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SILVERWOOD ESTATES CONDOMINIUMS

AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS

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DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS,

as amended and restated,

for

SILVERWOOD ESTATES CONDOMINIUMS

This Declaration of Covenants, Conditions, and Restrictions, as amended and restated, for Silverwood Estates Condominiums is made pursuant to Utah Code Ann. §57-8-1 et. seq. (1953, as amended).

RECITALS

WHEREAS, the Declaration of Covenants, Conditions, and Restrictions, forming the Silverwood Estates Condominium, was recorded beginning in Book 4934 at page 358 as entry 3329916 in the office of the Salt Lake County Recorder in the year 1979.

WHEREAS, an Addendum to Declaration of Covenants, Conditions and Restrictions of Silverwood Estates Condominium was recorded beginning in Book 5018 at page 341 as entry 3384347 in the office of the Salt Lake County Recorder in the year 1980.

WHEREAS, the condominium association, comprised of all unit owners ("the Association") was expandable, and pursuant to the Declaration, the original declarant did exercise its right of expansion, and recorded an amended and expanded Declaration in the office of the Salt Lake County Recorder beginning in Book 5504 at page 2793 as entry 3865800 in the year 1983. In addition to the expansion, that Declaration also included further purported amendments.

WHEREAS, Silverwood Estates Condominium, as Amended and Contracted Declarations of Covenants, Conditions and Restrictions were recorded beginning in Book 5708 at page 2041 as entry 4152638 in the year 1985. This Amended and Contracted Declaration purported to reduce the size of the condominium association to the 86 Units that had been constructed at that time.

WHEREAS, from approximately 1985 to 2001, the Association operated with eighty-six (86) units, with sixty-four (64) unbuilt units platted, but not participating in the operations of the Condominium.

WHEREAS, on or about December of 2000, Bennion Silverwood, L.L.C. purchased the unbuilt units and sometime in the year 2000 or 2001, began building them. As of the date of this Declaration, they are fully constructed, leaving a new total of one hundred and forty-four (144) units. Some of the units on the original plat were not constructed and will not be constructed. A

new plat, recorded herewith or immediately after the recording of this Declaration, replaces a portion of the plat upon which the unconstructed units were located and correctly identifies all of the units and common area in the area depicted. Additional property shall also be incorporated into the Condominium upon which certain garages and other facilities are located. In addition, certain easements related to the property have been recorded and are hereby ratified by the adoption of this Declaration and the property, rights, and obligations therein are incorporated into the Condominium.

WHEREAS, the Association desires to adopt this Declaration to clear up any ambiguity in prior declarations, to incorporate and adopt an updated plat described below consistent with the as-built construction of the buildings and units, to reflect the addition of certain property and easements, and to completely restate and supercede all prior declarations, bylaws, and amendments thereto.

WHEREAS, the requisite number of present owners and first lien holders have affirmatively approved this amendment according to the required procedure as set forth in the prior declarations and attached Bylaws.

WHEREAS, the Association intends, by filing this Declaration and hereinafter described Record of Survey Plats, to amend the original filing and to alter said condominium to include the property set forth on the Record of Survey Plat as recorded in Book 79-8 at page 294, the property set forth on the Record of Survey Plat as recorded in Book 83-11 at page 144, together with the property set forth and in partial amendment to the prior Plats, the Record of Survey Plat of Silverwood Estates Phase II Amended Condominiums, to be recorded herewith, all of which shall constitute the Condominium Project, and to reconfirm the submission of all of the real property and buildings and other improvements described thereon to the provisions of the Utah Condominium Ownership Act as a condominium project known as Silverwood Estates Condominium.

DECLARATION

The Association hereby declares that the property described below shall be held, sold, conveyed and occupied subject to the following covenants, conditions, restrictions, easements, assessments, charges and liens, and to the Plats recorded previously and concurrently. This is for the purpose of protecting the value and desirability of the units. This Declaration and the Plats shall be construed as covenants of equitable servitude, shall run with the property and be binding on all parties having any right, title, or interest in the property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

The Property is located in Salt Lake County, Utah, and is described as:

SEE EXHIBIT "A" ATTACHED HERETO AND INCORPORATED HEREIN BY
THIS REFERENCE

ARTICLE 1 - DEFINITIONS

As used herein, the following terms shall have the indicated meanings:

Section 1.1. Declaration shall mean and refer to this instrument, and any amendments.

Section 1.2. Plats shall mean and refer to:

(i) the subdivision plats recorded as Entry No. 3329915 in Book 79-8, Page 294, entitled "Silver Wood Estates," consisting of three (3) sheets, prepared and certified by Kay L. Ryan, a Utah Registered Land Surveyor,

(ii) the subdivision plats recorded as Entry No. 3865799 in Book 83-11, Page 144, entitled "Silver Wood Estates, Phase II," consisting of three (3) sheets, prepared and certified by Kay L. Ryan, a Utah Registered Land Surveyor, and

(iii) the subdivision plats recorded herewith or after the recording of this Declaration, entitled "Silverwood Estates Phase II Amended Condominiums," consisting of three (3) sheets prepared and certified by M. Carl Larsen, a Utah Registered Land Surveyor.

To the extent that the subdivision plats recorded herewith, entitled "Silverwood Estates Phase II Amended Condominiums," consisting of three (3) sheets prepared and certified by M. Carl Larsen, a Utah Registered Land Surveyor overlaps or depicts the same real property in the Record of Survey Plat entitled "Silver Wood Estates, Phase II," recorded as Entry No 3865799 in Book 83-11, Page 144, consisting of three (3) sheets, it shall specifically amend, supercede, and replace the prior recorded plat and all Units, Common Area, and Limited Common Area depicted therein. Units 69-74 are permanently removed from the plat and the Association by this amendment and shall have no participation in the Association, shall have no vote in the Association or right to utilize common area or limited common area, nor any legal existence whatsoever. To the extent that the "Silver Wood Estates, Phase II," plat depicts real property that is not depicted in the "Silverwood Estates Phase II Amended Condominium" plat, the Silver Wood Estates, Phase II plat shall remain valid and applicable in establishing units, common area, limited common area, and all other items depicted.

Section 1.3. Act shall mean and refer to the Condominium Ownership Act, Utah Code Ann. §57-8-1 et. seq., as in effect at the time this Declaration is recorded.

Section 1.4. Condominium Project shall mean and refer to all of the Units, Limited Common Area, and Common Area and Facilities.

Section 1.5. Unit shall mean and refer to the area or space contained within the perimeter walls (with the specific boundaries defined below) of each of the individually numbered areas in the buildings on the Plats designated for private ownership or as private area, together with an undivided interest in the Common Area and Limited Common Area. The "Unit Number" shall be the number indicated in each such Area. No garage or carport shall be considered a Unit.

Section 1.6. Common Area and Facilities and Common Area shall mean and refer to the

areas designated as "common area" on the Plat, and all other areas not included within any Unit or within a private garage (as identified on the Plats as "garage" with a Unit number), and shall specifically include, but not be limited to:

- (i) the real property within the Condominium Project as described on the Plats;
- (ii) that portion of the property not specifically included in the respective Units as herein defined;
- (iii) all foundations, columns, girders, beams, supports, main walls, roofs, stairways, exterior walkways, driveways, streets, such recreational areas and facilities as may be provided, yards, fences, service and parking areas, entrances and exits, and in general, all other apparatus, installations, and other parts of the Condominium Project necessary or convenient to the existence, maintenance, and safety of the common areas and facilities or normally in common use;
- (iv) any areas specifically set forth and designated in the Plat as "Common Ownership" or "Common Area"; and
- (v) all common area and facilities as otherwise defined in the Act, whether or not expressly listed herein, except as specifically designated otherwise herein.

Section 1.7. Limited Common Area shall mean and refer to the designated areas shown on the Plats as dedicated to the exclusive use and enjoyment of the owners of Units to which such Limited Common Area is adjacent and/or appurtenant, as indicated on the Plats, and in this Declaration, subject to rights of the Association, as herein set forth.

Section 1.8. Condominium means the ownership of a single Unit in a multi-Unit project together with an undivided interest in common in the Common Area and Facilities of the project.

Section 1.9. Unit Owner or Owner shall mean and refer to the entity, person, or group of persons owning a Unit in fee simple. Regardless of the number of parties participating in ownership of each Unit, those parties shall be treated, as a group, as one "Unit Owner."

Section 1.10. Association means the Silverwood Estates Homeowners Association, which, at the discretion of the Management Committee, may be organized into an entity (such as a nonprofit corporation, corporation, or limited liability company) under the laws of the state of Utah.

Section 1.11. Management Committee shall mean and refer to the governing body of the Condominium Project and Association.

Section 1.12. Bylaws shall mean and refer to the Bylaws of the Association, which are embodied in this Declaration pursuant to Utah Code Ann. § 57-8-15. Any reference or citation to the "Bylaws" related to the Association and Condominium Project shall be considered a reference to this Declaration.

Section 1.13. Common Expenses shall mean and include:

- (i) all sums lawfully assessed against the Unit Owners or any particular Unit Owner;
- (ii) expenses of administration, maintenance, repair, or replacement of the Common Area and Facilities;
- (iii) expenses agreed upon as common expenses by the Association; and
- (iv) expenses declared common expenses by provisions of the Act, by this Declaration, or by the Management Committee.

Section 1.14. Mortgagee includes both mortgagees and trust deed beneficiaries with a first lien position on any Unit.

ARTICLE 2 - PROPERTY RIGHTS

Section 2.1. Division into Units, Limited Common Area, and Common Area. In order to establish a plan of condominium ownership, the Condominium Project is hereby divided into the following separate free-hold estates:

(i) Units. The one hundred forty-four (144) separately designated and legally described freehold estates consisting of the Units as defined above and designated on the Plat.

a. Description of and Boundaries of each Unit. Subject to the following descriptions of particular items, each Unit shall consist of the space enclosed and bounded by the horizontal and vertical planes as shown on the Plat, and all interior partitions and other fixtures and improvements within such boundaries shall be part of the Unit. The cubic content space and Unit Number of each of the Units within the Condominium Project are set forth on the Plat. The horizontal boundaries of each Unit shall be the underside of the finished but unpainted or decorated ceiling of each level of the Unit, and the top of the finished but undecorated floor of each level in the Unit as shown on the Plat. The vertical boundaries of each Unit shall be the interior of the finished but undecorated walls located on the perimeter lines of the respective levels of the Units as shown on the Plat. All framing in the walls, floors, or ceilings on the vertical and horizontal boundaries of a Unit (as designated on the Plat) and all framing in any bearing walls are part of the Common Area. All other materials constituting any part of the finished surfaces or of the decorating in the Unit are part of the Unit. Generally, all plywood decking, wallboard, concrete, and framing in walls, ceilings, and floors on the boundaries of the Unit are not part of the Unit and are Common Area. Generally, all paneling, tiles, wallpaper, paint, carpet, flooring, and other materials constituting any part of the finished surfaces or installed within the finished surfaces in a Unit are part of the Unit. All parts of non-bearing walls and partitions inside the boundaries of a Unit (walls not on the exterior boundary of a Unit) are part of the Unit. For all pipes, wires, conduits, chutes, flues, ducts, shafts, public utility, water or sewer lines, or any other similar fixtures lying partially or wholly within or outside the designated boundaries of a Unit, any portion serving only that Unit is part of the Unit and any portion serving more than one Unit or any portion of the Common Area is part of the Common Area. All windows, doors, door jams, window sills, window frames, and skylights, in or on the boundary of any Unit and any part related thereto are part of the Unit.

b. Variances between Plat and as-built construction. If the original construction of the Condominium Project varies from any horizontal or vertical measurement on the Plat, the original construction, to the extent ascertainable, shall be the controlling dimension in any Unit. The original construction shall be the first installation of framing and wallboard.

c. Appurtenant to and inseparable from each Unit shall be a percentage ownership in Common Area and Facilities and a par value according to the following table:

<u>Unit #s</u>	<u>Number of Units</u>	<u>% Ownership of Common Area and Facilities</u>	<u>Par Value</u>
1-14, 47-52, 75-94, 111-128, 145-150	64	.761509% per Unit	.761509 per Unit
15-20, 25-36, 41-46, 53-58, 63-68, 95-100, 105-110, 129-134, 139-144	60	.650078% per Unit	.650078 per Unit
21-24 37-40, 59-62, 101-104, 135-138	20	.612939% per Unit	.612939 per Unit
Total	144	100.00%	

* Unit numbers 69-74 are intentionally excluded because they do not exist.

These par values may not be changed except by amendment as provided herein. No Unit may be further subdivided or combined with any other Unit. No Unit Owner shall execute any deed, mortgage, lease, or other instrument conveying, leasing, or encumbering title to the Unit without including therein all interests appurtenant thereto. The purpose of this restriction is to prevent any severance of such combined ownership. Any such deed, mortgage, or other instrument purporting to affect one or more of such interests, without including all such interests, shall be deemed to include any omitted interest, even though not expressly mentioned or described therein. Each Unit Owner has an unrestricted right of ingress and egress to the Unit which is appurtenant to his or her ownership.

d. The square footage of each Unit is indicated on Exhibit B.

(ii) Limited Common Area. Limited Common Area may include carports, balconies, decks, yards, and covered decks appurtenant to certain Units as contained and so designated in the Plats. The exclusive right to use and occupy each Limited Common Area, if any, shall be appurtenant to and shall pass with the title to the Unit with which it is associated. Each Unit Owner is hereby granted an irrevocable and exclusive license to use and occupy the Limited

Common Area and facilities reserved exclusively for the use of the Unit, subject to the rights of the Association therein as described in the Declaration and Act.

(iii) Common Area and Facilities. Each owner shall own a percentage interest in the freehold estate consisting of the remaining portion of the real property as defined above as the "Common Area and Facilities." Every Owner shall have a right and easement of use and enjoyment in and to the Common Area, which easement shall be appurtenant to and shall pass with the title to every Unit, subject to the following provisions:

a. The right of the Association to charge reasonable admission and other fees for the use of any recreational or other facility situated upon the common area;

b. The right of the Association to limit the number of guests of members using the Common Area;

c. The right of the Association to suspend the voting rights and/or common utility service of a member for any period during which any assessment or portion thereof against the Unit remains unpaid;

d. The right of the Association to enter into agreements or leases that provide for use of the Common Area and Facilities by a similar Association in consideration for use of the Common Area and Facilities of the other Association, or for cash consideration;

e. The right of the Association, with the approval of seventy-five percent (75%) of the Owners, to sell, exchange, hypothecate, alienate, mortgage, encumber, dedicate, release, or transfer all or part of the Common Area to any private individual, corporate entity, public agency, authority, or utility;

f. The right of the Association to grant easements for public utilities or other public purposes consistent with the intended use of the Common Area by the Association;

g. The right of the Association to take such steps as are reasonably necessary or desirable to protect the Common Area against foreclosure;

h. The terms and conditions of this Declaration;

i. The right of each individual Unit Owner to the exclusive use of the limited Common Area adjacent and appurtenant to his or her respective Unit.

Section 2.2. Description of Buildings and Project. There are thirteen (13) buildings that are either two stories or three stories in height, as indicated in the Plats, each containing not less than six (6) and not more than sixteen (16) Units. The buildings are of wood frame construction erected on wood joists and concrete, without basements, with asphalt shingle roofs on sloped

roof areas and with appropriate membrane roofing on the flat portions of the roof. A carport or at least one garage is provided for each Unit. Open parking is also provided. Each Unit is finished as follows: self-contained equipment to supply heat and hot water; exterior finish of stucco, wood, brick, and/or vinyl siding; interior walls of painted sheet rock; exterior walls fully insulated; a kitchen equipped with an oven and range and wood or Formica wall cabinets; and bathroom(s) with bathroom vanities, bathtubs or showers, and toilets. Water shall be supplied to all of the Units and the common elements through one or more building meters, and the Association shall pay, as a Common Expense, all charges for water consumed on the Condominium Project, together with all related sewer costs arising therefrom. Electricity and natural gas shall be separately provided and metered to each Unit. Electricity and natural gas serving the Common Area, if any, shall be separately metered, and the Management Committee shall pay all bills for electricity and natural gas consumed in such portions of the Common Area as a Common Expense. Electricity or natural gas consumed in Limited Common Area and any costs to get service to such areas, shall be paid for by the Unit Owner. Each Unit and its percentage of undivided interest in Common Area and Facilities shall be deemed to be a parcel and shall be subject to separate assessment and taxation by each assessing body and special district for all types of taxes authorized by law, including, but not limited to, advalorem liens and special assessments. A more detailed description of the Units, including the number of stories and rooms, is found on the Plats.

Section 2.3 Changes to Plat or Boundaries of the Association. The Association may adopt an amended Plat, supplemental Plat, correction to the Plat, or boundary agreement related to any boundary and property in or around the Association, including any boundary to any Unit or Units upon the approval of the number of Owners required to amend this Declaration. Any such Plat may make material changes to the existing or prior Plat by adding or removing amenities, increasing the size of Units, deleting or modifying Common Area or Limited Common Area, or making other changes in the layout of the Association. If any such document or action is approved by the consent of at least 80% of the Owners obtained in the manner required to amend this Declaration, and so long as the document or action does not materially reduce the size of that Owner's Unit, each and every Owner shall sign, consent to, and execute any further documents required for the finalization, recording, and/or governmental approval of any such document regardless of whether they approved of or consented to the change in the Plat. The Management Committee is appointed and hereby authorized by the Owners to execute the Owners' names on such an amendment in the event that an Owner does not sign, consent to, or execute the required documents within a reasonable time of any request. The Management Committee may enforce any failure to comply with this provision through fines, lawsuits for mandatory injunctive or declaratory relief, and any other enforcement mechanism provided for in this Declaration or the Rules of the Association.

Section 2.4 Adoption of Record of Survey Plat of Silverwood Estates Phase II Amended Condominiums. By unanimous approval of the members of the Management Committee and without any need for the approval or any vote of the Owners, the Management Committee may adopt and take all necessary action to obtain the recording of the Record of Survey Plat of

Silverwood Estates Phase II Amended Condominiums or such other plat that may be prepared to accomplish the same purpose. The Owners are hereby deemed to have accepted and approved of such plat upon the proper recording of this Declaration. The Management Committee is hereby authorized to take all action necessary to obtain whatever governmental approval is required for the recording of the Record of Survey Plat of Silverwood Estates Phase II Amended Condominiums. Each and every Owner shall sign, consent to, and execute any further documents required for the finalization, recording, and/or governmental approval of the plat upon request of the Management Committee. The Management Committee is appointed and hereby authorized by the Owners to execute the Owners' names on such an amendment in the event that an Owner does not sign, consent to, or execute the required documents within a reasonable time of any request. The Management Committee may enforce any failure to comply with this provision through fines, lawsuits for mandatory injunctive or declaratory relief, and any other enforcement mechanism provided for in this Declaration or the Rules of the Association.

ARTICLE 3 - MEMBERSHIP AND VOTING RIGHTS

Section 3.1. Membership. Each Unit Owner shall automatically, upon becoming the owner of a Unit, be a member of the Association, and shall remain a member of said Association until such time as the ownership ceases for any reason, at which time membership in the Association shall automatically cease. Membership is appurtenant to and may not be separated from Unit ownership. The Management Committee or its delegate may require that a member provide proof of ownership as a condition to recognition and voting, but it must have a reasonable basis for making any such request at a meeting at which voting is to occur. All Unit Owners have all the rights and are subject to all the duties established in this Declaration.

Section 3.2. Voting. Each Unit Owner shall be entitled to a number of votes equal to the par value of the owned Unit. For any matter in this Declaration requiring a percentage of Owner votes to pass, that percentage of Owners must vote affirmatively for the measure pursuant to the procedure adopted by the Management Committee. Voting may be by in-person voting, by signing and returning a voting ballot delivered in person, by mail, by e-mail, or by any other method outside of a meeting; by proxy regardless of method; and, for the purpose of any vote required in this Declaration, need not be obtained at a meeting of the Owners. The Management Committee may utilize any reasonable procedure for elections and the obtaining of votes pursuant to this Declaration, including, but not limited to: voting at a meeting, pursuant to mail-in ballot, by signature, or by any other method reasonably calculated to inform Owners of the matter being voted on, provide an opportunity to vote, and accurately record in writing the votes of Unit Owners on any particular matter. A Unit that has been acquired by the Association in its own name or in the name of its agent, designee, or nominee on behalf of all of the Unit Owners shall not be entitled to vote so long as it continues to be so held. If a Unit is titled in the name of more than one person or entity, such as by joint tenants, tenants by the entirety, or tenants in common, any one of the Owners may vote for their Unit. A vote cast by any one of the co-owners, whether in person, by proxy, by signature, or by any other allowed method, shall be conclusively presumed to be the vote attributable to the Unit concerned unless written objection

by another co-owner of the same Unit is made prior to the sooner of (1) any voting deadline, as determined and as may be extended by the management committee, or (2) the date of the final determination of the results of the voting by the Management Committee. In the event that such an objection is made and not resolved among the co-owners, the vote involved shall not be counted for any purpose whatsoever other than to determine, if necessary, whether a quorum exists.

Section 3.3 Annual and Special Meetings.

(i) Date. Unless changed as provided for herein, the annual meetings of the Unit Owners shall be held at least once per year in the month of May on a day determined by the Management Committee. At such meetings the Management Committee shall be elected by ballot of the Unit Owners in accordance with the requirements of this Declaration. The Unit Owners may transact such other business at such meetings as may properly come before them and as provided below. The date of the annual meeting shall be set by the Management Committee by written notice of at least 30 days to the Owners.

(ii) Place of Meeting. Meetings of the Unit Owners shall be held at such suitable place and time convenient to the Owners as may be designated by the Management Committee.

(iii) Special Meeting. It shall be the duty of the president of the Association to call a special meeting of the Unit Owners if so directed by a resolution signed by three (3) members of the Management Committee or upon a petition signed and presented to the secretary of the Association by Unit Owners owning a total of at least twenty-five percent (25%) of common interest. If so directed, the meeting shall be conducted not less than 30 days from the date the resolution or petition is delivered to the secretary (delivery shall be made upon mailing if mailed by first class mail with certified delivery). No business shall be transacted at a special meeting, except as stated in the notice.

(iv) Notice of Meeting. The Management Committee shall mail to each Unit Owner of record a notice of each annual or special meeting of the Unit Owners, at least ten (10) days, but not more than twenty (20) days, prior to such meeting, stating the purpose thereof as well as the time and place where it is to be held. Notices shall be sent to the address for each Unit. An Owner may designate another address for mailing of notices, which the Management Committee shall reasonably attempt to comply with, but a notice mailed to a Unit shall be valid notwithstanding any such designation. The mailing of a notice of meeting in the manner provided in this section shall be considered service of notice.

(v) Quorum and Adjournment of Meetings. The quorum for any meeting of Unit Owners shall be fifteen (15) Unit Owners. Votes cast by proxy or prior to the meeting pursuant to a procedure adopted by the Management Committee shall count for purposes of establishing the existence of a quorum. No quorum shall be necessary in regular annual meetings at which the election of Management Committee members is to occur.

(vi) Order of Business. The order of business at all meetings of the Unit Owners shall be as follows:

- a. Roll call (which may be done by sign-in sheet);
- b. Report of Management Committee;
- c. Election of members of the Management Committee (when so required);
- d. Unfinished business; and
- e. New Business.

ARTICLE 4 - MANAGEMENT COMMITTEE

Section 4.1. Management Committee. The affairs of the Association shall be governed by a Management Committee composed of five (5) persons elected by the Association, all of whom shall be Owners, spouses of Owners; or, in the case of partnership Owners, members or employees of such partnerships; or in the case of corporate Owners, officers, shareholders, or directors of such corporations; or in the case of fiduciary or trust Owners, fiduciaries, beneficiaries, or trustees of such fiduciaries or trusts. All members of the Management Committee must reside in the Condominium Project. The Management Committee shall have the power to manage the Condominium Project in accordance with the Act and this Declaration.

Section 4.2. Election, Cumulative Voting, and Term of Office. Regular elections of the Management Committee shall be conducted at the annual meeting of the Owners, and votes shall be made at the annual meeting either in person, by written proxy, or by previously mailed ballots. If previously mailed ballots are used, then they shall be mailed to the Owners at least twenty (20) days prior to the election, shall include the ability to write in a candidate, and shall be returned to the Association (such that they are received) by a date set by the Management Committee, which shall not be more than three (3) business days prior to the annual meeting. Each Owner shall be entitled to cast one vote (which shall be measured by his or her ownership in the Common Area as provided in this Declaration) for each open position on the Management Committee. Votes of any Owner may be cast for different people or all for the same person. The votes shall be totaled for each candidate (by totaling the ownership percentages of the Owners for each vote cast for that candidate) and those candidates with the highest vote total shall be elected to the open positions. Those candidates with the highest vote totals shall be elected to open position(s) with the longest term if all positions are not for the same term. The term of office shall be three (3) years, with elections staggered such that two members shall be elected one year, two the next, and one the following year. The Management Committee members shall hold their offices until their respective successors have been elected by the Unit Owners.

Section 4.3. Removal of Members of Management Committee. At any regular or special meeting of Unit Owners, any one or more of the members of the Management Committee may be removed with or without cause by a majority of the Unit Owners (who must be present and vote or vote by proxy through another Owner at the meeting) and a successor may then and there be elected by a majority of the votes of the Owners at the meeting (in person or by proxy) to fill the vacancy thus created. Any member of the Management Committee whose removal has been

proposed or sought by the Unit Owners shall be given an opportunity to be heard at the time of the meeting.

Section 4.4. Vacancies. Vacancies in the Management Committee caused by any reason other than the removal of a member thereof by a vote of the Unit Owners shall be filled by a vote of a majority of the remaining members of the Management Committee at a meeting of the Management Committee held for that purpose promptly after the occurrence of any such vacancy, even though the members present at such meeting may constitute less than a quorum, and each person so elected shall be a member of the Management Committee until a successor shall be elected at the next annual meeting of the Unit Owners who shall serve the remainder of the term (if the term did not normally expire at that meeting).

Section 4.5. Powers and Duties. The Management Committee shall have the powers and duties necessary for the administration of the affairs of the Condominium Project as provided for and as limited by this Declaration. The powers and duties to be exercised by the Management Committee shall include, but shall not be limited to, those powers and duties described in this Declaration and as follows:

- (i) Operation, care, upkeep, and maintenance of the Common Area and Limited Common Area, including the tennis court, swimming pool, and recreation areas;
- (ii) Determination of the amounts required for operation, maintenance, and other affairs of the Association;
- (iii) Collection of assessments from the Unit Owners;
- (iv) Employment and dismissal of personnel as necessary for the efficient maintenance and operation of the Association;
- (v) Opening of bank accounts on behalf of the Association and designating the signatories required therefor;
- (vi) Obtaining insurance for the Condominium Project pursuant to the provisions contained herein;
- (vii) Making repairs, additions, and improvements to, or alterations of, the Condominium Project, and repairs to and reconstruction of the property in accordance with the provisions of the Declaration after damage or destruction by fire or other casualty or as a result of condemnation or eminent domain proceedings;
- (viii) Acquiring by purchase or lease such capital assets and equipment as may be necessary for the management of the Association;
- (ix) Taking all steps and filing all documents as the Management Committee deems necessary and appropriate to organize or re-organize the Association into an entity such as a nonprofit corporation, corporation, limited liability company, or other entity, if it elects to take such action and such action is consistent with this Declaration, the Act, and any law applicable to the specific entity. In organizing an entity, the law applicable to that entity shall be applicable to the Association so long as it is not inconsistent with this Declaration. The Management Committee may retain the authority to amend such documents or re-organize the association as a different entity in its discretion, as may be allowed by applicable law.
- (x) Employing for the Condominium Project a professional managing agent and a

manager at the compensation established by the Management Committee to perform such duties and services as the Management Committee shall authorize. The Management Committee shall have the power to enter into management agreements provided that they are terminable for cause upon at least thirty (30) days' notice and for any reason on ninety (90) days' notice;

(xi) Maintaining current copies of the Declaration, Articles, Rules, and other similar documents, as well as its own books, records, and financial statements, which shall all be available for inspection by Unit Owners as well as by holders, insurers, and guarantors of first mortgages during normal business hours upon reasonable notice. Reasonable charges shall be made for the cost of copying, researching, or extracting from such documents, in an amount to be determined by the Management Committee;

(xii) Adopting, in its sole discretion, any subsequent amendments to the Act by a unanimous vote of all Management Committee members.

Section 4.6. Determination of Common Expenses. The Management Committee shall from time to time, and at least annually, prepare a budget for the Condominium Project, and shall determine the amount of the Common Expenses of the Association and allocate and assess such Common Expenses against the Unit Owners according to their respective common interests. The Common Expenses shall include, among other things, the cost of all insurance premiums on all policies of insurance that are required or have been obtained by the Management Committee and the fees and disbursements of the Management Committee. The Common Expenses may also include such amounts as the Management Committee may deem proper for the operation of the Condominium Project, including, without limitation, an amount for working capital of the Association, for a general operating reserve, and to make up any deficit in the Common Expenses for any prior year. The Management Committee shall advise each Unit Owner in writing of the amount of Common Expenses payable by the Owner and shall furnish copies of each budget on which such assessments are based to all Unit Owners. In the event that such assessment shall result in any excess for any one year, the Management Committee may refund the excess to the Unit Owners or apply such excess to assessments for the succeeding year.

That portion of the Common Expenses payable by each Unit Owner in and for each year or for a portion of a year shall be a percentage equal to the percentage that each Unit owns in the Common Area of the aggregate amount of such cash requirements for each year, or portion of a year, together with any additional sums accruing under the Declaration, Rules, or the Act, and shall be payable monthly, in advance, or by such payments and installments as shall be required by the Management Committee and at such times as shall be set by the Management Committee.

The Management Committee shall have absolute discretionary authority to prescribe the manner of maintaining and operating the Condominium Project and to determine the cash requirements of the Management Committee to be paid by the Owners under this Declaration except as limited or prescribed herein.

Section 4.7. Indemnification. The Management Committee, and each member of the Management Committee, shall be defended and indemnified by the Association against any loss, damage, claims, or liability, including reasonable attorney fees, suffered or incurred by reason of such position, except to the extent such damage, claim, loss, or liability and the defense thereof is

actually covered by any type of insurance; provided, however, that no such person shall be indemnified against, or be reimbursed for any expense incurred in connection with, any claim or liability arising out of a final finding (at a trial court level) that the person acted with intentional or willful misconduct.

Section 4.8. Audited Financial Statement. The Association may have prepared audited financial statements at the discretion of the Management Committee. The Association shall allow any Mortgagee or Unit Owner to have an audited financial statement prepared at any time at the Mortgagee's or Unit Owner's expense.

Section 4.9. Rule-making Power. The Management Committee may, from time to time as it sees fit and subject to the provisions of this Declaration, adopt, amend, and repeal rules governing, among other things, the management and control of the Association, use of any Common Area, parking restrictions and limitations, limitations upon vehicular travel in the Condominium Project, the collection of assessments, the implementing of fines, and all other matters occurring on or related to the activities or improvements on the properties. Such rules and regulations ("Rules") may contain provisions for enforcement of the rules and for penalizing breaches of the rules including but not limited to: the assessment of fines to particular Units; restrictions on use of amenities and Common Area; restrictions on voting rights; towing, immobilization, or impoundment of vehicles; injunctions; judicial and non-judicial foreclosures; the assessment of costs, expenses, and attorney fees related to any breach and enforcement mechanism, whether suit is filed or not; and any other reasonable enforcement mechanism. A copy of the Rules, as they may from time to time be adopted, amended, or repealed, shall be mailed or otherwise delivered and made available to each Owner and may be, but need not be, recorded. Said Rules shall have the same force and effect as if they were set forth in and were a part of this Declaration notwithstanding any Unit Owner's failure to have or receive a current copy.

Section 4.10. Abatement and Enjoining of Violations. The violation of any rule or regulation adopted by the Management Committee, or the breach of any Declaration contained herein, or the Act, shall give the Management Committee the right, in addition to any other rights available at law or set forth in these Declarations:

- (i) to enter the Unit in which, or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Unit Owner, any structure, thing, or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Management Committee shall not thereby be deemed guilty in any manner of trespass; or
- (ii) to enjoin, abate, or remedy such thing or condition by appropriate legal proceeding with all attorney fees, costs, and expenses of such action recoverable by assessment and, if unpaid, resulting in a lien on the applicable Unit.

Section 4.11. Regular Meetings. Regular meetings of the Management Committee may be held at such time and such place as shall be determined from time to time by a majority of the members of the Management Committee, but at least one such meetings shall be held each three

(3) months during each fiscal year. The Management Committee may restrict the meeting attendance to only the Management Committee or allow other persons present for all or part of the meeting, in its sole discretion. Notice of regular meetings of the Management Committee shall be given to each member of the Management Committee, by any means reasonably calculated to provide notice except that any member may request notice by mail or any other specific method by delivering such a request to the secretary. Notice shall be provided at least seven (7) business days prior to the day named for a meeting. No further notice shall be required of a regular meeting if a regular repeating date is set for the Management Committee meetings and notice is provided to each member of this regular date.

Section 4.12. Special Meetings. Special meetings of the Management Committee may be called by the president on three (3) business days' notice (notice shall be provided as indicated in Section 4.11) to each member of the Management Committee, which notice shall state the time, place, and purpose of the meeting. Special meetings of the Management Committee shall be called by the president or secretary in like manner and on like notice, on the written request of at least three (3) members of the Management Committee.

Section 4.13. Waiver of Notice. Any member of the Management Committee may, at any time, waive notice of any meeting of the Management Committee in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the Management Committee at any meeting of the Management Committee shall constitute a waiver of notice by him of the time and place thereof. If all of the members of the Management Committee are present at any meeting of the Management Committee, no notice shall be required and any business may be transacted at such meeting.

Section 4.14. Quorum and Majority of Management Committee. At all meetings of the Management Committee, three (3) members thereof shall constitute a quorum for the transaction of business, and the vote of a majority of the members of the Management Committee present at a meeting in which a quorum is present shall constitute the decision of the Management Committee. If at any meeting of the Management Committee there shall be less than a quorum present, a majority of those present may adjourn the meeting until a later time as designated by those present. At any such later meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice. A majority of the Management Committee with regard to any decision, vote, or action allowed or required in this Declaration shall be the number of votes required to exceed a tie.

Section 4.15. Fidelity Bonds. The Management Committee shall obtain adequate fidelity bonds for all officers, directors, managers, trustees, volunteers, and employees of the Association handling or responsible for Association funds, which fidelity bond shall be in an amount of one and one-half (1 ½) times the estimated annual operating expenses and reserves for each year, with the Association being the named insured thereon. The premiums on such bonds shall constitute a Common Expense.

Section 4.16. Compensation. No member of the Management Committee shall receive any compensation from the Association for acting as such.

Section 4.17. Liability of Management Committee. The members of the Management Committee shall not be liable to the Unit Owners for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct. The Unit Owners shall indemnify and hold harmless each member of the Management Committee against all contractual liability to others arising out of contracts made by the Management Committee on behalf of the Association, unless such contract shall have been made knowingly contrary to the provisions of the Declaration. The members of the Management Committee shall have no personal liability with respect to any contract made by them on behalf of the Association. It is intended that the liability, if any, of any Unit Owner arising out of any contract made by the Management Committee or out of the indemnity in favor of the members of the Management Committee shall be limited to such proportion of the total liability thereunder as his or her percentage interest in the Condominium Project. Every agreement made by the Management Committee or by the managing agent or by the manager on behalf of the Association shall be made on behalf of the Association.

ARTICLE 5 - OFFICERS

Section 5.1. Designation. The principal officers of the Association shall be the president, the vice-president, the secretary, and the treasurer, all of whom shall be elected by the Management Committee. The Management Committee may appoint an assistant treasurer and assistant secretary and such other officers as in its judgment may be necessary. Only the president and secretary must be members of the Management Committee, but all officers must reside in the Condominium Project.

Section 5.2. Election of Officers. Officers shall be elected annually by the Management Committee at the first meeting of the Management Committee following the annual meeting and shall hold office at the pleasure of the Management Committee.

Section 5.3. Removal of Officers. Upon the affirmative vote of a majority of the members of the Management Committee any officer may be removed, either with or without cause, and his or her successor may be elected at any regular meeting of the Management Committee or at any special meeting of the Management Committee called for such purpose.

Section 5.4. President. The president shall be the chief executive officer of the Association. The president shall preside at all meetings of the Unit Owners and of the Management Committee. The president shall have all of the general powers and duties which are incident to the office of president of a corporation organized under the Business Corporation Act of the State of Utah, including, but not limited to, the power to appoint from among the Unit Owners any committee which he or she decides is appropriate to assist in the conduct of the affairs of the Condominium Project.

Section 5.5. Vice-President. The vice-president shall take the place of the president and perform his or her duties whenever the president shall be absent or unable to act. If neither the president nor the vice-president is able to act, the secretary, then the treasurer, and then any other member of the Management Committee shall act in the place of the president on an interim basis. The vice-president shall also perform such other duties as shall from time to time be imposed by the Management Committee or by the president.

Section 5.6. Secretary. The secretary shall keep the minutes of all meetings of the Unit Owners and of the Management Committee. He or she shall have charge of such books and papers as the Management Committee may direct and shall, in general, perform all the duties incident to the office of secretary of a corporation organized under the Business Corporation Act of the State of Utah.

Section 5.7. Treasurer. The treasurer shall have the responsibility for condominium funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements and for the preparation of all required financial statements. He or she shall be responsible for the deposit of all moneys and other valuable effects in the name of the Management Committee or the managing agent in such depositories as may from time to time be designated by the Management Committee, and he or she shall, in general, perform all the duties incident to the office of treasurer of a corporation organized under the Business Corporation Act of the State of Utah.

Section 5.8. Agreements, Contracts, Deeds, Checks, Etc. All agreements, contracts, deeds, leases, checks, and other instruments of the Condominium shall be executed by any two officers of the Association.

Section 5.9. Compensation of Officers. No officer shall receive any compensation from the Association for acting as such.

ARTICLE 6 - ASSESSMENTS & LIENS

Section 6.1. Assessments. The Management Committee, in its discretion as to the amount, has authority, and is required, to set and levy assessments on a periodic basis for:

- (i) payment of taxes, insurance, and common utility charges;
- (ii) payment of the cost of repairing, replacing, maintaining, and constructing or acquiring additions to the Common Area and Facilities;
- (iii) establishment and maintenance of an adequate reserve fund (in an amount to be determined by the Management Committee in its sole discretion) for the maintenance, repair and replacement of the Common Area and Facilities, which by their nature will be required on a periodic basis;
- (iv) payment of administrative expenses of the Association;
- (v) payment of prior years' deficits;
- (vi) payment of trash collection, sewer and water costs, cable television, and other

charges required by this Declaration or that the Management Committee shall determine to be necessary to meet the purposes of the Association;

(vii) enforcement of the Declaration or the Rules; and

(viii) any other reasonable expenses related to the operation, preservation, or maintenance of the Association.

Section 6.2. Creation of Lien and Personal Obligation of Assessments. Each Owner of any Unit by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, covenants and agrees to pay to the Association (1) annual assessments or charges; (2) special assessments, such assessments to be fixed, established, and collected from time to time as herein provided; (3) any other amount or assessment levied or charged by the Association or Management Committee pursuant to this Declaration; and (4) interest, costs of collection, and a reasonable attorney's fee, as hereinafter provided. Joint purchasers of a Unit shall be jointly and severally liable for the payment of common charges assessed against a Unit subsequent to the acquisition of such Unit. Such assessments and other amounts shall be the personal obligation of the person who was the owner of such property at the time when the assessment fell due. The officers, members, owners, directors, trustees, or any other person in a position of authority of any entity or trust that purchases a Unit agree to be personally liable for any such assessments during the time they hold their office or position with the entity owning the Unit. All such amounts shall be a charge on the Unit and shall be a continuing lien upon the Unit against which each such assessment or amount is charged. This lien shall be present and valid without the need to record a separate lien related to any such assessments. Successors-in-title shall not be personally liable for assessments delinquent at the time they took title unless that obligation is expressly assumed by them.

If any Unit Owner shall fail or refuse to make any payment to the Association when due, the entire amount thereof shall constitute a lien on the interest of the Owner in the Unit, and upon the recording of notice thereof by the manager or Management Committee shall be a lien upon the Unit prior to all other liens and encumbrances, recorded or unrecorded, except only

(i) tax and special assessment liens on the Unit in favor of any assessing Unit or special improvement district, and

(ii) the first mortgage or trust deed recorded prior to the date such notice is recorded which by law would be a lien prior to subsequently recorded encumbrances.

Sale or transfer of any Unit shall not affect the assessment lien, whether notice thereof is recorded or not. However, the foreclosure of a first mortgage or any proceeding in lieu thereof shall extinguish the assessment lien as to payments that became due prior to such sale or transfer. No sale or transfer, however, shall relieve a Unit Owner from personal liability for assessments coming due after he or she takes title or from the lien of such prior assessments.

Section 6.3. Special Assessments for Capital Improvements and Exclusive Facilities. In addition to the annual assessments, the Management Committee may levy at any time a special assessment, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, repair or replacement of Common or Limited Common Area structures, fixtures, and personal property related thereto, or for other expenses of the Association. Notwithstanding

any language to the contrary in this Declaration, those Owners whose Units are assigned garages in this Declaration hereby agree to pay an additional assessment for the maintenance and upkeep of the garages in an amount to be determined by the Management Committee, which shall not exceed 15% of the average amount of the regular assessment for all such Units with garages. Notwithstanding any language to the contrary in this Declaration, those Units assigned garages in the Declaration or any amendment thereto shall be responsible (to be allocated among such Units equally) for 50% of any capital improvements or remodeling related to any garages, which shall include re-painting, re-roofing, re-stucco, new concrete work, or any other improvements related solely to the garages. The Association shall be entirely responsible for conducting any regular maintenance to the structure and exterior of the garages. The Management Committee may assess those Units with garages for capital improvements and remodeling described in this paragraph. The Management Committee shall be solely responsible for deciding how the garages are maintained or repaired, consistent with the Management Committee's oversight of the Common and Limited Common Area as provided for in this Declaration.

Section 6.4. Rates of Assessment: Periodic Assessment. Both annual and special assessments shall be determined for each Unit based on the par value of each Unit, with each Unit being assessed par value percent of the total assessment. This method of determining assessments, dues, and charges may not be changed without the prior written approval of all first mortgagees.

Section 6.5. Date of Commencement of Annual Assessments: Due Dates. The annual assessment provided for herein shall commence to accrue on the date fixed by the Management Committee.

At least thirty (30) days prior to the commencement of each new assessment period, the Management Committee shall send or cause to be sent a written notice of the annual assessment to each Owner subject thereto. This notice shall not be a pre-requisite to validity of the assessment.

The assessment due dates shall be established by the Management Committee. The Management Committee may provide for the payment of annual and special assessments in equal installments throughout the assessment year.

Section 6.6. Effect of Non-Payment of Assessment - Remedies of the Association. Any assessment or installment thereof not paid within thirty (30) days after the due date shall be delinquent and shall bear interest from the due date at the rate of eighteen percent (18%) per annum (or such lesser rate as the Management Committee shall determine) until paid. In addition, the Management Committee may assess a late fee, in its discretion, for each delinquent installment.

The Management Committee may, in the name of the Association, (a) bring an action at law against the Owner personally obligated to pay any such delinquent assessment without waiving the lien of assessment; (b) foreclose the lien against the Unit in accordance with the laws of the State of Utah applicable to the exercise of powers of sale in deeds of trust or to the foreclosure of mortgages, or in any other manner permitted by law; (c) restrict, limit, or totally

terminate any or all services performed by the Association in behalf of the delinquent Owner; and/or (d) suspend the voting rights of the delinquent Owner.

There shall be added to the amount of any delinquent assessment the costs, expenses, and attorney fees related to the collection of any such delinquency and sale or foreclosure, together with an account for the reasonable rental for the Unit from commencement of the foreclosure. The Association shall be entitled to the appointment of a receiver to collect any income or the reasonable rental without regard to the value of the other security.

A power of sale is hereby conferred upon the Association which it may exercise. Under the power of sale the Unit of an Owner may be sold in the manner provided by Utah law pertaining to deeds of trust as if said Association were beneficiary under a deed of trust. The Association may designate any person or entity qualified by law to serve as Trustee for purposes of power of sale foreclosure. The Management Committee, acting on behalf of all Unit Owners, shall have power to purchase such Unit at the foreclosure sale and to acquire, hold, lease, mortgage, or otherwise deal with the same. A suit to recover a money judgment for unpaid assessments shall be maintainable without foreclosing or waiving the lien securing the same and may be combined after any such foreclosure to recover any deficiency.

No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or by abandonment of the Unit. Upon payment of a delinquent assessment the Management Committee shall cause a satisfaction of lien filed in cases where a notice of lien has been filed.

If a Unit Owner shall at any time let or sublet the Unit and shall be in default for a period of one month in the payment of any assessments, the Management Committee may, at its option and so long as such default shall continue, demand and receive from any tenant or subtenant of the Owner occupying the Unit the rent due or becoming due, and payment of such rent to the Management Committee shall be payment and discharge of such tenant or subtenant and the Owner of the Unit to the extent of the amount so paid. No action on the part of the Management Committee under this section shall have the effect of relieving its Unit Owner of primary liability.

The following shall be Special Assessments against a Unit and its Owner: (1) costs and expenses incurred in bringing an Owner or the Owner's Unit into compliance with the provisions of the Declaration, Rules, or the Management Committee's decision; (2) costs and expenses incurred in collecting any assessment; (3) any other charge designated as a special assessment in this Declaration; and (4) attorney fees, interest, litigation costs, and other charges relating thereto as provided in this Declaration. Any such costs, expenses, attorney fees, interest, litigation costs, and other charges described in this section shall automatically be a special assessment against the applicable Unit unless otherwise directed by the Management Committee. The Management Committee is granted the authority to assess reasonable fines against Owners for any non-compliance with the Declaration and Rules or their decisions. Any fine assessed shall be a special Assessment against that Unit at the time of assessment of the fine. The Management Committee may terminate an Owner's right to receive utility services paid as a Common Expense and an Owner's right to access and use recreational facilities, consistent with the following provisions:

- (i) Any such termination shall be consistent with the provisions of the Act and any

amendments thereto. To the extent that any amendment thereto is inconsistent with this Declaration, the Act shall control.

(ii) Written notice to the Owner shall be provided prior to termination and shall include at the minimum:

- a. The statement: "Utility services or right of access and use of the recreational facilities will be terminated if payment of the assessment is not received within the following time period,"
- b. The Management Committee shall designate the time period after which the termination may occur if payment is not received, which shall not be less than forty-eight (48) hours,
- c. The amount of the assessments due, including any interest and late payment fee, and
- d. The following statement: "You may request a hearing within fourteen (14) days from the date this notice is received by submitting a written request to the Management Committee."

(iii) The Owner shall be entitled to request a hearing within fourteen (14) days from the date notice is received. If a hearing is requested, utility services or right of access and use of recreational facilities may not be terminated until after the hearing has been conducted and a final decision has been entered.

(iv) Upon any request for a hearing, a hearing shall be held in accordance with standards set by the Management Committee, which may be located in the Rules.

(v) Upon payment of the assessment due, including any interest, or late payment fee, the manager or Management Committee shall immediately take action to reinstate the terminated utility services to the Unit.

The Association's choice of any one remedy shall not prejudice or constitute a waiver of the Association's right to exercise any other remedy, and the Association may exercise multiple remedies at any one time. All costs, expenses, and attorney fees incurred in implementing any remedy provided for in the Declaration and/or Rules may be assessed against the delinquent or non-compliant Owner and the Owner's Unit. In the event that the Management Committee, under the terms of this Declaration, proposes to or takes action against an Owner or occupant for a violation of the terms of the Declaration or Rules, including the failure to pay assessments, the Owner or occupant may submit an objection and request for a hearing in writing. Unless otherwise provided in the Rules, the Owner or occupant shall have fourteen (14) days from receiving notice (by any means) of the action or the proposed action to request a hearing. If the Owner or occupant timely objects to any action or proposed action by the Management Committee, the Management Committee shall, within the next thirty (30) days, at a regular meeting of the Management Committee or at a special meeting convened for such purpose, consider the matter. The Owner or occupant shall have an opportunity to appear before the Management Committee and provide testimony or evidence in support of the Owner's or occupant's position. Unless otherwise specifically provided in the Declaration or Rules or required by law, a written objection and/or scheduling of a hearing shall not stop or stay the action of the Management Committee. The Management Committee shall have authority to resolve the matter, render a final decision, and conduct the hearing as it deems appropriate. In its

sole discretion, the Management Committee may designate by resolution, at the hearing, or in the Rules, further procedures and rules for the hearing (including limitations on the time for presentation of evidence and testimony) not inconsistent with the terms herein.

Section 6.7. Statement of Amount. The Management Committee shall, upon the written request of any Unit Owner or any encumbrancer or prospective encumbrancer of a Unit, upon payment of a reasonable fee to be set by the Management Committee not to exceed \$50, issue a written statement setting forth the unpaid Common Expenses and assessments with respect to the Unit covered by the request. Such a statement shall be conclusive upon the Association and upon the Management Committee in favor of all persons who rely thereon in good faith. Unless the requested statement of indebtedness is provided within ten (10) days, all unpaid Common Expenses and assessments that became due prior to the date of the making of such request shall be subordinate to the lien or position of ownership held by the person requesting the statement. Any encumbrancer holding a lien on a Unit may pay any unpaid Common Expenses and assessments payable with respect to such Unit. Upon payment, the encumbrancer shall have a lien on the Unit for the amounts paid of the same rank as the lien of the respective encumbrance.

ARTICLE 7 - INSURANCE

Section 7.1. Insurance. The Management Committee may procure, in its discretion and subject to the requirements of the Declaration, insurance related to property losses from hazards, fidelity insurance, and other types of insurance. The Management Committee shall procure any insurance required by law. The Management Committee shall comply with the following requirements.

Section 7.2. Insurance for Fire and Other Perils. The Association shall obtain, maintain, and pay the premiums upon, as a Common Expense, a "master" or "blanket" type policy of property insurance covering all of the Common and Limited Common Area (except land, foundation, excavation, and other items normally excluded from coverage), including fixtures, to the extent they are part of the Common or Limited Common Area of the condominium; building service equipment and supplies; and other common personal property belonging to the Association. In addition, any fixtures, equipment, or other property within the Units that are to be financed by a mortgage (regardless of whether or not such property is a part of the Common Area) shall be covered in such "blanket" or "master" policy. Such policy must be consistent with state and local insurance laws and at least equal to such coverage as is commonly required by prudent institutional mortgage investors in the area in which the condominium is located. The policy shall be in an amount equal to 100% of current replacement cost of the condominium exclusive of land, foundation, excavation, and other items normally excluded from coverage. The name of the insured under such policy must be set forth therein substantially as follows: "Silverwood Estates Homeowners Association" for use and benefit of the individual owners. The policies may also be issued in the name of an authorized representative of the Association, including any insurance trustee with whom the association has entered into an Insurance Trust Agreement, or any successor trustee, as insured, for the use and benefit of the individual owners.

Loss payable shall be in favor of the Association (or insurance trustee), as a trustee, for each unit owner and each such owner's mortgagee. The Association or insurance trustee, if any, must hold any proceeds of insurance in trust for unit owners and their first mortgage holders, as their interests may appear. Each unit owner and each unit owner's mortgagee, if any, shall be beneficiaries of the policy in the percentage of common ownership. Certificates of insurance shall be issued to each unit owner and mortgagee upon request. Such policies shall contain the standard mortgage clause, or equivalent endorsement (without contribution), which is commonly accepted by private institutional mortgage investors in the area in which the property is located and which appropriately names FNMA and FHLMC if such corporations are holders of first mortgages on units within the condominium. Such policies must also provide that they may not be cancelled or substantially modified, without at least 10 days' prior written notice to the Association and to each holder of a first mortgage listed as a scheduled holder of a first mortgage in the policies. Policies may not provide that: (i) under the terms of the insurance carrier's charter, by-laws, or policy, contributions or assessments may be made against borrowers, FNMA, FHLMC, or the designee of FNMA or FHLMC; 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, policyholders, or members, or (iii) the policy includes any limiting clauses (other than insurance conditions) that could prevent FNMA, FHLMC, or the borrowers from collecting insurance proceeds. The policies must also provide for the following: recognition of any Insurance Trust Agreement; a waiver of the right of subrogation against unit owners individually; that the insurance is not prejudiced by any act or neglect of individual unit owners that is not in the control of such owners collectively; and that the policy is primary in the event the unit owner has other insurance covering the same loss. The requirements stated in this paragraph may be provided by the insurer in the form of a "Special Condominium Endorsement" or its equivalent. The insurance policy shall afford, as a minimum, protection against the following: (i) loss or damage by fire and other perils normally covered by the standard extended coverage endorsement; and (ii) all other perils that are customarily covered with respect to condominiums similar in construction, location, and use, including all perils normally covered by the standard "all-risk" endorsement, where such is available. In addition, such policies shall include an "Agreed Amount Endorsement" and an "Inflation Guard Endorsement" if they are available and are commonly required by prudent institutional mortgage investors in the area in which the condominium is located. If required by FNMA and FHLMC, the policy shall also include construction code endorsements (such as a Demolition Cost Endorsement, a Contingent Liability from Operation of Building Laws Endorsement, and an Increased Cost of Construction Endorsement) if the condominium is subject to a construction code provision that would become operative and require changes to undamaged portions of the building(s), thereby imposing significant costs in the event of partial destruction of the condominium by an insured hazard.

Section 7.3. Liability Insurance. The Association shall maintain comprehensive general liability insurance coverage covering all of the Common Areas and Limited Common Areas. Coverage limits shall be in amounts generally required by private institutional mortgage investors for projects similar in construction, location, and use. However, such coverage shall be for at

least \$1,000,000 for bodily injury, including deaths of persons and property damage arising out of a single occurrence. Coverage under this policy shall include, without limitation, legal liability of the insureds for property damage, bodily injuries, and deaths of persons in connection with the operation, maintenance, or use of the Common Areas and Limited Common Areas, and legal liability arising out of lawsuits related to employment contracts of the Association. Such policies must provide that they may not be cancelled or substantially modified, by any party, without at least 10 days' prior written notice to the Association and to each holder of a first mortgage on any unit in the condominium that is listed as a scheduled holder of a first mortgage in the insurance policy. If required by FNMA or FHLMC, the Association shall also provide coverage to include protection against such other risks as are customarily covered with respect to condominiums similar in construction, location, and use, including, but not limited to, host liquor liability, employers liability insurance, contractual and all-written contract insurance, and comprehensive automobile liability insurance.

Section 7.4. Flood Insurance. If, at any time, the condominium is found to be located within an area that has been officially identified by the Secretary of Housing and Urban Development as having special flood hazards and for which flood insurance has been made available under the National Flood Insurance Program (NFIP), the Association shall obtain and pay the premiums upon, as a common expense, a "master" or "blanket" policy of flood insurance on the buildings and any other property covered by the required form of policy (herein, "Insurable Property"), in an amount deemed appropriate by the Association, but not less than the following: the lesser of (a) the maximum coverage available under the NFIP for all buildings and other Insurable Property within the condominium to the extent that such buildings and other Insurable Property are within an area having special flood hazards; or (b) 100% of current replacement cost of all such buildings and other Insurable Property within such area. Such policy shall be in a form that meets the criteria set forth in the most current guidelines on the subject issued by the Federal Insurance Administrator.

Section 7.5. Fidelity Bonds. Blanket fidelity bonds shall be maintained by the Association for all officers, directors, and employees of the Association and all other persons handling, or responsible for, funds of or administered by the Association. Where the management agent has the responsibility for handling or administering funds of the Association, the management agent shall be required to maintain fidelity bond coverage for its officers, employees, and agents handling or responsible for funds of, or administered on behalf of, the Association. Such fidelity bonds shall name the Association as an obligee and shall not be less than the estimated maximum of funds, including reserve funds, in the custody of the Association or the management agent, as the case may be, at any given time during the term of each bond. However, in no event may the aggregate amount of such bonds be less than a sum equal to three months' aggregate assessments on all units plus reserve funds. The bonds shall contain waivers by the issuers of the bonds of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees," or similar terms or expressions. The premiums on all bonds required herein, except those maintained by the management agent, shall be paid by the Association as a common expense. The bonds shall provide that they may not be

cancelled or substantially modified (including cancellation for non-payment of premium) without at least 10 days' prior written notice to the Association or Insurance Trustee. All such bonds must provide that any FNMA Servicer, on behalf of FNMA, also receive such notice of cancellation or modification.

Section 7.6. Insurance Trustees; Power of Attorney. Notwithstanding any of the foregoing provisions and requirements relating to property or liability insurance, there may be named as an insured, on behalf of the Association, the Association's authorized representative, including any trustee with whom such Association may enter into any Insurance Trust Agreement or any successor to such trustee (each of whom shall be referred to herein as the "Insurance Trustee"), who shall have exclusive authority to negotiate losses under any policy providing such property or liability insurance and to perform such other functions as are necessary to accomplish this purpose. To the extent permitted under applicable law, each unit owner appoints the Association, or any Insurance Trustee or substitute Insurance Trustee designated by the Association, as attorney-in-fact for the purpose of purchasing and maintaining such insurance, including the collection and appropriate disposition of the proceeds thereof, the negotiation of losses and execution of releases of liability, the execution of all documents, and the performance of all other acts necessary to accomplish such purpose.

Section 7.7. Qualifications of Insurance Carriers. The Association shall comply with any standards for the qualifications of insurance carriers set forth by any guarantor or purchaser of mortgages in the association, including FNMA and FHLMC. The Association shall use generally acceptable insurance carriers and shall, where possible, comply with the requirements of the FNMA Conventional Home Mortgage Selling Contract Supplement and the FHLMC Sellers Guide for specific requirements regarding the qualifications of insurance carriers.

Section 7.8. Miscellaneous. All such policies shall provide that adjustment of loss shall be made by the Management Committee and the net proceeds thereof shall be payable to the Management Committee. All policies of physical damage insurance shall contain waivers of subrogation and waivers of any defense based on co-insurance or of invalidity arising from any acts of the insured. Except as provided by statute in case of substantial loss to the Units and/or Common Area and Facilities of the Condominium Project, unless at least two-thirds (2/3) of the first Mortgagees and Owners of the individual Units have given their prior written approval, the Association shall not be entitled to use any hazard insurance proceeds for the losses to any condominium property for anything other than the repair, replacement, or reconstruction of such condominium property. Unit Owners shall not be prohibited from carrying other insurance for their own benefit; provided, however, that all policies shall contain waivers of subrogation and further provided that the liability of the carriers issuing insurance obtained by the Management Committee shall not be affected or diminished by reason of any such additional insurance carried by any Unit Owner.

Section 7.9. Premiums. Any insurance premiums shall be Common Expenses.

Section 7.10. Individual Owner's Insurance. Insurance obtained by the Association shall not prejudice the rights of the individual Owners to obtain insurance, and said Unit Owners may insure their personal property, Units, and installed fixtures.

ARTICLE 8 - DAMAGE, CONDEMNATION

Section 8.1. Damage or Destruction. In the event of damage or destruction to the Association as a result of fire or other casualty (unless seventy-five percent (75%) or more of the buildings are destroyed or substantially damaged and seventy-five percent (75%) or more of the Unit Owners do not duly and promptly resolve to proceed with repair or restoration), the Management Committee shall arrange for the prompt repair and reconstruction of the buildings (including any damaged Units and any kitchen or bathroom fixtures initially installed therein, but not including any wall, ceiling, or floor decorations or coverings or other furniture, furnishings, fixtures, or equipment installed by Unit Owners in the Units), and the Management Committee shall disburse the proceeds of all insurance policies to the contractors engaged in such repair and restoration in appropriate progress payments. Any cost of such repair and restoration in excess of the insurance proceeds shall constitute a Common Expense, and the Management Committee may assess all the Unit Owners for such deficit as part of the common charges.

If seventy-five percent (75%) or more of the buildings are destroyed or substantially damaged and seventy-five percent (75%) or more of the Unit Owners do not duly and promptly resolve to proceed with repair or reconstruction, the condominium property shall be subject to an action for partition by any Unit Owner or lienor, as if owned in common, in which event the net proceeds of sale, together with the net proceeds of insurance policies (or if there shall have been a repair or restoration pursuant to the first paragraph of this section, and the amount of insurance proceeds shall have exceeded the cost of such repair or restoration, then the excess of such insurance proceeds) shall be divided by the Management Committee among all the Unit Owners in proportion to the respective value of their Units, after first paying out of the share of each Unit Owner the amount of any unpaid liens on his or her Unit, in the order of priority of such liens.

Section 8.2. Priority to Proceeds. Nothing in this Article shall be construed to give the Association or Unit Owners priority over a first Mortgagee to proceeds of insurance, damage, or condemnation claims.

Section 8.3. Association to Represent Unit Owners. Each Unit Owner hereby appoints the Management Committee as an attorney-in-fact to represent the Unit Owner in negotiations, settlements, agreements, and related proceedings resulting from damage or destruction to the Condominium Project, or from condemnation or liquidation of all or a part of the project, or from termination of the project. Proceeds from a settlement will be paid to the Association for the benefit of the Unit Owners and their mortgage holders. Any losses, awards, or proceeds from the condemnation, destruction, or liquidation of all or a part of the project that are not used by the Association for repair or replacement, or from the termination of the project, shall be allocated among Unit Owners based on the relative value of each Unit. In the event of a taking or acquisition of part or all of the Common Area by a condemning authority, the award or proceeds

of settlement shall be payable to the Association, to be held in trust for Owners and their first mortgage holders as their interests may appear.

ARTICLE 9 - MAINTENANCE & ALTERATIONS

Section 9.1. Maintenance. It shall be the responsibility of the Association to maintain or repair:

- (i) the Common Area,
- (ii) except as specifically provided herein, the Limited Common Area, and
- (iii) all incidental damage caused to a Unit by work done by direction of the Association.

It shall be the responsibility of the Unit Owner:

(i) to maintain, repair, or replace, at the Owner's expense, the Unit and all portions of the Unit that may cause or allow injury, nuisance, or damage to the other Units or to the Common Area or Limited Common Area (including whatever is necessary to prevent the drifting of tobacco smoke into other Units);

(ii) to keep all portions of the Unit habitable and in good repair;

(iii) to keep all Limited Common Area clean and tidy;

(iv) to perform all landscaping, lawn mowing, and similar maintenance required in any particular Limited Common Area associated with his or her Unit, as the Management Committee may designate; and

(v) to not repair, alter, replace, paint, decorate, or change any Common Area or Limited Common Area without obtaining the written consent of the Management Committee.

Section 9.2. Alteration or Improvement of Units. No structural alterations shall be made to any Unit by any Unit Owner. No alteration or improvement to a Unit that would alter or affect the Common Area may be made by any Unit Owner without the written consent of the Management Committee. No application shall be filed with any governmental authority by any Unit Owner for a permit covering an addition, alteration, or improvement to be made in a Unit where it would alter or affect the Common Area, unless first approved by the Management Committee, without, however, incurring any liability on the part of the Association, the Management Committee, or any member of the Management Committee to any contractor, subcontractor, material man, architect, or engineer by reason of such addition, alteration, or improvement, or to any person having any claim for injury to person or damage to property arising therefrom. Consent shall be requested in writing. The Management Committee shall have the obligation to answer within forty (40) days, and failure to do so within the stipulated time shall mean that there is no objection to the proposed modification or alteration, so long as such modification or alteration is not in any way an expansion of the boundaries of the Unit, which may not be approved of except pursuant to the provisions in this Declaration related to the transfer of Common Area. The Management Committee may require that the Unit Owner making such an improvement, alteration, or addition: (1) provide documentation related to the work, including but not limited to proof of required insurance, building permits (if required), identification of contractors, and any other information related to the work; (2) obtain such

insurance coverages as are appropriate related to the actions and in such amounts, as the Management Committee deems proper; (3) require that the Owner pay and allow access to professionals such as contractors and architects employed by the Association to ensure that the work is conducted as planned and that the Common Area is not damaged or threatened; and (4) take or not take any other reasonable action related to the work, the cleanup, staging of materials, and any other aspect of the work; all to reduce the impact of the work on the peaceful enjoyment of the Owners, to ensure that the work is legally and properly conducted, and to reduce the potential for damage to the Common Area and any other Unit.

ARTICLE 10 - USE OF THE CONDOMINIUM PROJECT

Section 10.1. Use of Units. All Units are restricted for residential use by the Unit Owner and the Owner's family, servants, tenants, or guests as a private, permanent or temporary residence and for no other purpose. No part of the Unit shall be used for any commercial, manufacturing, mercantile, storing, vending, or other such non-residential purposes, including an in-home business as defined by local ordinances. No Unit shall be used, occupied, or altered in violation of law, and/or so as to create a nuisance or interfere with the rights of any other Unit Owner (such as by allowing the drifting of tobacco smoke into another Unit) or in a way that would result in an increase in the cost of any insurance covering the Common Area.

Section 10.2. Use of Common Area. Except for the rights of ingress and egress, Owners are hereby prohibited and restricted from using any of said Common Area, other than as permitted in this Declaration or as may be allowed by the Management Committee. It is expressly acknowledged and agreed by all parties concerned that this restriction is for the mutual benefit of all Unit Owners and is necessary for the protection of the interests of all said Owners in and to the Common Area.

Section 10.3. Responsibility for Damage. Any individual who causes damage to any Common or Limited Common Area shall be personally responsible for said damage and repair or restoration of the same. A Unit Owner shall be personally responsible for any damage to any Common or Limited Common Area caused by anyone the Owner allows to enter the Condominium Project. The Management Committee may assess or fine the Owner for any costs related to the damage caused by the Owner or anyone the Owner allows to enter the Condominium Project.

Section 10.4. Compliance with Rules. Each Unit Owner, tenant, or occupant of a Unit shall comply with the provisions of the Act, the Declaration, the Rules, and all agreements and determinations lawfully made and/or entered into by the Management Committee or Unit Owners, when acting within the scope of their authority, and any failure to comply with any of the provisions thereof shall be grounds for an action by the Management Committee for injunctive relief, for any remedy provided for in the Rules, and/or to recover for any loss or damage resulting therefrom. Unit Owners shall be responsible for any breach of the Rules by those persons leasing or occupying their Units and any person whom they or anyone who

occupies their Units allows into the Condominium Project.

Section 10.5. Compliance with the Law. No Unit Owner shall permit anything to be done or kept in the Unit or in the Common Area and Facilities that is or causes a violation of any law, ordinance, or regulation of any governmental authority.

Section 10.6. Signs: Commercial Activity. Except for one "For Rent" or "For Sale" sign of not more than four (4) square feet, no advertising signs, billboards, objects of unsightly appearance, or nuisances shall be erected, placed, or permitted to remain on any Unit or any portion of the properties. No commercial activities of any kind whatever shall be conducted in any building or on any portion of the properties.

Section 10.7. Quiet Enjoyment. No noxious or offensive activity shall be carried on upon any part of the Condominium Project, nor shall anything be done thereon that may be or may become an annoyance or nuisance to the neighborhood, that shall in any way interfere with the quiet enjoyment of each of the Owners, or that shall in any way increase the rate of insurance.

Section 10.8. Animals. No animals, livestock, or poultry of any kind shall be raised, bred, or kept in any of the Units, except that a reasonable number of household pets may be kept provided that they are not kept, bred, or maintained for any commercial purpose. Notwithstanding the foregoing, no animals or fowl may be kept on the property if they create an annoyance or are obnoxious, by noise, smell or otherwise, to Unit Owners. All pets must be kept in the Units or on a leash when in the Common Area. This provision may be made more restrictive by the Rules of the Association.

Section 10.9. Planting and Gardening. No planting or gardening shall be done, and no fences, hedges, or walls shall be erected or maintained upon any property except as approved by the Management Committee.

Section 10.10. Garbage Removal. All rubbish, trash, and garbage shall be regularly removed from the Units and shall not be allowed to accumulate thereon. Garbage should be placed in proper containers.

Section 10.11. External Apparatus. No Unit Owner shall cause or permit anything (including, without limitation, external material, awnings, canopies, or shutters) to hang, be displayed, or otherwise be affixed to or placed on the exterior walls or roof or any part thereof or on the outside of windows or doors.

Section 10.12. Electronic Antennas. No television, radio, or other electronic antenna or device of any type shall be erected, constructed, placed, or permitted to remain outside of any of the Units or in any Common or Limited Common Area unless and until the same shall have been approved in writing by the Management Committee.

Section 10.13. Leasing and Non-Owner Occupancy. No Owner shall be permitted to lease his Unit for transient, hotel, or timeshare purposes. No Unit shall be leased for an initial period of less than six (6) months. No Owner shall lease less than the entire Condominium. Any lease agreement shall be required to provide that the terms of the lease shall be subject in all respects to the provisions of this Declaration, the Articles, and the Rules and that any failure by the lessee to comply with the terms of such documents shall be a default under the lease. All leases shall be in writing and copies shall be provided to the Management Committee upon execution. The Management Committee shall have the authority to create and enforce reasonable rules related to non-owners occupying Units.

The following restrictions shall apply to any Unit of which the Owner of the Unit was not the Owner on or before the date this Declaration is recorded.

(i) No more than 10% of the Units in the Association may be non-Owner occupied. "Non-Owner occupied" means that someone resides in the Unit and the Owner does not reside in the Unit. The Management Committee shall have authority to establish reasonable rules to ensure compliance with this provision.

(ii) Upon application by any Owner, the Management Committee may, in its sole discretion and on such terms as it designates, make exception to this restriction to accommodate the children, spouses, or parents of any Owner. The Management Committee shall have authority to establish reasonable rules related to the application and exception provided for in this provision.

Section 10.14. Parking. Parking spaces (except garages) within the Condominium Project shall be used for parking of motor vehicles actually used by the Owner or the Owner's immediate family for personal use. The Management Committee may further restrict the use of open parking spaces, assigned parking spaces, and garages in the Rules.

Parking spaces designated in the Plats shall be assigned to the Units as provided in Exhibit C, hereto. All Unit owners shall have co-equal right to the use of common parking spaces that are unassigned. No vehicle may remain in any unassigned parking space for more than 72 hours. Recreational vehicles, boats, travel trailers, and similar personal property and vehicles may not be parked in the Condominium Project except in garages. Garages must be closed except when persons are entering and leaving. Notwithstanding anything to the contrary in this Declaration, Exhibit C hereto may be amended to exchange assigned parking areas among Owners (no Unit may be assigned more than one parking area or not assigned one) by recording an amendment signed under notary seal by all of the Owners of the Units involved in the exchange, by all of the members of the then-current Management Committee, and by three (3) other Unit Owners.

ARTICLE 11 - EASEMENTS

Section 11.1. Encroachments. If any portion of the Common Area and Facilities or Limited Common Area now encroaches upon any one Unit, or if any Unit encroaches upon any

other Unit or upon any portion of the Common Area and Facilities or Limited Common Area as a result of the construction of the buildings (including the Units and all other improvements to the land), or if any such encroachment shall occur hereinafter as a result of settling or shifting of the buildings or from other movement of any portion of the improvements, a valid easement for the encroachment and for the maintenance of the same shall exist so long as the buildings stand and so long as the physical boundaries of the Units are in substantial accord with the description in the Declaration. In the event that the buildings, a Unit, any adjoining Unit, or any adjoining Common Area or Facilities or Limited Common Area shall be partially or totally destroyed as a result of fire or other casualty or as a result of condemnation or eminent domain proceedings and then rebuilt, encroachments of parts of the Common Area and Facilities or Limited Common Area upon any Unit or of any Unit upon any other Unit or upon any portion of the Common Area and Facilities or Limited Common Area due to such rebuilding, shall be permitted, and valid easements for such encroachments and the maintenance thereof shall exist so long as the building shall stand and so long as the physical boundaries of the Units are in substantial accord with the description in the Declaration.

Section 11.2. Utilities. There is hereby created a blanket easement upon, across, over, and under all the Condominium Project for public utility purposes, subject to the approval of the Management Committee. By virtue of this easement, it shall be expressly permissible for the Management Committee to grant easements for all public utilities serving the properties to lay, construct, renew, operate, and maintain conduits, cables, pipes, mains, ducts, wires, and other necessary equipment on the properties, provided that all such services shall be placed underground, except that said public utilities may affix and maintain electrical and/or telephone wires, circuits, and conduits on, above, across, and under roofs and exterior walls. Notwithstanding anything to the contrary contained in this section, no sewers, electrical lines, water lines, or other utilities may be installed or relocated on the properties in such a way as to unreasonably encroach upon or limit the use of the Common Area or Limited Common Area or any structure thereon. Should any utility furnishing a service covered by the general easement herein provided request a specific easement by separate recordable document, the Management Committee shall have the right to grant such easement on the Condominium Project without conflicting with the terms herein.

Section 11.3. Police, Fire, and Ambulance Service. An easement is hereby granted to all police, fire protection, ambulance services, and all similar persons to enter upon the Common Area and Facilities or Limited Common Area and Units in the performance of their duties. This provision shall not and is not intended to waive any constitutional or other legal rights of any Owner or occupant of the Project with regard to any such person.

Section 11.4. Maintenance by Association. An easement is hereby granted to the Association, its officers, agents, employees, and any maintenance company selected by the Association to enter without notice any Unit in case of emergency or to enter upon reasonable notice to perform the duties of maintenance and repair, in the event that the same are neglected by the Unit Owner or for the purpose of repair to the Common Area and Facilities or Limited

Common Area.

ARTICLE 12 - EXPANSION / CONTRACTION

The Condominium Project may not be contracted or expanded.

ARTICLE 13 - RIGHTS OF FIRST MORTGAGEES

Notwithstanding any other provisions of this Declaration, the following provisions shall govern the rights of first Mortgagees:

Section 13.1. Consent of Majority of Mortgagees and Sixty-seven Percent (67%) of Owners Required. Any amendment of the Declaration affecting the following provisions shall not be effective without written consent of at least fifty-one percent (51%) of the first Mortgagees and sixty-seven percent (67%) of the Owners: voting rights; reserves for maintenance, repair and replacement of the Common Area; boundaries of units, easement rights or interests in the Common Area appertaining to a Unit, the priority of assessment liens; rights to use the common elements; any material change to any provision in the declaration or bylaws; expansion of the Condominium Project or the addition or annexation of property to or from the Project; hazard or fidelity insurance requirements; modification of the purpose to which any Units or the Common Area is restricted; imposition of any restrictions on an Owner's right to sell or transfer the Unit; Responsibilities for maintenance and repair of the Project; Expansion or contraction of the Project; the annexation or withdrawal of property to the Project; convertability of Units into Common Area or of Common Area into Units; a decision by the Association to establish self management if professional management had been required previously by a Mortgagee, this Declaration, or the Bylaws; imposition of any right of first refusal or similar restriction on the right of a unit owner to sell, transfer, or otherwise convey his or her unit in the condominium; abandonment or termination of the legal status of the Condominium Project by act or omission; change in the pro rata interest or obligation of any Unit in order to levy assessments or charges, allocate distribution of hazard insurance proceeds or condemnation awards, or determine the pro rata share of ownership of each Unit in the common elements; abandonment, partition, subdivision, encumbrance, sale, or transfer of the Common Area by act or omission, except the grant of easements for utilities and similar or related purposes, as herein elsewhere reserved. This paragraph may not be amended without the prior approval of all first Mortgagees. A request for consent that is mailed to a Mortgagee by certified mail and is not returned within sixty (60) days of mailing shall constitute approval by the Mortgagee.

Section 13.2. Notice of Matters Affecting Security. The Association shall give written notice to the holder, insurer, or guarantor of any first mortgage of any Unit that makes written request for such notice (including its name and address, and the number of the Unit on which it has, insures, or guarantees the mortgage) under the circumstances enumerated in this Article or whenever any of the following matters come up for consideration or effectuation by the Association:

- (i) any condemnation or casualty loss that affects either a material portion of the

Condominium Project or the Unit securing its mortgage; or

(ii) any proposed action that requires the consent of a specified percentage of eligible mortgage holders.

(iii) any proposed termination of the condominium regime; any delinquency in the payment of assessments or charges owed by an owner of unit subject to the mortgage of such eligible holder, insurer or guarantor, where such delinquency has continued for a period of 60 days; and any lapse, cancellation or material modification of any insurance policy maintained by the owners association.

ARTICLE 14 - GENERAL PROVISIONS

Section 14.1. Enforcement. The Association, Management Committee, or any Unit Owner shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens, and charges now or hereafter imposed by the provisions of this Declaration, or any Rule of the Association, including but not limited to any proceeding at law or in equity against any person or persons violating or attempting to violate any covenant or restriction, either to restrain a violation or to recover damages, and against the land to enforce any lien created by these covenants. Failure of the Association, Management Committee, or any Owner to enforce any covenant or restriction herein contained or any Rule of the Association shall in no event be deemed a waiver of the right of the Association, Management Committee, or any Owner to do so thereafter. In the event that any action, with or without suit, is undertaken to enforce any provision hereof or any Rule of the Association, the party against whom enforcement is sought shall pay to the Association, Management Committee, or enforcing Owner a reasonable attorney's fee, costs, and other expenses.

Section 14.2. Severability. All of said conditions, covenants, and reservations contained in this Declaration shall be construed together, but if any one of said conditions, covenants, or reservations, or any part thereof, shall at any time be held invalid, or for any reason become unenforceable, no other condition, covenant, or reservation, or any part thereof, shall be thereby affected or impaired; and the Association and Owners, their successors, heirs, and assigns shall be bound by each article, section, subsection, paragraph, sentence, clause, and phrase of this Declaration, irrespective of the invalidity or unenforceability of any other article, section, subsection, paragraph, sentence, clause, or phrase.

Section 14.3. Duration. The covenants and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association, the Management Committee, and the Owner of any Unit subject to this Declaration, their respective legal representatives, heirs, successors, and assigns.

Section 14.4. Amendment. The covenants, conditions, and restrictions of this Declaration may be amended by an instrument signed by not less than sixty-seven percent (67%) of the Owners, unless the amendment affects a provision of this Declaration requiring a greater percentage vote, or in case of an amendment that by law requires a greater percentage, in which

case the greater percentage requirement shall govern. Any amendment must be properly recorded in the records of Salt Lake County, Utah, to become effective. In the case that any Mortgagee or lender is allowed or required to consent to or approve any issue in this Declaration, a request for consent that is mailed by certified mail and is not returned within sixty (60) days of mailing shall count as a yes vote by the Mortgagee or lender.

Section 14.5. Notices. Unless otherwise required, any notice required to be sent under the provisions of this Declaration, unless otherwise specified herein, shall be conclusively deemed to have been given when deposited in the U.S. Mail, postage paid, to the last known address of the person who is entitled to receive it.

Section 14.6. Gender and Grammar. The singular, wherever used herein, shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions hereof apply either to corporations or individuals, men or women, shall in all cases be assumed as though in each case fully expressed.

Section 14.7. Waivers. No provision contained in this Declaration shall be deemed to have been waived by reason of any failure to enforce it, irrespective of the number of violations that may occur.


Section 14.8. Topical Headings. The topical headings contained in this Declaration are for convenience only and do not define, limit, or construe the contents of the Declaration.

Section 14.9. Requirements for Loans. If, at any time, any federally chartered corporation or federal agency, such as HUD, FNMA, FHLMC, VA, or FHA shall require certain provisions in this Declaration related to the guarantee, assumption, or purchase of mortgages obtained by Owners that are not found in this Declaration, the Management Committee shall have the authority to amend and change the provisions of this Declaration to comply with any such requirements without Owner approval, subject to the following requirements. The Management Committee must vote unanimously to make the change. The Management Committee must obtain and make a part of the permanent records of the Association two legal opinions, one of which must be from an attorney who has no ongoing relationship to the Association but maintains a significant practice in the area of condominiums, that both state and opine that (1) the changes proposed by the Management Committee are required by a federally chartered corporation or agency described in this section, (2) the change is in the best interests of the association in that it will provide more options for Owners for financing of Units, and (3) the change is not contrary to the interests of the Association generally aside from any requirements for financing. Upon meeting the qualifications herein and any other requirements for lender approvals that may apply in this Declaration, the Management Committee may record an amendment, which shall include the changes and shall be signed by each member of the Management Committee affirming that the amendment is made pursuant to this provision and that the requirements of this section have been satisfied.

ARTICLE 15 - AGENT FOR SERVICE

Joe Holland of Property Management Systems, Inc., whose place of business is 262 East 3900 South, Salt Lake City, Utah, is hereby appointed agent for service of process in those cases provided under the Utah Condominium Ownership Act, Utah Code Ann. §57-8-10(2)(d)(iii). This resident agent may be changed by the Management Committee by a filing with the Secretary of State related to the Association.

IN WITNESS WHEREOF, the undersigned, being the President of Silverwood Homeowners Association as determined by the previous Declarations and Bylaws, has hereunto set his/her hand and seal this 20th day of July, 2009, and confirms that this document has been approved by the requisite number of homeowners and lenders pursuant to the previous Declarations and Bylaws.

By 
Linda Tueller, President

SUBSCRIBED AND SWORN TO before me this 20th day of July, 2009.



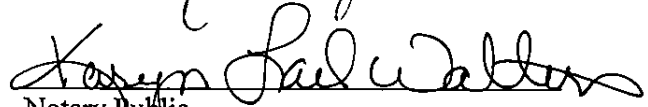

Notary Public

Exhibit A - Legal Description of All Property

Beginning at a point which is North 89°57'10" West 507.56 feet and South 0°05'44" West 321.18 feet from the Northeast Corner of Lot #10, Block 5, Ten Acre Plat "A", Big Field Survey, located in the Southwest Quarter of Section 32, Township 1 South, Range 1 East, Salt Lake Base & Meridian; and running thence South 0°05'44" West 22.00 feet, thence South 89°57'10" East 72.00 feet, thence South 0°05'44" West 218.00 feet, thence North 89°57'10" West 101.00 feet, thence South 0°05'44" West 23.00 feet, thence North 89°57'10" West 87.36 feet, thence South 0°05'44" West 87.00 feet, thence North 89°57'10" West 122.00 feet, thence North 0°07'25" East 107.00 feet, thence North 89°57'10" West 20.00 feet, thence North 0°07'25" East 243.00 feet, thence North 85°34' West 39.92 feet, thence North 0°09'57" East 311.12 feet, thence South 89°57'10" East 100.00 feet, thence South 0°09'57" West 314.18 feet, thence South 89°57'10" East 198.00 feet to the point of beginning. (containing 2.85 acres)

Beginning at a point which is North 89°57'10" West 507.56 feet and South 0°05'44" West 321.18 feet from the Northeast Corner of Lot #10, Block 5, Ten Acre Plat "A", Big Field Survey, located in the Southwest Quarter of Section 32, Township 1 South, Range 1 East, Salt Lake Base & Meridian; and running thence South 0°05'44" West 22.00 feet, thence South 89°57'10" East 72.00 feet, thence South 0°05'44" West 218 feet, thence North 89°57'10" West 101.00 feet, thence South 0°05'44" West 23.00 feet, thence North 89°57'10" West 87.36 feet, thence South 0°05'44" West 87.00 feet, thence North 89°57'10" West 122.00 feet, thence North 0°07'25" East 107.00 feet, thence North 89°57'10" West 20.00 feet, thence South 0°07'25" West 255.05 feet, thence South 89°59'32" East 524.00 feet, thence North 0°05'44" East 412.68 feet, thence South 89°57'10" East 17.00 feet, thence North 0°05'44" East 85.00 feet, thence North 89°57'10" West 282.56 feet to the point of beginning. (containing 3.88 acres)

Exhibit B - Square Footage of Each Unit

<u>Unit #s</u>	<u>Square Footage *</u>
1-14, 47-52, 111-128	978
15-20, 25-36, 41-46, 53-58, 63-68, 95-100, 105-110, 129-134, 139-144	801
21-24, 37-40, 59-62, 101-104, 135-138	707
75-94, 145-150	1318

* These square footage figures are estimates and are subject to variation from unit to unit, from building to building, and for other factors. All square footage estimates should be verified directly by anyone who is relying upon the estimate.

Exhibit C - Assignment of Parking

Each Unit is assigned a carport or garage as indicated in this Exhibit.

PHASE I

ADDRESS	COVERED PARKING	GARAGE
Building A		
3924 South 805 East #A	1	
3924 South 805 East #B	2	
3924 South 805 East #C	3	
3924 South 805 East #D	4	
3924 South 805 East #E	5	
3924 South 805 East #F	6	
3924 South 805 East #G	7	
3938 South 805 East #A	8	
3938 South 805 East #B	9	
3938 South 805 East #C	10	
3938 South 805 East #D	11	
3938 South 805 East #E	12	
3938 South 805 East #F	13	
3938 South 805 East #G	14	
Building B		
3965 South 805 East #A	15	
3965 South 805 East #B	16	
3965 South 805 East #C	17	
3965 South 805 East #D	18	
3975 South 805 East #A	19	
3975 South 805 East #B	20	

3975 South 805 East #C	21	
3975 South 805 East #D	22	
3975 South 805 East #E	23	
3975 South 805 East #F	24	
3975 South 805 East #G	25	
3975 South 805 East #H	26	
3985 South 805 East #A	27	
3985 South 805 East #B	28	
3985 South 805 East #C	29	
3985 South 805 East #D	30	
Building C		
814 East 3950 South #A	31	
814 East 3950 South #B	32	
814 East 3950 South #C	33	
814 East 3950 South #D	34	
824 East 3950 South #A	35	
824 East 3950 South #B	36	
824 East 3950 South #C	37	
824 East 3950 South #D	38	
824 East 3950 South #E	39	
824 East 3950 South #F	40	
824 East 3950 South #G	41	
824 East 3950 South #H	42	
834 East 3950 South #A	43	
834 East 3950 South #B	44	
834 East 3950 South #C	45	

834 East 3950 South #D	46	
Building D		
3970 South 840 East #A	47	
3970 South 840 East #B	48	
3970 South 840 East #C	49	
3970 South 840 East #D	50	
3970 South 840 East #E	51	
3970 South 840 East #F	52	
Building E		
835 East 3990 South #A	116	
835 East 3990 South #B	115	
835 East 3990 South #C	114	
835 East 3990 South #D	113	
835 East 3990 South #E	112	
835 East 3990 South #F	111	
Building F		
836 East 3975 South #A	122	
836 East 3975 South #B	121	
836 East 3975 South #C	120	
836 East 3975 South #D	119	
836 East 3975 South #E	118	
836 East 3975 South #F	117	
Building G		
825 East 3990 South #A	128	
825 East 3990 South #B	127	
825 East 3990 South #C	126	

825 East 3990 South #D	125	
825 East 3990 South #E	124	
825 East 3990 South #F	123	
Building H		
810 East 3990 South #A	129	
810 East 3990 South #B	130	
810 East 3990 South #C	131	
810 East 3990 South #D	132	
820 East 3990 South #A	133	
820 East 3990 South #B	134	
820 East 3990 South #C	135	
820 East 3990 South #D	136	
820 East 3990 South #E	137	
820 East 3990 South #F	138	
820 East 3990 South #G	139	
820 East 3990 South #H	140	
830 East 3990 South #A	141	
830 East 3990 South #B	142	
830 East 3990 South #C	143	
830 East 3990 South #D	144	

PHASE II

ADDRESS	COVERED PARKING	GARAGE
BUILDING A – Town homes		
832 East 4010 South	68	
834 East 4010 South	69	

836 East 4010 South	70	
838 East 4010 South	71	
840 East 4010 South	72	
842 East 4010 South	73	
BUILDING B – Stacked Flats		
3976 South 855 East #A	95	
3976 South 855 East #B	94	
3980 South 855 East #A	91	
3980 South 855 East #B	90	
3980 South 855 East #C	93	
3980 South 855 East #D	92	
3986 South 855 East #A	89	
3986 South 855 East #B	83	
3986 South 855 East #C	88	
3986 South 855 East #D	82	
3990 South 855 East #A	81	
3990 South 855 East #B	80	
3990 South 855 East #C	79	
3990 South 855 East #D	78	
3996 South 855 East #A	77	
3996 South 855 East #B	76	
BUILDING C – Town homes		
3977 South 855 East		7
3979 South 855 East		8/9
3981 South 855 East		10
3983 South 855 East		11

3985 South 855 East		12
3987 South 855 East		13/14
3989 South 855 East		15/16
3991 South 855 East		17
3993 South 855 East		18
3995 South 855 East		19
3997 South 855 East		20
3999 South 855 East		21
4001 South 855 East	74	22
4003 South 855 East		23/24
BUILDING D – Town homes		
3949 South 855 East	164	1
3951 South 855 East		5
3953 South 855 East	158	3
3955 South 855 East	----	4
3957 South 855 East	163	
3959 South 855 East		6
BUILDING E – Stacked Flats		
844 East 3950 South #A	121	
844 East 3950 South #B	120	
848 East 3950 South #A	119	
848 East 3950 South #B	122	
848 East 3950 South #C	152	
848 East 3950 South #D	151	
854 East 3950 South #A	156	
854 East 3950 South #B	153	

854 East 3950 South #C	154	
854 East 3950 South #D	155	
858 East 3950 South #A	157	
858 East 3950 South #B	160	
858 East 3950 South #C	159	
858 East 3950 South #D		2
864 East 3950 South #A	162	
864 East 3950 South #B	161	