board.

Treasurer. The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; if the Board deems appropriate, cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the Membership at its regular annual meeting, and deliver a copy of each to the Members.

ARTICLE IX **COMMITTEES**

The Board of Directors, may if it elects appoint a Nominating Committee, as provided in these Bylaws. In addition, the Board of Directors may appoint other committees as deemed appropriate in carrying out its purposes.

ARTICLE XI **ASSESSMENTS**

As more fully provided in the Declaration, each Member is obligated to pay to the Association general, special, utility, and default assessments and other charges which are and will be secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date of delinquency at the rate of eighteen percent (18%) per annum, and the Association may bring an action at law against the Unit Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs and reasonable attorneys' fees of any such action shall be added to the amount of such assessment. No Unit Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Unit.

ARTICLE XII
CORPORATE SEAL

The Association may obtain a seal, in such form as the Association may elect, having the name of the corporation, the year of incorporation, and the words "Corporate Seal".

ARTICLE XIII
AMENDMENTS

Section 13.1 These Bylaws may be amended, at a regular or special meeting of the Members, by Members holding two-thirds (2/3) of the Interests in Common Elements, in person or by proxy, except that the Federal Housing Administration or the Veterans Administration shall have the right to veto amendments until such time as Units to which an aggregate of at least three-fourths (3/4) of the Interests in Common Elements than appurtenant to the Project have been conveyed by the Declarant to Unit purchasers.

Section 13.2 In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

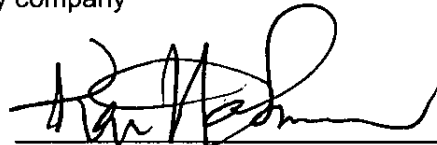
ARTICLE XIV
MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

IN WITNESS WHEREOF, we, being all of the Directors of GRAPE IVY HOMEOWNERS ASSOCIATION, INC., have hereunto set our hands this 1 day of October, 2008

GRAPE IVY TOWNHOMES, LLC, a Utah limited liability company

By:



Kenneth T. Holman, Manager