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**AMENDED AND RESTATED  
DECLARATION OF CONDOMINIUM**

**MELDRUM HOUSE  
CONDOMINIUMS**

**A UTAH CONDOMINIUM PROJECT**

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**AMENDED AND RESTATED  
DECLARATION OF CONDOMINIUM  
MELDRUM HOUSE CONDOMINIUMS**

**(A Utah Condominium Project)**

THIS AMENDED AND RESTATED DECLARATION OF CONDOMINIUM (as amended from time to time, this "Declaration") is made as of the 22nd day of September, 2011, by COWBOY THEATRE HOUSING PARTNERS, LLC, a Utah limited liability company (together with its successors and assigns, "Declarant").

**RECITALS**

A. Declarant owns the certain real property located in the County of Salt Lake, State of Utah, that is more particularly described on Exhibit A hereto.

B. Declarant created a condominium project known as "Meldrum House Condominiums" on and within the Real Property pursuant to the Utah Condominium Ownership Act, Utah Code Annotated, Sections 57-8-1 through 57-8-54, by filing with the Salt Lake County Recorder's offices of: (i) that certain Condominium Plat for Meldrum House Condominiums, as Entry No. 11245134, in Book 2011P, beginning at Page 120 (the "Plat"); and (b) that certain Condominium Declaration for Meldrum House Condominiums, as Entry No. 11245135, in Book 9950, beginning at page 8042 (the "Original Declaration").

C. Declarant desires to make certain amendments to the Original Declaration to take into account changes in the Utah Condominium Ownership Act and believes that the most effective means of doing so is by amending and restating the Original Declaration as set forth below.

D. By the Original Declaration and this Amended and Restated Declaration, Declarant deems it necessary and desirable to subject the Real Property, and all Improvements now or hereafter constructed on the Real Property to the covenants, conditions, restrictions, reservations, easements, assessments, charges and liens set forth in this Declaration.

**DECLARATION**

In consideration of the foregoing, Declarant hereby declares as follows:

**ARTICLE I  
DEFINITIONS**

1.01 **Basic Definitions.**

As used in this Declaration, the following terms have the meanings given to them in this Section 1.01.

(a) **"Act"** means the Utah Condominium Ownership Act, Utah Code Annotated §§ 57-8-1 through 57-8-54 (2011 Replacement), as the same may be amended from time to time.

(b) **"Articles"** means the articles of incorporation of the Association, as the same may be amended from time to time.

(c) **"Assessment"** means any charge imposed by the Association, as permitted by the Act, including but not limited to, a General Assessment, a Special Assessment or a Default Assessment levied and assessed pursuant to Article VII below.

(d) **"Assessment Lien"** has the meaning given to that term in Section 7.09 below.

(e) **"Association"** means the association of Unit Owners known as Meldrum House Condominium Association, Inc., a Utah nonprofit corporation, and its successors and assigns.

(f) **"Association Documents"** means this Declaration, the Articles, the Bylaws and the Rules and Regulations, as the same may be amended from time to time.

(g) **"Authorized User"** means any family member, employee, agent, independent contractor, lessee, customer or invitee of a Unit Owner.

(h) **"Board of Directors"** means the Association's board of directors or board of trustees which shall also be and have all of the rights, duties and authority of the management committee described by the Act, except as otherwise expressly provided herein.

(i) **"Building"** shall mean the structure constructed upon the Real Property where the Units are located.

(j) **"Bylaws"** means the bylaws of the Association, attached hereto and forming a part hereof as Exhibit B, as the same may be amended from time to time.

(k) **"Commercial"** means, with respect to the use of a Unit, commercial, retail and office uses permitted by the applicable zoning and land use ordinances of Salt Lake City, Utah.

(l) **"Common Elements"** means the General Common Elements and the Limited Common Elements.

(m) **"Common Expenses"** means:

(i) any and all costs, expenses and liabilities incurred by or on behalf of the Association, including, without limitation, costs, expenses and liabilities for (A)

managing, operating, insuring, improving, repairing, replacing and maintaining the Common Elements; (B) providing facilities, services and other benefits to Unit Owners; (C) administering and enforcing the covenants, conditions, restrictions, reservations and easements created hereby including, but not limited to, the Rules and Regulations; (D) levying, collecting and enforcing the Assessments, charges and liens imposed pursuant hereto; (E) regulating and managing the Condominium Project; and (F) operating the Association;

- (ii) costs, expenses and liability agreed upon as Common Expenses by the Association or declared to be Common Expenses by this Declaration, the Act or the Association;
- (iii) all sums lawfully assessed against the Unit Owners; and
- (iv) reserves for any such costs, expenses and liability.

(n) "Condominium Project" means the real estate condominium project created on the Real Property by this Declaration, consisting of the Units and the Common Elements, known as Meldrum House Condominiums.

- (o) "Condominium Unit" means a Unit together with:
  - (i) the Interest in General Common Elements appurtenant to that Unit;
  - (ii) the right to the exclusive or nonexclusive use of the General Common Elements and Limited Common Elements appurtenant to that Unit, if any; and
  - (iii) the membership in the Association appurtenant to that Unit.

(p) "Convertible Unit(s)" means a Unit located within the Building which may be converted into one or more Units or Common Elements, provided that any Common Elements created from Commercial Units shall become Limited Common Elements appurtenant only to the Commercial Units and Common Elements created from Residential Units shall become Limited Common Elements appurtenant only to Residential Units.

(q) "Declarant" means Cowboy Theatre Housing Partners, LLC, a Utah limited liability company, and its successors and assigns.

(r) "Declarant Control Period" has the meaning given to that term in Section 6.03 below.

(s) "Declaration" means this Amended and Restated Declaration of Condominium for Meldrum House Condominiums, as the same may be amended from time to time. Upon the recordation of this Declaration, the Original Declaration shall be deemed replaced in its entirety.

(t) "Default Assessment" has the meaning given to that term in Section 7.07 below.

(u) "Director" means a duly elected or appointed member of the Board of Directors or Board of Trustees.

(v) "Eligible Mortgagee" means those Priority Mortgagees giving notice as provided in Section 16.02.

(w) "General Assessment" has the meaning given to that term in Section 7.04 below.

(x) "General Common Elements" means all of the areas of the Condominium Project, other than the Units and the Limited Common Elements. Without limiting the generality of the preceding sentence, the General Common Elements include, without limitation:

(i) all Improvements, including, without limitation, the foundations, columns, girders, beams, supports, perimeter and supporting walls, utility systems, mechanical systems, sprinkler systems, exhaust, heating and ventilation systems (excluding those servicing individual Units), storage areas, roofs, halls, corridors, lobbies, stairs, stairways, fire escapes, drainage facilities, yards, gardens, patios, balconies, decks, courtyards, stoops, exits and entrances, tanks, pumps, motors, fans, compressors, ducts, utilized or in common use, and in general all apparatus and installations existing for common use, and all other parts of the Real Property necessary or convenient to the existence, maintenance and safety of the Condominium Project, or normally in use by two or more Units, except for those Improvements that are designated by the Act, by this Declaration or by the Plat as Units or Limited Common Elements (i.e., heating and ventilating systems, mechanical systems and other apparatus used exclusively for a Unit shall not be a General Common Element);

(ii) unless designated as Limited Common Elements, all parking facilities, driveways and ramps; and

(iii) any parcels of real property and Improvements and fixtures located thereon (A) that are owned by a Person other than the Association, but in which the Association has rights of use or possession pursuant to this Declaration, a lease, license, easement or other agreement, and (B) that are used or possessed by the Association for the benefit of all Unit Owners.

(y) "Improvement[s]" means the Building, together with any other structure or improvement (including, without limitation, all fixtures and improvements contained therein) located on or within the Real Property and within or upon which one or more Units or Common Elements are or will be located.

(z) **"Interest in General Common Elements"** means the undivided interest in the General Common Elements appurtenant to each Unit, determined in accordance with the terms and conditions of Section 3.03 below.

(aa) **"Limited Common Elements"** means the Limited Common Elements designated by this Declaration or the Plat for the exclusive use of one or more Units, but fewer than all of the Units. Without limiting the generality of the foregoing, "Limited Common Elements" include, without limitation:

(i) balconies and any other physical portion of the Condominium Project depicted on the Plat as Limited Common Elements;

(ii) any windows, doors, doorsteps, porches, balconies, patios, and other apparatus intended to serve a single Unit but located outside the boundaries of such Unit;

(iii) all installations for and all equipment connected with furnishing fewer than all of the Units with utility service, including, but not limited to, utility systems, mechanical systems and exhaust and ventilation systems;

(iv) patios, decks, porches, elevators, waiting areas, entrances, exits and walkways and other areas and improvements that are designed to serve fewer than all of the Units; and

(v) any parcels of real property and improvements and fixtures located thereon (A) that are owned by a Person other than the Association, but in which the Association has rights of use or possession pursuant to this Declaration, or a lease, license, easement or other agreement, and (B) that are used or possessed by the Association for the benefit of Unit Owners of fewer than all of the Units.

If any chute, flue, duct, wire, conduit, bearing wall, bearing column or other structural component, any portion of a mechanical system or any fixture lies partially within and partially outside of the designated boundaries of a Unit, any portion thereof serving only that Unit is a Limited Common Element allocated solely to that Unit, any portion thereof serving more than one Unit shall be Limited Common Elements. Nonstructural walls located wholly within a Unit are a part of the Units in which they are located.

(bb) **"Majority,"** regardless of whether capitalized, means the Unit Owners of more than fifty percent (50%) of the aggregate Interest in General Common Elements.

(cc) **"Manager"** has the meaning given to that term in Section 6.02(b) below.

(dd) **"Mortgage"** means any mortgage, deed of trust or other document pledging any Condominium Unit or interest therein as security for payment of a debt or obligation.

(ee) "Mortgagee" means any Person named as a mortgagee or beneficiary in any Mortgage, any insurer or guarantor of a Mortgage, and any successor to the interest of any such Person under a Mortgage.

(ff) "Officer" means a duly elected or appointed officer of the Association.

(gg) "Par Value" "Par Value" means the number of points assigned to each Unit by this Declaration as set forth on Exhibit C hereto. The Par Value of each Unit shall be recomputed as Units are converted from Convertible Units pursuant to the provisions of Section 15.04. In determining Par Values, Declarant may have made and may make, as Units are converted from Convertible Units, minor adjustments in some or all of the Par Values which result from a strict application of the formula described in the immediately foregoing sentence for the purpose, but only for the purpose, of assuring that the total Par Values of all Units equals one thousand (1,000).

(hh) "Person" means any natural person, corporation, partnership, limited liability company, association, trustee, governmental or quasi-governmental entity or any other entity capable of owning real property under the laws of the State of Utah.

(ii) "Plat" means the Condominium Plat filed herewith, entitled "Meldrum House Condominiums, a Utah Condominium Project" executed and acknowledged by Declarant, consisting of three (3) sheets, and prepared by Ken Petty, a duly registered Utah Land Surveyor holding Certificate No. \_\_\_\_\_, amended by that certain Affidavit of Correction of Plat, dated September 21, 2011, and recorded in the offices of the Salt Lake County Recorder, on September 21, 2011, as Entry No. 11247426, in Book 9951, beginning at Page 7498, as such Condominium Plat may be further amended or supplemented in accordance with law and the provisions hereof from time to time.

(jj) "Priority Mortgage" means any (i) first Mortgage which is not subordinate to any other monetary lien or encumbrance, except liens for taxes or other liens which are given priority by statute; any (ii) any second Mortgage which is not subordinate to any other monetary lien or encumbrance other than a first Mortgage, except liens for taxes or other liens which are given priority by statute.

(kk) "Priority Mortgagee" means a Mortgagee under a Priority Mortgage.

(ll) "Project" means the Building, and all Units, and all Common Elements known as the Meldrum House Condominium Project.

(mm) "Purchaser" means a Person, other than Declarant or a Successor Declarant, who acquires legal title to the fee simple interest in any Condominium Unit or portion thereof.

(nn) "Real Property" shall mean the real property upon which the Project is situated, as more particularly described on Exhibit A attached hereto.

(oo) "Record," "Recording," "Recorded," and "Recorder" each have the meaning stated in Utah Code Annotated § 57-3-1 through § 57-3-2, as the same may be amended from time to time.

(pp) "Reserve Account" has the meaning given to that term in Section 7.12 below.

(qq) "Residential" means, with respect to the use of a Unit, residential housing uses permitted by applicable zoning and land use ordinances of Salt Lake City, Utah, but specifically excluding hotel or motel uses.

(rr) "Rules and Regulations" means any instrument adopted from time to time by the Association for the regulation and management of the Condominium Project, as the same may be amended from time to time.

(ss) "Salt Lake County Records" means the Official Records for Salt Lake County, Utah.

(tt) "Share of Common Expenses" means the share of Common Expenses allocated to each Unit in accordance with the terms and conditions of Section 7.02 below.

(uu) "Special Assessment" has the meaning given to that term in Section 7.05 below.

(vv) "Special Declarant Rights" means all rights that Declarant reserves for itself in this Declaration.

(ww) "Successor Declarant" means any Person who succeeds to any Special Declarant Right.

(xx) "Total Condominium Project Par Value" means the Par Value of all Units in the Condominium Project, as set forth on Exhibit C hereto, as the same may be amended as Convertible Space as provided in Section 15.04.

(yy) "Trustee" means Dennis K. Poole, attorney at law, whose address is 4543 South 700 East, Salt Lake City, Utah 84017.

(zz) "Unit" means a physical portion of the Condominium Project that:

(i) consists of one or more rooms or spaces located in one or more floors or parts of floors located in a Building located upon the Real Property;

(ii) is designated for separate ownership and independent use; and

(iii) is designated as a Unit on Exhibit C of this Declaration and on the Plat.

The walls, floors or ceilings are designated as boundaries of a Unit, and all paneling, tiles, wallpaper, painting, finished flooring and any other materials constituting any portion of the finished surfaces thereof are part of the Unit, and all other portions of the walls, floors and ceilings are part of the Common Elements. Mechanical equipment, heating and air conditioning systems and similar systems designed for the use of any one Unit and not in common with other Units shall be considered as part of and a fixture appurtenant to such Unit even though not physically located therein.

(aaa) "Unit Number" means the number, letter, or combination thereof which designates a Unit on the attached Exhibit C and on the Plat.

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

(ccc) "Utility Assessment" has the meaning given to that term in Section 7.06 below.

(ddd) "Working Capital Fund" has the meaning given to that term in Section 7.12 below.

## 1.02 Gender and Number.

Wherever the context of this Declaration so requires:

- (a) words used in the masculine gender shall include the feminine and neuter genders;
- (b) words used in the neuter gender shall include the masculine and feminine genders;
- (c) words used in the singular shall include the plural; and
- (d) words used in the plural shall include the singular.

## ARTICLE II SUBMISSION

### 2.01 Submission

There is hereby submitted to the provisions of the Act, as the Real Property associated with Meldrum House Condominium Project, the following-described real property situated in Salt Lake County, State of Utah:

See Exhibit A attached hereto and incorporated herein by this reference.

TOGETHER WITH: (i) all buildings, if any, improvements, and structures situated on or comprising a part of the above-described Real Property, whether now existing or hereafter constructed; (ii) all easements, rights-of-way, and other appurtenances and rights incident to, appurtenant to, or accompanying said Real Property; and (iii) all articles of personal property intended for use in connection with said Real Property.

ALL OF THE FOREGOING IS SUBJECT TO: the conveyance and warranty to the Trustee as specified in Section 2.04 below; all liens for current and future taxes, assessments, and charges imposed or levied by governmental or quasi-governmental authorities; all patent reservations and exclusions; any mineral reservations of record and rights incident thereto; all instruments of record which affect the above-described Real Property or any portion thereof, including, without limitation, any mortgage or deed of trust, all visible easements and rights-of-way; all easements and rights-of-way of record; any easements, rights-of-way, encroachments, or discrepancies shown on or revealed by the Plat or otherwise existing; an easement for each and every pipe, line, cable, wire, utility line, or similar facility which traverses or partially occupies the above-described Real Property at such times as construction and rehabilitation of all Improvements is complete; and all easements necessary for ingress to, egress from, maintenance of, and replacement of all such pipes, lines, cables, wires, utility lines, and similar facilities.

RESERVING UNTO DECLARANT, however, such easements and rights of ingress and egress over, across, through, and under the above-described Real Property and any improvements now or hereafter constructed or repairs thereon as may be reasonably necessary for Declarant or for any assignee or successor of Declarant (in a manner which is reasonable and not inconsistent with the provisions of this Declaration): (i) to construct, rehabilitate and complete the Building and all of the other improvements described in this Declaration or in the Plat recorded concurrently herewith, and to do all things reasonably necessary or proper in connection therewith; and (ii) to improve portions of the Real Property with such other or additional improvements, facilities, or landscaping designed for the use and enjoyment of all the Unit Owners, as Declarant or as such assignee or successor may reasonably determine to be appropriate. If, pursuant to the foregoing reservations,

the above-described Real Property or any improvement thereon is traversed or partially occupied by a permanent improvement or utility line, a perpetual easement for such improvement or utility line shall exist. With the exception of such perpetual easements, the reservations hereby effected shall, unless sooner terminated in accordance with their terms, expire seven (7) years after the date on which this Declaration is filed for record in the Salt Lake County Records.

2.02 Covenants Running with the Land.

All covenants, conditions, restrictions, reservations, easements, charges, liens and other provisions of this Declaration are covenants running with the land (used as a term of art), or equitable servitudes, as the case may be. The obligations, burdens and benefits created by this Declaration shall bind and inure to the benefit of Declarant, the Unit Owners, the Association, all other parties having any, right, title or interest in the Real Property or any portion thereof and their respective successors, assigns, heirs, devisees, executors, administrators and personal representatives.

2.03 Statement of Intention.

The condominium project to be created on the Real Property is hereby created pursuant to and shall be governed by the provisions of the Act.

2.04 Appointment and Conveyance to Trustee. The Trustee is hereby appointed a Trustee as required by the Act and Utah Code Annotated, Section 57-1-21. The Declarant hereby conveys and warrants pursuant to Utah Code Annotated, Sections 57-1-20 and 57-8-45 to the Trustee, with power of sale, the Unit(s) and all improvements to the Unit(s) for the purpose of securing payment of assessments under the terms of this Declaration. Nothing herein shall preclude the substitution of the Trustee in accordance with the provisions of Utah Code Annotated, Section 57-1-22, as long as such substituted Trustee satisfies the requirements of the Act.

**ARTICLE III**  
**BUILDING, UNITS, AND COMMON ELEMENTS**

3.01 The Building.

(a) The Improvements included in the Condominium Project are now or will be located on or within the Real Property. The significant Improvements contained in the Condominium Project include: (i) one (1) Building, generally consisting of four (4) levels, located upon the Real Property; (ii) two (2) Commercial Units and four (4) Residential Units (which Commercial Units and three of the Residential Units are Convertible Space and may be converted as provided in Section 15.04, which upon conversion may result in the increase of the total number of Units); and (iii) storage areas, asphalt or concrete walkways, and the Common Elements, including Limited Common Elements. The location and configuration

of the Improvements referred to in the foregoing sentence are depicted on the Plat. The Condominium Project also contains other improvements of a less significant nature which are not depicted on the Plat. The Plat shows the number of stories within the Building, the number of Units which are contained in the Building and included in the Condominium Project.

(b) The Building is a historical building originally constructed decades prior to the execution of this Declaration. Consequently, there are many and varied materials which are contained within the Building, some of which may be unknown to the Declarant. The Building and Units located therein have been renovated immediately prior to the execution of this Declaration. In the process of renovation of the Building, Declarant has determined that the Building consists of wood framing with steel beam structural supports; the roof is of flat surface covered with a membrane; interior walls are surfaced with sheetrock or gypsum board; and exterior walls consist of brick believed to have originated at the time of original construction.

3.02 Units.

(a) Declarant hereby creates one (1) Building containing six (6) Units, provided however, that the total number of Units within the Condominium Project, after the conversion of Convertible Space, shall not exceed a total two (2) Commercial Units and twenty-two (22) Residential Units. The Plat shows the Building, the Building's location and dimensions, the Unit numbers (including a Unit's designation as Convertible Space), and the General Common Elements and Limited Common Elements to which it has access. Each Unit shall be capable of being separately owned, encumbered and conveyed. Each Unit Owner of a Unit shall be entitled to the exclusive ownership and possession of such Unit Owner's Unit, subject to the terms and conditions of this Declaration, and each Unit may be transferred without any right of first refusal or similar restriction.

(b) No Unit Owner may alter its Unit, subdivide its Unit or relocate the boundaries between a Unit and an adjacent Unit, except as expressly provided by this Declaration and the Act (including but not limited to Section 15.04 with respect to Convertible Space).

(c) Except as expressly provided to the contrary in this Declaration, including, but not limited to Sections 10.10 and 15.04, the Interest in General Common Elements and the right to use Limited Common Elements appurtenant to the Unit may not be partitioned or separated from the Unit or any part thereof; provided that this subparagraph shall not prejudice or otherwise affect the rights set forth in Article XIII and Article XIV of this Declaration in the event of casualty or condemnation.

(d) Notwithstanding anything to the contrary contained in paragraphs 3.02(b) and 3.02(c) above or elsewhere in this Declaration:

- (i) nothing shall prevent or limit Declarant's exercise or enjoyment of any Special Declarant Right;
- (ii) subject to the provisions of Section 10.04, a Unit Owner may grant its rights to use any General Common Element or any Limited Common Element appurtenant to the Unit Owner's Unit to the Unit Owner's Authorized Users;
- (iii) the initial completion of a Unit, including all components of the finish work, shall be completed by the Declarant or its designee; and
- (iv) after the initial construction by the Declarant, the Unit Owner of a Unit may construct partitions within its Unit only with the prior written consent of the Board of Directors provided that any such construction shall not result in the removal or modification of the Common Elements or Limited Common Elements; further provided, however, the Unit Owner of a Unit may not assign all or any portion of the voting rights allocated to its Unit to any lessee to whom the Unit Owner leases its Unit.

3.03 Interests in General Common Elements.

- (a) The Interests in General Common Elements shall be allocated among the Units as set forth in this Section 3.03. The Interest in General Common Elements appurtenant to a Unit shall be expressed as a percentage and calculated in accordance with the following formula:

$$\text{Interest in General Common Elements} = \frac{(\text{Par Value of the Unit})}{(\text{Total Condominium Project Par Value (1000)})}$$

In determining the Interests in General Common Elements, Declarant may have made minor adjustments in some or all of the Interests in General Common Elements which result from a strict application of the formula described in the immediately foregoing sentence for the purpose, but only for the purpose, of assuring that the total Interests in General Common Elements equals 100.00%. The Interests in General Common Elements which are appurtenant to the Units and which are set forth on Exhibit C have been computed in the aforesaid manner. Exhibit C shall be modified from time to time as Convertible Units are converted in accordance with the requirements of Section 15.04.

- (b) Except as provided in Section 15.04, the Interest in General Common Elements shall have a permanent character and shall not be altered without the express consent of all Unit Owners expressed in an amendment to this Declaration adopted as provided in Section 18.03 hereof.

- (c) Except as expressly provided to the contrary elsewhere in this Declaration (including Section 15.04), an Interest in General Common Elements may not be partitioned from the Unit to which it is appurtenant, and any purported conveyance, encumbrance or

transfer of an Interest in General Common Elements made without the Unit to which the Interest in General Common Elements is appurtenant shall be void. The immediately foregoing sentence shall not prejudice or otherwise affect the rights set forth in Articles XIII and XIV of this Declaration in the event of casualty or condemnation. There shall not be any restriction upon a Unit Owner's right of ingress to and egress from such Unit Owner's Unit, which right shall be perpetual and appurtenant to such Unit.

3.04 Limited Common Elements.

Except as expressly provided to the contrary in this Declaration including Sections 10.17 and 15.04, the allocation of the Limited Common Elements to the Units as shown on the Plat may not be altered without the consent of all Unit Owners whose Units would be affected by such reallocation. The Limited Common Elements of the Condominium Project and the Units to which they are appurtenant are generally described as follows: one or more entries, stairways and balconies, all as assigned to each respective Unit or Units as more particularly shown on the Plat. The Unit Owner shall not permit any screws, bolts, or other items to be used upon the Limited Common Elements of any other locations which would penetrate the Common Elements. The Unit Owner of a Unit or the Unit Owners of multiple Units having rights in the Limited Common Elements shall keep the Limited Common Elements designated for use in connection with his or their Units, in a good, clean, sanitary and attractive condition; provided, however, that the Association shall keep those components for which it is responsible in a good state of repair. In the event that a Unit Owner(s) fails to keep the Limited Common Elements appurtenant to his Unit(s) in a good, clean, sanitary, and attractive condition, or in the event that the Unit Owner(s) improperly uses or damages the Common Elements adjacent to a Limited Common Element, the Association may cause the Limited Common Element to be properly maintained and the Common Elements to be restored to their proper condition, at the expense of the Unit Owner(s), in accordance with the procedures set forth in Section 7.07.

3.05 Separate Taxation of Condominium Units.

Pursuant to the Act, each Condominium Unit constitutes a separate parcel of real estate and will be separately assessed and taxed.

3.06 Description of Condominium Units.

Any deed, lease, mortgage, deed of trust, or other instrument conveying, encumbering or otherwise affecting a Condominium Unit shall describe the interest or estate substantially as follows:

Unit \_\_\_\_\_, contained within Meldrum House Condominium Project as the same is identified in the Condominium Plat recorded in Salt Lake County, Utah, on September 19, 2011, as Entry No. 11245134, in Book 2011P, beginning at Page 120 (as said Condominium Plat may have heretofore been amended or supplemented) and in the Amended and Restated Declaration of Condominium for MELDRUM HOUSE CONDOMINIUMS, recorded in Salt Lake County, Utah on September \_\_\_\_\_, 2011, as Entry No. \_\_\_\_\_, in Book No. \_\_\_\_\_ at Page \_\_\_\_\_ (as

said Declaration may have heretofore been amended or supplemented), TOGETHER WITH the undivided ownership interest in said Condominium Project's Common Elements that is appurtenant to said Unit as more particularly described in said Declaration.

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

### 3.07 Interpretation.

In interpreting this Declaration, the Plat or any deed or other instrument affecting the Building (or a portion thereof) or a Unit, the boundaries of the Building (or portions thereof) or Unit constructed or reconstructed in substantial accordance with the Plat shall be conclusively presumed to be the actual boundaries rather than the description expressed in the Plat, regardless of settling or lateral movement of the Building, including the components thereof, and regardless of minor variance between boundaries shown on the Plat and those of the Building, the Real Property, and/or the Unit.

## ARTICLE IV THE ASSOCIATION

### 4.01 Formation of the Association.

On or before the expiration of ninety (90) days after Recording of the Declaration, the Declarant shall form the Association and shall register the same with the Utah Department of Commerce in accordance with the requirements of Section 57-8-13.1 of the Act. Thereafter the Association shall update the registration as required by the Act in the event that any information provided in the initial registration or later amendments is changed.

### 4.02 Purposes and Powers.

(a) The Association's purposes are:

- (i) to manage, operate, insure, construct, improve, repair, replace, alter and maintain the Common Elements;
- (ii) to provide certain facilities, services and other benefits to the Unit Owners;

(iii) to administer and enforce the covenants, conditions, restrictions, reservations and easements created hereby;

(iv) to levy, collect and enforce the Assessments, charges and liens imposed pursuant hereto;

(v) to enter into agreements with other Persons, Mortgagees, insurers or guarantors of Mortgages, or of any other Person;

(vi) to enter into agreements, including, without limitation, easements, licenses, leases and other agreements, with other Persons including the Declarant with or without the vote or consent of the Unit Owners, Mortgagees, insurers or guarantors of Mortgages, or of any other Person, including, but not limited to, those which contemplate the sharing of expenses among the Association or the Declarant, for facilities and services that serve the Association;

(vii) to take any action that it deems necessary or appropriate to protect the interests and general welfare of Unit Owners;

(viii) to regulate and manage the Condominium Project;

(ix) to conduct or retain others to conduct Reserve Account need studies from time to time as the Association shall elect or as may be required by law; and

(x) to execute and record, on behalf of all Unit Owners, any amendment to this Declaration or the Plat which has been approved by the vote or consent necessary to authorize such amendment.

(b) Unless expressly prohibited by law or any of the Association Documents, the Association may:

(i) take any and all actions that it deems necessary or advisable to fulfill its purposes;

(ii) exercise any powers conferred on it by the Act or any Association Document; and

(iii) exercise all powers that may be exercised in Utah by nonprofit corporations.

(c) Without in any way limiting the generality of paragraph 4.02(b) above, the Association may, but is not obligated to:

(i) to the extent not provided by a public, quasi-public or private utility provider, provide certain facilities and services to the Unit Owners, such as

(A) water, sewer, natural gas, electric, cable television, HVAC services, and other utility services, and (B) trash collection facilities and other services, all of which services specified in (A) and (B) may be the subject of a Utility Assessment as provided in Section 7.06 herein below;

(ii) acquire, sell, lease and grant easements over, under, across and through Common Elements which are reasonably necessary to the ongoing development and operation of the Condominium Project;

(iii) borrow monies and grant security interests in the Common Elements and in the assets of the Association as collateral therefor;

(iv) make capital improvements, repairs and replacements to Common Elements;

(v) adopt Rules and Regulations;

(vi) inspect Units on a periodic basis to ensure that the requirements of the Declaration and Rules and Regulations are being observed by Unit Owners and by Authorized Users; and

(vii) hire and terminate managers and other employees, agents and independent contractors.

#### 4.03 Association Documents.

(a) This Declaration and the Plat create the Condominium Project and set forth certain covenants, conditions, restrictions, reservations, easements, assessments, charges and liens applicable to the Real Property. The Articles create the Association. The Bylaws provide for the regulation and management of the Association, and the Rules and Regulations provide for the regulation and management of the Condominium Project.

(b) If there is any conflict or inconsistency between the terms and conditions of this Declaration and the terms and conditions of the Articles, the Bylaws or the Rules and Regulations, the terms and conditions of this Declaration shall control. If there is any conflict or inconsistency between the terms and conditions of the Articles and the terms and conditions of the Bylaws or the Rules and Regulations, the terms and conditions of the Articles shall control. If there is any conflict or inconsistency between the terms and conditions of the Bylaws and the terms and conditions of the Rules and Regulations, the terms and conditions of the Bylaws shall control.

#### 4.04 Books and Records.

The Board of Directors or the Manager shall keep copies of the Association Documents and detailed, accurate records in chronological order, of Utility Assessments and receipts and expenditures affecting all such other Assessments and the Common Elements, specifying and itemizing the Common Expenses and any other expenses incurred. Upon request, the Association shall allow Unit Owners, Mortgagees, prospective purchasers and prospective Mortgagees, and their respective agents to inspect current copies of the Association Documents and the books, records, budgets and financial statements (including a copy of the most recent annual audited financial statements, if the same has been prepared) of the Association during normal business hours and under other reasonable circumstances. The Association may charge a reasonable fee for copying such materials.

The Association shall be required to prepare and furnish within one hundred twenty (120) days after the end of each fiscal year of the Association, a financial statement of the Association for the immediately preceding fiscal year. Such statements need not be audited unless the Board of Directors elects to obtain audited statements. Copies of such financial statements shall be made available to the holder, insurer or guarantor of any Priority Mortgage secured by a Unit as they shall request the same.

#### 4.05 Rules and Regulation.

The Association may make reasonable Rules and Regulations governing the use, repair and maintenance of the Units and of the Common Elements, which Rules and Regulations shall be consistent with the rights and duties established in this Declaration. Such Rules and Regulations may include, without limitation: (i) a requirement that interior window coverings for Residential Units, including the interior surfaces of any window or door glass used in Units shall present a uniform appearance of type and color from the exterior of any Unit or all Units, and that the Association shall have the right to inspect and reinspect and approve all proposed interior window coverings for Residential Units to insure compliance with such Rules and Regulations before installation thereof in a Unit; (ii) a requirement that windows not be tinted or the degree of tinting permitted; (iii) that materials, facilities, apparatus and components used in the repair and maintenance of a Unit be of the same type, quality, grade, and appearance as those originally installed in a Unit, including but not limited to the requirement that floor coverings of specific types be replaced with the same type of coverings (i.e., carpet for carpet, tile for tile, etc.); (iv) that glass specifications originally installed as part of a Unit be maintained (i.e., special requirements for south and west facing windows); (v) that no walls of any type located within a Unit be moved without prior Association approval; and (vi) that Limited Common Elements conform to standardized regulations regarding appearance, maintenance and modifications thereof.

## ARTICLE V VOTING

### 5.01 Voting

(a) At any meeting of the Association, the Interest in General Common Elements appurtenant to a Unit may be voted in connection with issues presented to the Unit Owners for vote.

(b) The votes allocated to the Units of the Condominium Project shall be equal to the number of points assigned to each Unit by this Declaration as set forth on Exhibit C attached hereto and made a part hereof. Consequently, the total number of votes allocated to all Units shall be one thousand (1,000).

(c) Each Unit shall be entitled to the number of votes allocated to it in accordance with paragraph 5.01(b) above, regardless of the number of Unit Owners of the Unit. If the Unit Owners of a Unit cannot agree among themselves as to how to cast their votes on a particular matter, they shall lose their right to vote on such matter. If any Unit Owner casts a vote representing a particular Unit, it will thereafter be presumed for all purposes that the Unit Owner was acting with the authority and consent of all other Unit Owners with whom such Unit Owner shares the Unit, unless objection thereto is made by a Unit Owner of that Unit to the Person presiding over the meeting at the time the vote is cast. If more than the number of allocated votes are cast for any particular Unit, none of such votes shall be counted and all of such votes shall be deemed null and void other than to determine whether a quorum exists.

(d) In any case in which the Act or this Declaration requires the vote of a stated percentage of the Unit Owners or approval of an act or transaction, such requirement shall be fully satisfied by obtaining, with or without a meeting, consents in writing to such transaction from Unit Owners who collectively hold at least the stated percentage of required votes. Such written consents shall be subject to the following conditions:

(i) All necessary consents must be obtained prior to the expiration of ninety (90) days after the first consent is given by any Unit Owner.

(ii) Any change in ownership of a Condominium Unit which occurs after consent has been obtained by the Unit Owner having an interest therein shall not be considered or taken into account for any purpose.

(iii) Unless consent of all Unit Owners having an interest in the same Condominium Unit is secured, the consent of none of such Unit Owners shall be effective.

## ARTICLE VI BOARD OF DIRECTORS

### **6.01 Number and Appointment of Directors.**

The Board of Directors shall consist of two (2) Directors. The initial Directors shall hold office until the election or appointment of their successors at the first annual meeting. Thereafter, subject to the terms and conditions of Sections 6.03 and 6.04 below, each Director will hold office until his successor is appointed. The Owners of the Commercial Unit(s) shall be entitled to appoint one (1) Director and the Owners of the Residential Units shall be entitled to appoint one (1) Director.

### **6.02 Powers of the Board of Directors.**

(a) Except as provided in this Declaration, the Articles and the Bylaws, the Board of Directors may act on behalf of the Association in all instances.

(b) Unless the Owners holding sixty-six and two thirds percent (66 2/3%) of the Interest in General Common Elements vote otherwise, the Board of Directors shall retain by written contract, a professional manager (the "Manager") who shall be responsible for the routine operation of the Condominium Project. Each professional Manager (or its principal broker) shall be a licensed real estate broker or property manager in the State of Utah.

(c) The Board of Directors may not act on behalf of the Association to:

- (i) amend this Declaration;
- (ii) terminate the Association, this Declaration or the Condominium;
- (iii) elect Directors to the Board of Directors; or
- (iv) determine the qualifications, powers and duties, or terms of office, of Directors.

### **6.03 Declarant Control Period.**

(a) Subject to the terms and conditions of paragraphs 6.03(b) and (c) below, but notwithstanding anything else to the contrary contained in this Declaration or in any other Association Document, Declarant shall have the exclusive right to appoint and remove all Directors and Officers during the Declarant Control Period. During the Declarant Control Period, the Board of Directors may consist of one (1) individual selected by the Declarant. The phrase "Declarant Control Period" means the period commencing on the date on which this Declaration is Recorded, and ending on the first to occur of the following:

- (i) the expiration of three (3) years from the date that this Declaration (exclusive of amendments or supplements) is recorded in the official records of the

County Recorder of Salt Lake County, State of Utah, or such shorter period as the Declarant may determine in its sole discretion; or

(ii) a date not later than sixty (60) days after the date upon which Units representing sixty percent (60%) or more of the total Interests in the General Common Elements have been conveyed to Purchasers.

(b) Declarant may voluntarily surrender its right to appoint and remove Officers and Directors prior to the expiration of the Declarant Control Period, but, in that event, Declarant may require, for the remainder of the Declarant Control Period, that specific actions of the Association or the Board of Directors, as described in a recorded instrument executed by Declarant, be approved by the Declarant before they become effective.

(c) During the thirty (30)-day period immediately preceding the date on which the Declarant Control Period expires, the Unit Owners shall elect a Board of Directors of three (3) Directors as set forth in Section 6.01 above consisting of Unit Owners or designated representatives of Unit Owners.

(d) No management contract, lease of areas or facilities, or any other contract or lease designed to benefit the Declarant which was executed by or on behalf of the Association or the Unit Owners as a group shall be binding after the expiration of the Declarant Control Period unless renewed or ratified by the consent of a Majority of the votes allocated to the Units as provided in Section 5.01(b).

(e) The Declarant need not designate a Manager, as provided in Section 6.02 (b), during the Declarant Control Period.

**6.04 Removal of Directors.**

(a) Directors appointed by Declarant may be removed, with or without cause, solely by Declarant.

(b) Each Director, other than a Director appointed by Declarant, may be removed, with or without cause, by the Owners who appointed the same (i.e., the Owners of Units who are entitled to appoint a Director may also remove such Director).

**6.05 Replacement of Directors.**

(a) Vacancies on the Board of Directors created by the removal, resignation or death of a Director appointed by Declarant shall be filled by a Director appointed by Declarant.

(b) A vacancy on the Board of Directors created by the removal, resignation or death of a Director appointed or elected by specific Unit Owners shall be filled by a Director appointed or elected by the same Unit Owners.

(c) Any Director elected or appointed pursuant to this Section 6.05 shall hold office for the remainder of the unexpired term of the Director that Director replaced.

6.06 Board of Directors Liability.

No Director or officer of the Association shall be liable to the Unit Owners for any mistake in judgment, for negligence, or on other grounds, except for such Director's or officer's own individual gross negligence and willful misconduct or bad faith. The Unit Owners and Association shall indemnify and hold harmless each Director and officer from and against all liability to third parties arising out of any contract made by the Board of Directors on behalf of the Association or Unit Owners, unless such contract was made in bad faith or contrary to the provisions of the Act or this Declaration. The liability of a Unit Owner arising out of the foregoing indemnification shall be limited to the total liability concerned multiplied by such Unit Owner's Interest in General Common Elements. The Association shall be authorized to obtain liability insurance for the acts and/or omissions of such Directors and/or officers.

**ARTICLE VII**  
**ASSESSMENTS, COMMON EXPENSES, BUDGETS AND LIENS**

7.01 Obligations for Assessments.

(a) Each Unit Owner, by accepting a deed to a Unit (regardless of whether it shall be expressly stated in such deed), shall be deemed to have covenanted and agreed, to pay to the Association all:

- (i) General Assessments;
- (ii) Special Assessments;
- (iii) Utility Assessments;
- (iv) Default Assessments; and
- (v) other charges,

that the Association is required or permitted to levy or impose on such Unit Owner or such Unit Owner's Unit pursuant to this Declaration or any other Association Document.

(b) Notwithstanding the definition of the term "Unit Owner":

(i) a Person who acquires a Unit in a trustee or foreclosure sale shall be personally liable for all Assessments and other charges that the Association is

required or permitted to levy or impose on that Unit or on the Unit Owner of that Unit on or after the date of the trustee or foreclosure sale; and

(ii) a Person who acquires a Unit by deed-in-lieu of foreclosure shall be personally liable for all Assessments and other charges that the Association is required or permitted to levy or impose on that Unit or on the Unit Owner of that Unit on or after the date on which the Unit Owner of the Unit executes the deed-in-lieu of foreclosure.

(c) No Unit Owner shall be exempt from liability for any Assessment or other charges by waiving the use or enjoyment of any Common Element or by abandoning a Unit against which such Assessments or other charges are made.

(d) Each Unit Owner shall be personally liable for all Assessments and other charges levied on such Unit Owner or such Unit Owner's Unit during the period of such Unit Owner's ownership of the Unit. If there is more than one Unit Owner of a Unit, each Unit Owner shall be jointly and severally liable with the other Unit Owners of the Unit for all Assessments and other charges levied on the Unit or any Unit Owner of the Unit. In a voluntary conveyance, the grantee of a Unit shall be jointly and severally liable with the grantor for all unpaid Assessments against the grantor without prejudice to the grantee's rights to recover from the grantor the amount of the Assessment paid by the grantee.

(e) Each Assessment or other charge, together with interest and penalties thereon and, whether or not an action is commenced to collect the same, all costs and expenses incurred by the Association to collect such Assessment or other amount, including all fees and disbursements of attorneys, accountants, appraisers, receivers and other professionals engaged by the Association in connection therewith, shall constitute an Assessment Lien and may be recovered by a suit for a money judgment by the Association without foreclosing or waiving any Assessment Lien securing the same.

(f) In addition to any other remedy provided in this Declaration, when an Assessment has not been paid when due, the Association shall have the right, after giving notice to a Unit Owner and an opportunity to be heard in accordance with the requirements of the Act and the further provisions herein, to terminate the Unit Owner's right to receive utility services that are paid for by the Association as part of the Common Expenses. Upon payment of the Assessment due, including any interest, late payment fees and/or collection costs, the Association shall immediately take action to reinstate the terminated utility services to the Unit. Prior to terminating any utility services, the Association shall give written notice to the delinquent Unit Owner in the manner provided in this Declaration, which notice shall include the following: (i) notice that utility services will be terminated if payment of the past-due Assessment is not received within the time provided in the Declaration, Bylaws, or Rules and Regulations, which time shall be stated and shall be at least forty-eight (48) hours from the date of the notice; (ii) notice of the amount of the Assessment which is due, including any interest or late payment fees; and (iii) notice of the Unit Owner's right to request a hearing. The Unit Owner may request an informal hearing to dispute the Assessment by submitting

a written request to the Association within fourteen (14) days from the date the notice required above is received by the Unit Owner. Such hearing shall be conducted in accordance with the standards adopted by the Association as set forth in Section 17.04, as may be supplemented by Rules and Regulations. If such hearing is timely requested by the Unit Owner, the utility services may not be terminated by the Association until after such hearing has been conducted and a final decision has been entered by the Association.

(g) In addition to any other remedy provided in this Declaration, when an Assessment has not been paid for a period more than sixty (60) days from when it was due and a Unit has been leased (as such term is defined by the Act), the Association shall have the right to demand that the Unit Owner's tenant for such Unit pay to the Association future lease payments until the Association is paid; provided, however, that such demand shall not be made upon a tenant until the requirements of the Act are complied with, including but not limited to first giving written notice (with the required content) to an Unit Owner and subsequently giving written notice (with the required content) to a tenant of a Unit in the manner provided by this Declaration and in accordance with the requirements of the Act, and further provided, that any such funds collected by the Association from a tenant be deposited into a separate account to be disbursed to the Association, with costs of administration, or to be paid to the Unit Owner as required by the Act. Any time frames which are to be established for notice and/or performance by the Unit Owner shall be established by the Association and set forth in the Rules and Regulations.

#### 7.02 Share of Common Expenses.

(a) Except as otherwise set forth in this Declaration, the Association's Common Expenses shall be allocated among the Units in accordance with the Interest in General Common Elements appurtenant to such Units (the "Share of Common Expenses").

(b) Until the Association levies an Assessment, Declarant shall pay all Common Expenses. No assessments shall be levied until the first day of the month following the sale and closing of a Unit to a person not the Declarant.

(c) Upon the purchase of a Unit, each Purchaser shall be required to pay to the Association as provided in Section 7.12, an amount equal to one fourth of the projected General Assessment for the first full calendar year after recordation of this Declaration (i.e, three monthly installments if the General Assessment is to be paid in twelve installments), two thirds of such payment to be deposited into a Working Capital Fund to be maintained by the Association, and one third of such payment to be deposited into a Reserve Account to be maintained by the Association pursuant to Section 7.12. Once a projected General Assessment has been determined as set forth herein, such projected General Assessment shall be used when computing the Reserve Account deposit to be made by all Unit Owners.

(d) A Person who acquires a Unit in a trustee or foreclosure sale or who acquires a Unit by deed-in-lieu of foreclosure shall be personally liable only for those assessments which accrue after the date of such sale or deed as provided in Section 7.01 (b) above, and

provided the lien of a Mortgagee has priority over the Assessment Lien of the Association as provided in Sections 7.09 (b) and/or 7.09 (c), in the event of a trustee or foreclosure sale, the Assessment Lien of the Association shall be extinguished and shall no longer be a lien upon the applicable Unit; nevertheless a deed-in-lieu shall not extinguish the Assessment Lien without the written consent of the Association.

7.03 Budgets.

(a) Prior to the first levy of a General Assessment, and thereafter on or before November 1 of each calendar year, the Board of Directors shall adopt a proposed annual budget for the Association for the following calendar year that sets forth:

(i) the Board of Directors' estimates of Common Expenses for the next calendar year, taking into account any default or surplus realized for the current calendar year and any amounts as may be necessary to fund the Reserve Account provided for in Section 7.12 of this Declaration;

(ii) the amount of funds for such Common Expenses that the Board of Directors proposes to raise through General Assessments; and

(iii) the amount of funds for such Common Expenses that the Board of Directors proposes to raise through Special Assessments.

(b) Within ten (10) days after adopting a proposed annual budget, the Board of Directors shall deliver a summary of the proposed annual budget to the Unit Owners. Such notice shall also specify the date for a meeting of the Unit Owners to consider ratification of the proposed annual budget, the date of such meeting to occur on the second Tuesday of November of each year, or in the event that the Board of Directors elects to set a different date for ratification of the proposed annual budget, a date not less than fourteen (14) days nor more than sixty (60) days after the delivery of the summary of the proposed annual budget to the Unit Owners. Unless the proposed budget is ratified at the meeting of the Unit Owners by a vote of at least fifty-one percent (51%) of the votes allocated to all Units, the proposed budget shall be deemed rejected. If the proposed annual budget is rejected, the annual budget last ratified by the Unit Owners shall be deemed renewed for the next calendar year and shall remain in full force and effect until such time as the Unit Owners ratify a subsequent annual budget proposed by the Board of Directors. Notwithstanding the foregoing, the total amount of annual General Assessments shall not exceed the previous year's annual General Assessments by more than 25% without the affirmative vote of Unit Owners holding sixty-seven percent (67%) of the Interests in General Common Elements and the affirmative vote of Eligible Mortgages holding Priority Mortgages upon Units holding at least fifty-one (51%) of the Interests in General Common Elements.

(c) If the Board of Directors deems it necessary or advisable to amend an annual budget that has been ratified by the Unit Owners under paragraph 7.03(b) above, the Board of Directors may adopt a proposed amendment to the annual budget, deliver a summary of

the proposed amendment to all Unit Owners and set a date for a meeting of the Unit Owners to consider ratification of the proposed amendment. The date of such meeting shall not be less than fourteen (14) days nor more than sixty (60) days after the delivery of the summary of the proposed amendment. Unless the proposed amendment is ratified at the meeting of the Unit Owners by a vote of at least fifty-one percent (51%) of the votes allocated to all Units, the proposed amendment shall be deemed rejected.

(d) Unit Owners acknowledge that in the event that annual budgets and/or amendments thereto are not approved as provided in this Section 7.03, the Board of Directors may be required to reduce services to the Condominium Project.

7.04 General Assessments.

(a) After the Board of Directors has adopted an annual budget pursuant to paragraph 7.03(b) above, the Association shall levy an assessment for Common Expenses (a "General Assessment") on each Unit. The amount of the General Assessment levied against a Unit shall equal the product obtained by multiplying:

- (i) the amount set forth in the annual budget adopted by the Board of Directors as the amount of Common Expenses to be raised by General Assessments, by
- (ii) that Unit's Interest in General Common Elements.

(b) The Unit Owners shall pay the General Assessments levied against their respective Units in such periodic installments as may be required by the Association.

(c) If the Board of Directors adopts an amendment to the General Assessment portion of an annual budget pursuant to paragraph 7.03(c) above, the amount of the General Assessment levied against each Unit shall be adjusted accordingly, as shall the amount of each Unit Owner's periodic installments.

(d) If the Board of Directors fails to adopt an annual budget for any calendar year prior to January 1 of that calendar year, the Unit Owners shall continue to pay periodic installments of the General Assessment to the Association at the rate payable during the prior calendar year until such time as the Board of Directors adopts a new annual budget for the then current calendar year. Once the Board of Directors adopts a new annual budget, the Association shall levy against each Unit the General Assessment for the then current calendar year and each Unit Owner's periodic installments shall be adjusted as necessary to pay the new General Assessment in equal periodic installments over the remainder of such calendar year, giving the Unit Owners credit, in such manner as the Board of Directors deems necessary or appropriate, for any installments that the Unit Owners have previously paid to the Association during such calendar year.

(c) The failure of the Association to levy a General Assessment for any calendar year shall not be deemed a waiver, modification or release of a Unit Owner's liability for the Share of Common Expenses allocated to such Unit Owner's Unit.

7.05 Special Assessments.

(a) The Assessments that the Association may levy pursuant to this Section 7.05 are referred to in this Declaration as "Special Assessments."

(b) Notwithstanding anything to the contrary contained in Section 7.04 above, if the Association determines that an Assessment is required to immediately fund any Common Expense attributable to the Common Elements, the Association shall amend the budget in accordance with Section 7.03 and thereafter levy an Assessment for such Common Expense against the Units in proportion to the Interests in General Common Elements

(c) Each Special Assessment levied against any Unit shall be shown on an annual budget, or an amendment to an annual budget, adopted by the Board of Directors pursuant to Section 7.03 above and shall be paid as and when required by the Association.

7.06 Utility Assessments.

(a) The Assessments made pursuant to this Section 7.06 are referred to in this Declaration as "Utility Assessments."

(b) In the event that the Association provides or causes others to provide utility services to an individual Unit which are separately metered (as opposed to the Unit Owner obtaining such utility service directly from the provider), the Association shall be deemed to have made a levy for the amount charged for such services, as the same is determined periodically, but not more frequently than monthly. In addition to the foregoing, in the event culinary water is provided by the Association and is separately metered, sanitary sewer charges shall also be allocated on the same basis (or proportion) as culinary water is assessed by the Association. Immediately subsequent to the determination of the amount of utility services provided, the Association or its Manager shall cause a statement of the amount(s) due for such services to be provided to each Unit Owner receiving service. The amount set forth in such statement is immediately due and payable by the Unit Owner to the Association. Nothing herein shall preclude the Association from combining the statement for Utility Assessments with any other Assessment or charge to a Unit Owner.

(c) The Unit Owner shall pay the Utility Assessment levied against their respective Unit monthly as statements are received.

(d) Utility Assessments need not be shown on an annual budget, or on an amendment to an annual budget adopted by the Board of Directors pursuant to Section 7.03 above.

(e) With respect to any Utility Assessment, or portion thereof, levied other than a late charge, the Unit Owner of the Unit against which the Association has levied a Utility Assessment may request an opportunity to contest the amount of a Utility Assessment, provided such request is made in writing to the Association within thirty (30) days of the date of the statement. Upon notice and hearing, the Board, or a committee designated for such purpose, shall affirm or modify the Utility Assessment levied.

7.07 Default Assessments.

(a) Notwithstanding anything to the contrary contained herein, if any Common Expense is caused by:

(i) the negligence or misconduct of a Unit Owner or a Unit Owner's Authorized User; or

(ii) a violation of any covenant or condition of an Association Document by a Unit Owner or a Unit Owner's Authorized User (a "Violation") or

(iii) failure to maintain Limited Common Areas, the Association may levy an Assessment for such Common Expense against such Unit Owner's Unit or a fine, penalty fee or other charge for each Violation. Any such Assessment levied by the Association and each fine, penalty, fee or other charge imposed upon a Unit Owner for the Unit Owner's Violation are each referred to herein as a "Default Assessment".

(b) Default Assessments need not be shown on an annual budget, or on an amendment to an annual budget, adopted by the Board of Directors pursuant to Section 7.03 above.

(c) With respect to any Default Assessment, or portion thereof, levied other than as a late charge, the Unit Owner of the Unit against which the Association seeks to levy the Default Assessment shall be provided notice as provided in this Declaration and an opportunity to be heard in accordance with the procedures set forth in the Rules and Regulations. Unit Owners of Units against which Default Assessments have been levied shall pay such Default Assessments as and when required by the Association.

7.08 Assignment of Assessments.

The Association shall have the unrestricted right to assign its right to receive Assessments and other future income, either as security for obligations of the Association or otherwise, on the condition that any such assignment is approved by a Majority of the votes allocated to Units.

7.09 Assessment Lien.

(a) The Association shall have a lien on each Unit for any Assessment levied against that Unit and for any fines, late charges, penalties, interest and attorneys' fees,

disbursements and costs of collection imposed against the Unit Owner of such Unit under any Association Document (the "Assessment Lien"). The Assessment Lien shall secure all of the foregoing obligations of a Unit Owner from the time such obligations become due. If an Assessment is payable in installments, the Assessment Lien shall secure each installment from the time it becomes due, including the due date set by any valid Association acceleration of installment obligations. Fines, late charges and/or penalties may be established from time to time by the Board of Directors, subject to the requirements of Section 7.01 (f) and (g) as applicable.

(b) An Assessment Lien shall constitute a lien upon the Unit Owner's Unit and, upon the Recording of a notice of lien by the Board of Directors or the Manager, it is a lien prior to all other liens and encumbrances on a Unit, recorded and unrecorded except:

(i) encumbrances recorded prior to the date the Declaration is recorded which by law would be a lien prior to subsequently recorded encumbrances; and

(ii) liens for real estate taxes and special assessment liens on the Unit in favor of any governmental assessing unit or special improvement district; and

(c) Notwithstanding the terms and conditions of subparagraph 7.09(b) above, an Assessment Lien shall not be prior to a Priority Mortgage recorded before the date on which the Association causes the Recording of a notice of lien with respect to the Assessment sought to be enforced.

(d) An Assessment Lien may be enforced by (i) causing a Unit to which the Assessment Lien applies to be sold through nonjudicial foreclosure as though the lien were a deed of trust, in the manner provided by the Act and Utah Code Annotated, Sections 57-1-24 through 57-1-27; or (ii) foreclose the lien through a judicial foreclosure in the manner provided by the Act and the law for the foreclosure of a mortgage. An Assessment Lien shall be extinguished unless proceedings to enforce the Assessment Lien are instituted within six (6) years after the full amount of the Assessment secured thereby becomes due. Notwithstanding the above, suit to recover a money judgment for unpaid Assessments is maintainable without foreclosing or waiving the lien securing it.

(e) This Section 7.09 does not prohibit actions or suits to recover sums secured by an Assessment Lien or the Association from taking a deed in lieu of foreclosure.

(f) In any action by the Association to collect Assessments or to foreclose an Assessment Lien for unpaid Assessments, the court may appoint a receiver of the Unit Owner to collect all sums alleged to be owed by the Unit Owner prior to or during the pendency of the action, including, but not limited to, all costs and expenses of such proceedings, reasonable attorneys' fees, and a reasonable rental for the Unit. A court may order the receiver to pay any sums held by the receiver to the Association during the pending of the action to the extent of the Association's Assessments.

(g) An Assessment Lien may be foreclosed in like manner as a deed of trust or mortgage on real estate or in any other manner permitted by law. Periodic Assessments shall be payable during the period of foreclosure of an Assessment Lien.

7.10 Waiver of Homestead Exemptions.

To the fullest extent permitted by law, by acceptance of the deed or other instrument of conveyance of a Unit, each Unit Owner irrevocably waives the homestead exemption provided by the Utah Exemptions Act, Utah Code Ann. § 78-23-1 through § 78-23-15 as amended from time to time, as the same may apply to the Assessment Lien.

7.11 Estopel Certificates; Notices to Mortgagees.

(a) The Association shall furnish to a Unit Owner or to a Mortgagee or its designee upon written request, delivered personally or by certified mail, first-class postage prepaid, return receipt requested, to the Association's registered agent, and payment of a reasonable fee not to exceed the amount provided for in the Act, a statement setting forth the amount of unpaid Assessments currently levied against such Unit Owner's Unit. The statement shall be furnished within ten (10) calendar days after receipt of the request and is binding on the Association, the Board of Directors and every Unit Owner in favor of all Persons who rely upon such statement in good faith. If no statement is furnished to the Unit Owner, the Mortgagee or their designee, delivered personally or by certified mail, first-class postage prepaid, return receipt requested, to the inquiring party, then the Association shall have no right to assert the priority of its Assessment Lien upon the Unit for unpaid Assessments which were due as of the date of the request.

(b) If a Priority Mortgagee delivers to the Association a written request for notice of unpaid Assessments levied against a Unit subject to a Priority Mortgage held by that Priority Mortgagee, the Association shall report to the Priority Mortgagee any unpaid Assessments levied against such Unit that remain unpaid for more than sixty (60) days after the same shall have become due. The Priority Mortgagee may pay any such unpaid Assessment, together with any and all costs and expenses incurred with respect to the Assessment Lien securing such unpaid Assessment, and upon such payment, such Priority Mortgagee shall have a lien on the Unit for the amounts paid with the same priority as a lien of the Priority Mortgage held by such Priority Mortgagee.

7.12 Working Capital and Reserve Account.

(a) The Association shall maintain, separate from the other funds of the Association, an adequate reserve account ("Reserve Account") for Common Expenses. Except as provided in Section 7.02 (c), and commencing not earlier than the calendar year after expiration of the Declarant Control Period, the Board of Directors may make assessments for such Reserve Account as they deem proper for general working capital, for a general operating reserve, and for a reserve fund for replacements and major maintenance or capital replacement, and will be funded and maintained from General Assessments. As

provided in Section 7.02 (c), the Declarant shall create a "Working Capital Fund" for the benefit of the Association for the initial months of operations of the Condominium Project which shall be funded by Purchasers of Units as follows. At the closing of the sale of a Unit by Declarant to a Purchaser, the Purchaser shall pay to the Association an amount equal to the Association's estimate of one fourth (1/4) of the projected General Assessment for the first full calendar year after recordation of this Declaration (i.e, the equivalent of three months installments if installments are made monthly), two thirds (2/3) thereof to be deposited into the Working Capital Fund and one third (1/3) thereof to be deposited into the Reserve Account; provided, however that at such time as the Declarant Control Period terminates, the Declarant shall become obligated to pay to the Association at the time of sale of each Unit or the expiration of one (1) year from the time the Declarant Control Period terminates, the required deposit for each unsold Unit which is part of the Condominium Project; further provided, that the Declarant is entitled to seek reimbursement of such deposit for each Unit from a Buyer of each Unit, as each such Unit is sold and closed. Funds not expended from the Working Capital Fund prior to the expiration of four (4) years from the first sale of a Unit, shall be transferred to the Reserve Account. Thereafter, the Association may increase the reserve fund or replace funds withdrawn from the reserve fund with funds collected through General Assessments. The Declarant shall have no right to use any of the Working Capital Fund to defray any of its expenses, reserve contributions, or construction costs or to make up any budget deficits while it is in control of the Association.

(b) Payments by Purchasers to the Association under paragraph 7.12(a) above shall not be credited against, or relieve Purchasers from, their obligation to pay other Assessments levied against Units by the Association.

(c) Upon the sale of a Unit from one Unit Owner to another, the Association shall not be obligated to return to the transferor any funds held in reserve.

(d) The Association shall cause a reserve analysis to be conducted no less frequently than every five (5) years, and review a previously conducted reserve study analysis no less frequently than every two (2) years. The Board of Directors may conduct a reserve analysis itself or may engage a reliable person or organization, as determined by the Board of Directors, to conduct the reserve analysis.

(e) An Association shall:

(i) annually, at the annual meeting of Owners or at a special meeting of Owners, present the reserve study and provide an opportunity for Owners to discuss reserves and to vote on whether to fund or continue to fund a Reserve Account and, if so, how to fund it and in what amount; and

(ii) prepare and keep minutes of each meeting held under Subsection (e)(i) and indicate in the minutes any decision relating to funding a Reserve Account.

## ARTICLE VIII UTILITY AND OTHER SERVICES

### 8.01 Water, Sewer, Electric and Trash Removal Services.

(a) It is initially contemplated that electric and natural gas services shall be separately obtained by each Unit Owner and that all such services will be separately metered and billed to such Unit by the utility company or other party furnishing such services. The charges incurred by the Unit Owners of Units for such services shall not be a part of the Common Expenses of the Condominium Project.

(b) All other utility services, if any, furnished to the Condominium Project which are separately metered and billed to an individual Unit by the utility company, the Association, or other party furnishing such services shall be paid for by the Unit Owner of the Unit to which such utility is metered. Any such utility services provided by the Association to a Unit shall create an obligation to pay a Utility Assessment as provided in Section 7.06 above. All other water, sewer, electric, heating and cooling, and trash removal services, which are not separately metered by the Association or others (except sanitary sewer service which shall be allocated in the same manner as culinary water as provided in Section 7.06 above), shall be a part of the Common Expenses and shall be allocated by the Association among the Units and charged to the Unit Owners in accordance with their Interest in General Common Elements.

(c) Each Unit Owner shall ensure that its Unit is sufficiently heated to prevent the freezing of water and sewer lines serving the Condominium Project.

### 8.02 Cable Television, Communications and Satellite Dishes.

(a) The Association may, at its election, arrange for one or more cable providers to provide services (TV, internet or other communications) to Unit Owners within the Condominium Project. Nevertheless, each Unit Owner of a Unit shall be responsible for obtaining such services for its Unit and shall pay all costs, expenses, fees, rates and other installation and connection charges incurred in connection therewith, including, without limitation, any connection fees, directly to the provider of such services.

(b) If the Association elects to provide an area for the placement of miniature satellite dishes, a Unit Owner of a Unit shall have the right to install a miniature satellite dish (not exceeding 24 inches in diameter) upon the designated area for the sole benefit of a Unit Owner; further provided that placement of a dish may be conditional upon the payment of a periodic fee to the Association to defer the cost of administering such a program. Such installation and maintenance shall be made in accordance with the Rules and Regulations and at the sole cost and expense of the Unit Owner. Any maintenance of the satellite dish or of the Common Elements occasioned by the installation and maintenance of such satellite dish shall be the sole financial responsibility of the Unit Owner(s), and the Association is authorized to assess the cost of the same against the Unit Owner(s) as a Default Assessment.

pursuant to the provisions of Section 7.07. Notwithstanding the foregoing, the Association shall have no obligation to provide a location for installation of a satellite dish.

(c) All cable television and/or communication services furnished to the Condominium Project which are separately metered and billed to an individual Unit by the cable company or other party furnishing such services shall be paid for by the Unit Owner of the Unit to which such services are metered. Any such cable services provided by the Association to a Unit shall create a Utility Assessment as provided in Section 7.06 above. All other cable television services shall be a part of the Common Expenses and shall be allocated by the Association among the Units and charged to the Unit Owners in accordance with their proportionate Share of Common Expenses.

8.03 Telephone.

(a) Each Unit Owner shall be responsible for obtaining telephone services for its Unit and the Limited Common Elements designed to serve only its Unit and shall pay all costs, expenses, fees, rates and other charges incurred in connection therewith, including, without limitation, any connection fees, directly to the provider of such services.

(b) The Association shall determine what, if any, telephone services are necessary for the General Common Elements that serve all of the Units and shall be responsible for obtaining those services. The Common Expenses incurred by the Association for those services shall be allocated among the Units in accordance with their proportionate Shares of Common Expenses.

8.04 Other Utilities.

If the Association incurs Common Expenses for any utility service not described above, or if the manner of providing or metering any utility service described above changes from the manner in which such service is provided or metered as of the date of this Declaration, the Association may allocate the Common Expenses incurred for such new utility service or changed utility service in any reasonable and equitable manner consistent with the Act. Any utility service provided to a Unit shall create a Utility Assessment as provided in Section 7.06 above.

## ARTICLE IX MAINTENANCE OF COMMON ELEMENTS AND UNITS

9.01 Maintenance of Common Elements.

Except as otherwise provided in this Declaration, the Association, or its duly designated agent, shall maintain the General Common Elements and the other Association property in good order and condition and shall otherwise manage and operate the General Common Elements as it deems necessary or appropriate. The Board of Directors shall have the irrevocable right to have access to each Unit and appurtenant Limited Common Elements from time to time during reasonable

hours as may be necessary for the inspection, maintenance, repair or replacement of the General Common Elements or for making emergency repairs necessary to prevent damage to the General Common Elements or to another Unit or Units. In addition, the Association shall ensure that all interior General Common Elements are sufficiently heated to prevent the freezing of water and sewer lines serving the Condominium Project. Without limiting the foregoing, the Association may:

- (a) construct, modify, add to, repair, replace or renovate any improvements that are located on or constitute a part of any General Common Element, provided, however that any such General Common Element shall be replaced with a like-kind improvement, including material, design and color, unless Unit Owners holding not less than seventy-five percent (75%) of the Interests in General Common Elements approve a different material, design or color;
- (b) plant and replace trees, shrubs and other vegetation on any General Common Element;
- (c) place, maintain and replace signs upon any General Common Element;
- (d) adopt and enforce Rules and Regulations regulating the use of General Common Elements; and
- (e) take any other actions as the Association deems necessary or advisable to protect, maintain, operate, manage or regulate the use of the General Common Elements.

#### **9.02 Maintenance of Units and Limited Common Elements.**

Each Unit Owner, at such Unit Owner's sole cost and expense, shall maintain in good order and repair its respective Unit and all structural elements, utility facilities, lines, ducts, and other such apparatus (including all fixtures located therein) serving solely such Unit so as not to detract from the appearance of the Condominium Project and so as not to affect adversely the value or use of any other Unit or other portions of the Condominium Project. In further explanation of the foregoing, each Unit Owner shall keep the interior of his Unit, including without limitation, interior walls, doors, windows, ceilings, floors, and permanent fixtures and appurtenances thereto, in a clean and sanitary condition and in good state of repair. In the event that any element, facility, apparatus and/or component of any Unit is in need of replacement, such component shall be replaced with the same type, style, grade and quality of element, facility, apparatus and/or component as originally existed, except as may be permitted to the contrary by the Association, including Rules and Regulations which may address such issues. In the event that any such Unit shall develop an unclean or unsanitary condition or fall into a state of disrepair, and in the event that the Unit Owner of such Unit shall fail to correct such condition or state of disrepair promptly following written notice from the Association and only upon the approval of the Board of Directors, the Association shall have the right, at the expense of the Unit Owner and without liability to the Unit Owner for trespass or otherwise, to enter said Unit and correct or eliminate said unsanitary or unclean condition or state of disrepair; provided, however, that the Association shall in no event have the obligation to correct or eliminate any such condition or state of disrepair. In addition to the foregoing, each

Unit Owner shall separately maintain, clean, repair and generally keep in good order and operating condition the Limited Common Elements serving solely such Unit Owner's Unit, unless the Association has elected to maintain the same. Any costs and/or expenses incurred by the Association, as provided in this Section, may become the basis for a Default Assessment as provided in Section 7.07.

**9.03 Mechanic's Liens and Indemnification.**

No labor performed or materials furnished and incorporated into a Unit with the consent or at the request of a Unit Owner or an agent, contractor or subcontractor of a Unit Owner shall be the basis either for filing a lien against the Unit of any other Unit Owner not expressly requesting or consenting to the same, or against the Common Elements. Notwithstanding the foregoing, labor performed or materials furnished for the Common Elements, if authorized by the Unit Owners, the Manager, or the Board of Directors in accordance with this Declaration, the Bylaws, the Rules and Regulations, or the Act, shall be deemed to be performed or furnished with the express consent of each Unit Owner and shall be the basis for filing a lien pursuant to applicable law. Payment for any such lien shall be made as provided in the Act. Each Unit Owner shall indemnify and hold harmless each of the other Unit Owners and any Mortgagee from and against all liability arising from any claim or lien against the Unit of any other Unit Owner or against the Common Elements for construction performed or for labor, materials, services or supplies incorporated in the Unit Owner's Unit at the Unit Owner's request.

**ARTICLE X  
COVENANTS, CONDITIONS AND RESTRICTIONS**

**10.01 Applicability of Covenants, Conditions and Restrictions.**

Except as otherwise provided in this Declaration, the covenants, conditions and restrictions set forth in this Article X shall apply to all Units and Common Elements.

**10.02 Association Documents.**

Each Unit Owner shall strictly comply with, and shall require its Authorized Users to comply with, all provisions of the Association Documents that apply to such Unit Owner or such Unit Owner's Unit.

**10.03 Notice of Conveyance, Assignment or Encumbrance.**

(a) Promptly after a conveyance of a fee simple interest in a Unit or portion thereof, the grantee shall furnish a copy of the conveyance deed to the Association.

(b) Promptly after an encumbrance of a fee simple interest in a Unit or portion thereof, the Unit Owner shall furnish the Association with a copy of the Mortgage creating the encumbrance.

(c) Promptly after the lease of a Unit, the Unit Owner thereof shall furnish a copy of the lease to the Association.

#### 10.04 Use of Common Elements.

All Unit Owners and their Authorized Users may use the General Common Elements and the Limited Common Elements designed to serve their Units for the purposes for which such Common Elements are intended, subject however, to the terms, conditions, and limitations set forth in Rules and Regulations. Notwithstanding the preceding sentence, neither a Unit Owner nor a Authorized User may use any Common Element in any manner that unreasonably interferes with, hinders or encroaches upon the rights of other Unit Owners in and to the Common Elements. Without limiting the generality of the foregoing, no Unit Owner shall cause, or permit its Authorized Users to cause waste to any Common Element. In the event a Unit Owner enters into a lease or rental agreement for his Unit, for the period of such lease or rental agreement, the Unit Owner's use of such Common Elements shall be restricted to those reasonably necessary for a landlord of such Unit, except as provided to the contrary in Section 10.17.

#### 10.05 Alterations.

(a) Except as otherwise expressly provided in this Declaration, a Unit Owner of a Unit may not make (i) any improvement or alteration to a Common Element, or (ii) any improvement or alteration to its Unit that: (1) is contrary to the requirements of the Rules and Regulations, (2) results in the substitution of different types of materials, facilities, apparatus and components from those originally installed, or (3) affects any Common Element or any other Unit, without the prior written consent of the Association. No Unit Owner shall do any work or make any alterations or changes which would jeopardize the soundness or safety of the Condominium Project without obtaining the written consent of each Unit Owner. No Unit Owner shall do any work or make any alterations or changes which would reduce the value of the Condominium Project or impair any easement or hereditament, without in every case first obtaining the prior written consent of the Association.

(b) Excepting the initial construction of the Building by the Declarant during the initial development of the Real Property, no new Improvement shall be constructed on the Real Property and no construction, alteration, installation or other work affecting the exterior surface of any existing Improvement shall be made.

(c) Without limiting the generality of paragraphs 10.05(a) through (b) above, and subject to the provisions of Section 8.02, a Unit Owner of a Unit may not, without the prior written consent of the Association, install or erect any improvement, mechanical system or fixture (including but not limited to a satellite dish except as provided in Section 8.02) that either:

(i) protrudes beyond the boundaries of the Unit Owner's Unit; or

(ii) is located wholly outside the Unit Owner's Unit (even if located within a Limited Common Element that is assigned to solely the Unit Owner's Unit); or

(iii) constitutes the modification, construction, or installation of improvements upon or comprising a part of a Limited Common Element, including but not limited to the installation of racks, closets, shelves, or other improvements to a Limited Common Element (i.e., installation of shelves or a closet upon a deck).

(d) Nothing herein shall preclude the Declarant from completing the initial construction and finishing of each Unit within the Condominium Project.

**10.06 Nuisances, Hazardous Activities and Unsightliness.**

(a) No Person shall conduct any activity on the Real Property which creates a nuisance.

(b) No Person shall conduct any activity on the Real Property which is or might be hazardous to any Person or property.

(c) No unsightliness shall be permitted at the Real Property.

(d) Subject to the exemption for the Declarant as set forth in Section 15.01, normal construction activities conducted in accordance with Rules and Regulations shall not be considered to violate the terms and conditions of this Section 10.06. **BY ACCEPTING A DEED TO A UNIT, A UNIT OWNER ACKNOWLEDGES THAT UNITS WITHIN THE CONDOMINIUM PROJECT MAY BE UNDER CONSTRUCTION FROM TIME TO TIME AND THAT NOISES, LIGHTS AND ODORS COMMON TO COMMERCIAL ACTIVITIES (INCLUDING, BUT NOT LIMITED TO, OTHER BUSINESS ESTABLISHMENTS, RESTAURANTS AND PUBS WHICH GENERATE NOISES, ODORS AND LIGHTS), MAY EXIST ON OR NEAR THE REAL PROPERTY, AT ANY TIME AND FROM TIME TO TIME.**

**10.07 Signs and Banners.**

(a) Except as set forth herein for Commercial Units, unless approved in writing by the Declarant during the Declarant Control Period or the Association after the expiration of the Declarant Control Period, no signs or banners whatsoever, including but not limited to "For Sale" and "For Rent" signs, shall be erected or maintained on the Real Property which may be viewed within or by those passing the Condominium Project, including but not limited to any sign or banner which may be located within a Unit, on any interior or exterior door, the glass of any window or door or on or within any vehicle or other item of personal property located within the Condominium Project, except signs required by legal proceedings and those permitted or approved by this Declaration.

(b) No sign or banner may be displayed or hung from any patio or balcony by any means or method.

(c) In accordance with Rules and Regulations adopted by the Board of Directors, the Association may, but has no obligation to provide a procedure for the uniform posting of signs of Units "For Sale" or "For Rent" at a specific location within an office or Common Element designated for such purpose by the Board of Directors.

(d) Notwithstanding any other prohibition or restriction contained in this Section 10.07 or in this Declaration, the Owners of the Commercial Units and their tenants and lessees shall have the right to erect and display the following: (i) an illuminated or non-illuminated sign in each window, not to exceed 25% of the area of such window, advertising the name of and/or the business conducted in the Commercial Unit, or the products or services sold therein; (ii) a sign upon the entrance of a Commercial Unit specifying the name and address of the business; (iii) an illuminated or non-illuminated sign to be placed upon the exterior surface of the building immediately adjacent to the Commercial Unit and located not closer than two feet below the bottom of exterior windows of the second floor Unit(s), such signs to be consistent with applicable Salt Lake City ordinances; and (iv) when advertising the availability of one or more Commercial Units for sale or lease in the Project, not more than two banners, one to be displayed on the exterior of the building facing 200 South Street and the other to be displayed on the exterior of the building facing 1300 East Street, not exceeding 30 square feet for each banner.

(e) The Association shall provide and maintain within each Building, and if it elects, in one or more locations exterior to each Building, directional signs listing each Unit by Unit designation and its occupant.

(f) The violation of these provisions may result in the assessment of a Default Assessment.

#### **10.08 Compliance with Laws.**

Nothing shall be done or kept at the Real Property or any Unit located thereat in violation of any law, ordinance, rule, regulation or other requirement of any governmental or quasi-governmental authority.

#### **10.09 Compliance with Insurance.**

Except as may be approved in writing by the Association, nothing shall be done or kept at the Real Property or any Unit located thereat that may result in the cancellation of any insurance maintained by the Association or may result in an increase in the rates of any such insurance.

**10.10 Subdivision, Rezoning and Timesharing.**

(a) Except as may be provided for Convertible Units in Section 15.04, no Unit may be subdivided, unless the subdivision has been approved by sixty-six and two thirds percent (66 2/3%) of the votes allocated to all Units at a duly convened meeting of the Association, and has received all applicable governmental and quasi-government approvals.

(b) No application for rezoning any portion of the Real Property, and no applications for variances or use permits, shall be filed with any governmental or quasi-governmental authority, unless the proposed rezoning has been approved by one hundred percent (100%) of the votes allocated to all Units at a duly convened meeting of the Association (or pursuant to written consents in lieu of such a meeting) and the uses that would be permitted under the rezoning comply with this Declaration, and the other Association Documents.

(c) No Unit Owner shall offer or sell any interest in any Unit under a "timesharing" or "interval ownership" plan or similar plan.

(d) The covenants, conditions and restrictions set forth in paragraphs 10.10(a) and (b) above shall not apply to Declarant's development of the Real Property or to Declarant's exercise of any Special Declarant Right.

**10.11 Vehicles and Absence of Parking.**

(a) The Condominium Project has no parking facilities and the Association shall have no obligation to provide parking for any Owner or Permitted User.

(b) No motor vehicle shall be constructed, repaired, serviced, or washed at the Condominium Project.

**10.12 Deliveries, Trash Removal and Other Services; Move In and Out Procedures.**

(a) By acceptance of a deed to a Unit, a Unit Owner agrees that all deliveries and all trash removal services, and other such services to that Unit Owner or its Unit shall be effected at a location or locations designated by the Association from time to time for such purposes. Unless otherwise directed by the Association, Unit Owners of all Units and their Authorized Users shall place all trash and other waste from the Units in receptacles or chutes which are located in the Condominium Project or adjacent thereto and designated for that purpose.

(b) Unit Owners shall not litter or permit their Authorized Users to litter. No burning of trash, garbage or other waste materials will be permitted at the Real Property.

(c) The Board of Directors shall establish and enforce as part of the Rules and Regulations, procedures for moving furniture and personal belongings of Unit Owners to and from Units, which procedures may limit the days and time of such moving.

10.13 Exterior Storage.

No Unit Owner shall store any materials or items on or in any Common Element, other than those Common Elements, if any, designed for that purpose, such as storage lockers, and then only in strict accordance with the terms and conditions of the Association Documents.

10.14 Animals.

No animals, livestock or poultry of any kind shall be raised, bred, or kept in or on the Property or in any Unit, except nothing herein shall preclude the use of working animals trained and used for the handicapped.

10.15 Burning Devices.

No fuel burning devices, such as charcoal grills, wood burning stoves, fireplaces or liquid burning devices shall be used, kept or stored on the Real Property or any Unit. Under no circumstances are any fuel burning devices (cooking or otherwise) of any kind to be used on exterior balconies, decks, patios or similar locations within the Condominium Project.

10.16 Disclosures Regarding Rentals.

Pursuant to reasonable Rules and Regulations established by the Board of Directors, the Association may regulate or limit rentals of Condominium Units. The Association may also require that all lease agreements be on forms approved by the Association, or in the alternative be reviewed and approved by the Association or the Association's management company. Such Rules and Regulations may require that any tenants be screened for any lawful reason and approved by the Association or the management company prior to renting the Condominium Unit; provided, however, that approval of the Association or the management company shall not be unreasonably withheld. Prior to renting any Condominium Unit, the Unit Owner and the tenant shall execute a written lease agreement which shall include the following provisions:

- (a) The tenant shall agree to comply with all of the terms and conditions of the Declaration, Bylaws and Rules and Regulations;
- (b) The tenant shall agree not to allow or commit any nuisance, waste, unlawful or illegal act upon the Project;
- (c) The lease shall be on terms and for a period authorized by applicable governmental laws, ordinances and statutes; and

(d) The Unit Owner and the tenant shall acknowledge that the Association is an intended third party beneficiary of the lease agreement, that the Association shall have the right to enforce compliance with the Declaration and Bylaws and to abate any nuisance, waste, unlawful or illegal activity upon the premises; and that the Association shall be entitled to exercise all of the Unit Owner's rights and remedies under the lease agreement to do so.

Prior to a tenant's occupancy of a Unit, the Unit Owner must provide to the Association the name, address and telephone number of the tenant and a copy of the written lease agreement. The Association shall have the right and the obligation to enforce compliance with the Declaration and Bylaws against any Unit Owner and/or occupant of any Condominium Unit, and shall have all rights and remedies available under state or local law, in addition to its rights and remedies as a third party beneficiary under any lease agreement, to enforce such compliance.

Upon a tenant's occupancy of a Unit, the Unit Owners of such Unit shall thereafter have only limited rights in the use of the Common Elements, such use limited to those uses reasonably necessary for a landlord to enforce the provisions of such lease.

Notwithstanding the foregoing, none of the Rules and Regulations adopted by the Association regarding the rental of Units shall be applicable to a Mortgagee holding title to a Unit, but only to such Unit and such Mortgagee for the period that it holds title to such Unit, who acquires such Unit by foreclosure or by a deed in lieu of foreclosure.

#### 10.17 Units.

(a) Except as otherwise expressly permitted by this Declaration, a Unit Owner of a Unit may use the Commercial Units for Commercial retail uses and the Residential uses for Residential single family uses and other uses permitted by applicable zoning ordinance, for itself and its Authorized Users. Any lease of a Unit or any portion thereof shall be in writing and shall be subject to this Declaration and the Bylaws.

(b) Notwithstanding anything to the contrary contained in this Declaration, a Unit Owner of a Unit may make improvements or alterations to its Unit, without the consent of any other Unit Owner or the Association, on the conditions that:

(i) the improvement or alteration does not impair or cause damage to any other Unit or any Common or Limited Common Element;

(ii) the Unit Owner of the Unit promptly cleans all General Common Elements affected and repairs any damage to any General Common Element caused thereby at its cost and expense;

(iii) the improvement or alteration complies with all applicable requirements of this Declaration, the Act and all laws, ordinances, regulations and rules of governmental and quasi-governmental authorities with jurisdiction.

If any such improvement constitutes or requires the erection or modification of partitions within any Unit, such improvements require the approval of the Board of Directors as specified in Section 3.02 (d) (iv). If any such improvement or alteration will impair any other Unit or any Common or Limited Common Element, the Unit Owner of the Unit shall not make the improvement or alteration without the prior written consent of the Majority of the Unit Owners of the Units.

10.18 Keys.

The Association shall have the right to establish Rules and Regulations regarding the use of keys, key systems and other entry systems for the Building, any portion thereof, and the Units (or portion thereof) located therein, including but not limited to the requirement that all Units located within the Project or any Building located therein use a master key lock system. The parties acknowledge that the use of such systems are necessary to permit lockup of the Building while allowing access to those who are entitled to access to the Building during times in which the Building would not otherwise be open for the public. Each Owner of a Unit covenants and agrees that it will comply with the Rules and Regulations regarding Keys and similar security devices and shall provide to the Association at all times a copy of one key that allows access to such Owner's Unit and a copy of a key for each locked area within such Owner's Unit.

10.19 Declarant's Exemption.

Nothing contained in this Declaration or in any other Association Document shall be construed to prevent:

- (a) Declarant's exercise and enjoyment of any Special Declarant Right or any other rights of Declarant under this Declaration or any other Association Document; or
- (b) the conduct by Declarant or its employees or agents of any activity, including, without limitation, the erection or maintenance of temporary structures, improvements or signs, necessary or convenient to the development, construction, marketing or sale of Units or other property within or adjacent to the Condominium Project.

## ARTICLE XI EASEMENTS AND RESERVATIONS

11.01 Declarant's Easements Over Common Elements.

- (a) In accordance with the Act, Declarant hereby reserves for itself, its successors and assigns a general, transferable easement over, across, through and under the Common Elements to:
  - (i) discharge Declarant's obligations under this Declaration;

- (ii) exercise any of Declarant's rights under this Declaration; and
- (iii) make improvements on the Real Property or any other real estate owned by Declarant, for the purpose of doing all things reasonably necessary and proper in connection with the foregoing.

(b) Declarant hereby reserves for itself, its successors and assigns, the right to:

- (i) establish from time to time utility and other easements, permits or licenses over, across, through and under the Common Elements for the benefit of the Condominium Project, or any property owned by Declarant; and
- (ii) create other reservations, exceptions and exclusions for the best interest of the Declarant and other Persons, on the conditions that (A) the parties benefitted by the easement, license, permit, reservation, exception or exclusion must use reasonable efforts to locate any such easement, license, permit reservation, exception or exclusion to minimize interference with the use of the Real Property by the Unit Owners to the extent practicable; and (B) if the parties benefitted by the easement, license, permit, reservation, exception or exclusion construct or install any improvements on the Real Property pursuant to the same, the benefitted parties shall promptly repair any damage caused to the Real Property thereby at their sole cost and expense.

#### 11.02 Utility Easement.

(a) Subject to the terms and conditions of this Declaration and all other Association Documents, Declarant hereby creates a general easement over, across, through and under the Real Property for ingress to, egress from, and installation, replacement, repair and maintenance of, all utility and service lines and systems, including, without limitation, water, sewer, heating and cooling systems, telephone, electricity and cable communication that service the Real Property or any portion thereof. The Association may, but is not obligated to, authorize the release of portions of the general easement created pursuant to this Section 11.02 upon the request of any Unit Owner showing good cause therefor.

(b) Pursuant to this easement, and only with the prior written consent of the Association, a utility or service company may install and maintain facilities and equipment on the Real Property and affix and maintain wires, circuits and conduits on, in and under the roofs and exterior walls of Improvements to provide service to the Units or the Common Elements. Notwithstanding anything to the contrary contained in this Section 11.02, no sewers, electrical lines, water lines or other utilities or service lines may be installed or relocated on any portion of the Real Property, except in accordance with terms and conditions of Section 10.06. Any utility or service company using this general easement shall use its best efforts to install, repair, replace and maintain its lines and systems without disturbing the uses of Unit Owners, the Association, Declarant and other utility and service companies.

(c) If any utility or service company furnishing utilities or services to the Real Property or any portion thereof as permitted under paragraph 11.02(a) above requests a specific easement by separate recordable document, the Association shall have the right and authority, but not the obligation, to grant such easement over, across, through and under any portion of the Real Property.

**11.03 Association's Easement.**

(a) The Association shall have a general easement over, across, through and under each Unit and each Common Element to:

(i) exercise any right held by the Association under this Declaration or any other Association Document; and

(ii) perform any obligation imposed upon the Association by this Declaration or any other Association Document.

(b) Notwithstanding the foregoing, the Association shall not enter any Unit without reasonable prior notice to the Unit Owner thereof, except in cases of emergency.

**11.04 Entry in Aid of Other Rights.**

There shall be an easement in favor of each Unit Owner to enter in and upon the Common Elements and Units with workers, materials and tools to the extent, at the time, and for the periods reasonably necessary to enable a Unit Owner to access Limited Common Elements appurtenant to such Unit Owner's Unit or Units isolated from public access or via Common Elements and to otherwise perform all of the construction, maintenance, inspection, repair, and replacement required of such Unit Owner hereunder or necessary to the operation of the said Unit Owner's Unit. Notwithstanding the foregoing and except when access is required on an emergency basis, any access may be limited to such reasonable times as the Unit Owner of an affected Unit or the Board of Directors may designate.

**11.05 Easements for Encroachments.**

In the event that any portion of the General Common Elements, a Limited Common Element, or Unit and whether constructed or reconstructed so as to substantially duplicate a Unit originally constructed by Declarant encroaches or comes to encroach on the General Common Elements, a Limited Common Element, or another Unit as a result of construction, reconstruction, repair, shifting, settlement, or movement of any portion of the foregoing, an easement is created hereby and shall exist so long as such encroachment exists, but such easement shall not relieve a Unit Owner of liability in the case of willful misconduct.

#### 11.06 Emergency Access Easement.

Declarant hereby grants a general easement to all police, sheriff, fire protection, ambulance and all other similar emergency agencies or Persons to enter upon the Real Property in the proper performance of their duties.

### ARTICLE XII INSURANCE

#### 12.01 General Liability Insurance.

The Association shall obtain and maintain one or more policies of comprehensive general liability insurance insuring the Unit Owners, the Association, the Board of Directors, the Manager, and their respective agents against general liability and claims arising in connection with the ownership, existence, use, operation, maintenance, or management of the Common Elements, in an amount per occurrence that is not less than \$2,000,000 for bodily injury, including medical payments, deaths of persons and property damage, or such greater amount as the Board of Directors deems appropriate. Coverage 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 Elements, legal liability arising out of lawsuits related to employment contracts of the Association (but only if employment contracts are in place), and such other risks as are customarily covered with respect to condominium projects 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. Such insurance shall cover claims of one or more insured parties against other insured parties.

#### 12.02 Property Insurance.

The Association shall obtain and maintain a multi-peril policy or policies of fire and other hazard insurance covering the entire Condominium Project (both Units and Common Elements), with extended coverage and all other coverages in the kinds and amounts commonly required by private institutional mortgage investors for projects similar in construction, location and use, including a "Special Condominium Endorsement," the standard "All Risk" endorsement, on a replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value (based upon replacement cost) of the Condominium Project, subject to reasonable deductibles and exclusive of land, excavations, foundations and similar items normally excluded from property insurance policies, together with common personal property, equipment and supplies. The policy shall contain each of the following features, to the extent that such features are, in the reasonable discretion of the Board of Directors, necessary and available at reasonable cost:

- (a) an agreed-amount endorsement or its equivalent;
- (b) an increased-cost-of-construction endorsement or a contingent-liability-from-operation-of-building-laws endorsement or their equivalent;

- (c) an extended-coverage endorsement;
- (d) vandalism and malicious mischief coverage;
- (e) a special-form endorsement; and
- (f) a determinable-cash-adjustment clause or a similar clause to permit cash settlement covering full value of the Common Elements in case of partial destruction and a decision not to rebuild.

The Association shall be required to maintain as part of its reserves an amount equal to the smaller of Ten Thousand Dollars (\$10,000) or the amount of the Property Insurance policy deductible obtained in satisfaction of the obligations of this Section 12.02.

#### 12.03 Fidelity Insurance or Bond.

The Association shall purchase, if it deems necessary, for the benefit of and on behalf of the Association, in such amounts and in such forms as it deems appropriate, fidelity insurance or a bond to cover against dishonesty of members of the Board of Directors, Officers and employees of the Association and all others persons handling, or responsible for funds of or administered by the Association, destruction or disappearance of money or securities, and forgery. If funds are administered by a management agent and in the event the Association elects to require the management agent to maintain fidelity bond coverage, 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 greater of (i) three (3) months assessments on all Units plus reserve funds, or (ii) the estimated maximum amount 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. 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, and shall not be cancelled or substantially modified (including cancellation for non-payment of premium) without at least thirty (30) days' prior written notice to the Association.

#### 12.04 Liability Insurance for Directors and Officers.

The Association may, if it elects, purchase liability insurance for Directors and officers to cover errors and omissions of Directors and officers of the Association, and any obligation for indemnification as contained in Section 6.06.

## 12.05 Additional Provisions to be Contained in Insurance Policies.

Any insurance policies obtained and maintained by the Association pursuant to Sections 12.01, 12.02, 12.03, and 12.04 above shall comply with the requirements of Section 57-8-42 (or subsequent amendment) of the Act and shall name as insureds the Association and the Unit Owners (including Declarant, so long as Declarant is the Unit Owner of any Unit) and provide that:

- (a) Each policy of insurance obtained by the Association shall be issued to and for the benefit of Meldrum House Condominium Association, Inc., for the benefit of its owners (or its authorized representative or trustee under the terms of an insurance trust agreement) and shall provide: a standard mortgagee clause commonly accepted by private institutional mortgage investors in the area in which the Project is located; a waiver (if available) of the insurer's subrogation rights with respect to the Association, the Board of Trustees (and each of them), Officers of the Association, the Manager, the Unit Owners, Mortgagees, and their respective servants, agents and Authorized Users; that it cannot be canceled, suspended or invalidated due to the conduct of any member, officer, or employee of the Association or of the Manager without a prior written demand that the defect be cured; that any "no other insurance" clause therein shall not apply with respect to insurance held individually by the Unit Owners; and that a mortgagee clause endorsement which must provide that the insurance carrier shall notify in writing any and all insureds, including the servicers on behalf of Mortgagees thereof at least thirty (30) days in advance of the effective date of any substantial modification or cancellation of the policy.
- (b) All insurance policies shall be written by a company holding a "B" or better general policyholder's rating or a "6" or better financial performance index rating in Best's Insurance Reports, an "A" or better general policyholder's rating and a financial size category of "VIII" or better in Best's Insurance Reports - International Edition, an "A" or better rating in Demotech's Hazard Insurance Financial Stability Ratings, a "BBBq" qualified solvency ratio or a "BBB" or better claims-paying ability rating in Standard and Poor's Insurer Solvency Review, or a "BBB" or better claims-paying ability rating in Standard and Poor's International Confidential Rating Service. Each insurer must be specifically licensed to transact business within the State of Utah. Policies are unacceptable where (i) under the terms of the carrier's charter, bylaws or policy, contributions or assessments may be made against the Borrower or a Mortgagee; or (ii) by the terms of the carrier's charter, by-laws or policy, loss payments are contingent upon action by the carrier's board of directors, policy holders, or members; or (iii) the policy includes any limiting clauses (other than insurance conditions) which could prevent a Mortgagee or the borrower from collecting insurance proceeds.
- (c) All policies of property insurance must provide that notwithstanding any provision affording the insurer the right to elect to restore damage in lieu of a cash settlement, such option shall not be exercisable without the prior written approval of the Association (or any insurance trustee) or when in conflict with the provisions of any insurance trust agreement to which the insurance may be a party, or any requirement of law.

(d) no act or omission by any Unit Owner, unless acting within the scope of such Unit Owner's authority on behalf of the Association, will void the policy or be a condition to recovery under the policy; and

(e) if, at the time of a loss under the policy, there is other insurance in the name of a Unit Owner covering the same risk covered by the policy, the Association's policy provides primary insurance.

#### **12.06 Insurance Trustee.**

Any loss covered by the property insurance policy described in Section 12.02 above must be adjusted with the Association or its authorized insurance trustee, and the insurance proceeds for that loss shall be payable to the Association or any insurance trustee designated for that purpose, and not to any Unit Owners or Mortgagees. The insurance trustee or the Association shall hold any insurance proceeds in trust for the Unit Owners and Mortgagees as their interests may appear. Subject to the provisions of Section 13.02 below, the proceeds must be disbursed first for the repair or restoration of the damaged property, and the Unit Owners and Mortgagees are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the Condominium Project has been repaired or restored or the Condominium Project is terminated.

#### **12.07 Unit Owner Maintained Insurance.**

Each Unit Owner shall have the right to separately insure its personal property against loss by fire or other casualty. In addition, any Improvements made by a Unit Owner within its Unit may be separately insured by the Unit Owner, but the insurance is to be limited to the type and nature of coverage commonly known as "tenant's improvements." All such insurance that is individually carried is primary for losses which emanate within the Unit for items which are the Unit Owner's responsibility to maintain, repair and/or replace and must contain a waiver of subrogation rights by the insurer as to other Unit Owners, the Association, Manager, Declarant, and Mortgagees. Each Unit Owner shall acquire for that Unit Owner's own protection, such insurance on the Unit Owner's contents as the Unit Owner deems appropriate. **THE ASSOCIATION SHALL HAVE NO RESPONSIBILITY REGARDING INSURANCE ON THE PERSONAL PROPERTY OR TENANT'S IMPROVEMENTS OF UNIT OWNERS.**

#### **12.08 Board of Directors' Authority to Revise Insurance Coverage - Allocation of Deductible Costs.**

(a) Subject to any restrictions imposed by the Act, the Board of Directors shall have the power and right to deviate from the insurance requirements contained in this Article XII in any manner that the Board of Directors, in its discretion, considers to be in the best interests of the Association. If the Board of Directors elects to materially reduce the coverage from the coverage required in this Article XII, the Board of Directors shall make all reasonable efforts to notify the Owners of the reduction in coverage and the reasons therefor at least thirty (30) days before the effective date of the reduction.

(b) The Association and its Directors and Officers shall have no liability to any Unit Owner or Mortgagee if, after a good faith effort, (i) the Association is unable to obtain any insurance required hereunder because the insurance is no longer available; or (ii) if available, the insurance can be obtained only at a cost that the Board of Directors, in its sole discretion, determines is unreasonable under the circumstances.

(c) In the event that the Association becomes aware that General Liability Insurance and/or Property Insurance is not reasonably available (meaning available using typical insurance carriers and markets, irrespective of the ability of the Association to pay), the Association shall, within seven (7) calendar days after becoming aware, give all Owners notice pursuant to Section 19.09, that such insurance is not reasonably available.

(d) The Board of Directors is authorized to negotiate and agree on the value and extent of any loss under any policy carried by the Association, including, but not limited to, the right and authority to compromise and settle any claim or enforce any claim by legal action or otherwise and to execute releases in favor of any insurer.

(e) In the event of a covered loss resulting in damage to one or more Units, but less than the entire Project, each damaged Unit shall be responsible for a portion of the deductible to the Property Insurance policy, such portion to be determined in accordance with the provisions of Section 57-8-43 of the Act; and in the event that the Owner of such damaged Unit fails to pay such portion, the Association shall have the right to make a Default Assessment for such amount.

(f) Each Unit Owner, by acceptance of a deed to a Unit irrevocably appoints the Association as that Unit Owner's attorney in fact for purposes of procuring, negotiating, accepting, compromising, releasing, settling, distributing, and taking other related actions in connection with any insurance policy maintained by the Association and any losses or claims related thereto and agrees to be bound by the actions so taken as if the Unit Owner had personally taken the action.

#### 12.09 Periodic Insurance Review.

The Board of Directors periodically (and not less than once every three (3) years) shall review the Association's insurance policies and make such adjustments to the policies' terms and conditions as the Board of Directors considers to be in the best interests of the Association. The review shall include an appraisal by a qualified appraiser of the current replacement costs of all covered property under the Association's policy unless the Board of Directors is satisfied that the current dollar limit of the property policy, coupled with the amount of actual reserves on hand, is equal to or greater than the current replacement costs.

## ARTICLE XIII CASUALTY

### 13.01 Total or Partial Destruction of the Condominium Project.

If there is a total or partial destruction of the Condominium Project, including the Building, the Condominium Project shall be promptly rebuilt or repaired in accordance with the Act, unless:

- (a) the Unit Owners elect to sell the Project in accordance with the requirements of the Act; and
- (b) the Association obtains the consent of Eligible Mortgagees (as defined in Section 16.02) upon Units to which at least fifty-one percent (51%) or more of the votes of Units subject to Priority Mortgages held by such Eligible Mortgagees (based on the Interest in General Common Elements attributable to each Unit covered by a Priority Mortgage held by an Eligible Mortgagee).

### 13.02 Excess Insurance Proceeds.

If the entire Condominium Project is not repaired or replaced, the insurance proceeds attributable to the damaged Common Elements must be used to restore the damaged area to a condition compatible with the remainder of the Condominium Project and, except to the extent that other persons will be distributees, the insurance proceeds attributable to Units and Limited Common Elements that are not rebuilt must be distributed to the Unit Owners of those Units and the Unit Owners of the Units to which those Limited Common Elements were allocated, or to Mortgagees, as their interests may appear, and the remainder of the proceeds, if any, must be distributed to all the Unit Owners or Mortgagees, as their interests may appear, in proportion to the Interests in General Common Elements of all the Units.

### 13.03 Casualty to a Unit.

To the extent that the Association is not obligated to make any such repairs or replacements, each Unit Owner shall repair or replace any damage to or destruction to the interior of its Unit, as soon as is reasonably practical after such damage or destruction occurs.

## ARTICLE XIV CONDEMNATION

### 14.01 Condemnation of All Units.

If the entire Condominium Project is taken by condemnation, eminent domain or similar proceeding, the Condominium Project shall terminate as of the date of the taking and any condemnation award payable in connection therewith shall be paid to the Association and then

disbursed by the Association to the Unit Owners in proportion to their Interests in General Common Elements.

**14.02 Condemnation of Fewer Than All Units.**

If one or more Units, but less than the entire Condominium Project, is taken by condemnation, eminent domain or similar proceeding,

- (a) any condemnation award payable in connection therewith shall be paid to the Unit Owners of the Units taken and expended to repair those Units not taken, and
- (b) the Interest in General Common Elements appurtenant to those Units shall be reallocated, in accordance with the terms and conditions of the Act.

**14.03 Condemnation of Common Elements.**

If any portion of the Common Elements is taken by condemnation, eminent domain or similar proceeding, any condemnation award payable in connection therewith shall be paid to the Association and then used to repair any remaining Common Elements with the balance disbursed by the Association to the Unit Owners in proportion to their Interests in General Common Elements.

**14.04 Appointment of Association Regarding Condemnation Claims.**

Each Unit Owner, by acceptance of a deed to a Unit irrevocably appoints the Association as that Unit Owner's attorney in fact for purposes of procuring, negotiating, accepting, compromising, releasing, settling, distributing, and taking other related actions in connection with any condemnation action commenced by or against the Association or the Condominium Project and any losses or claims related thereto and agrees to be bound by the actions so taken as if the Unit Owner had personally taken the action.

**ARTICLE XV**  
**SPECIAL DECLARANT RIGHTS**

**15.01 Improvements.**

Declarant hereby reserves for itself, its successors and assigns the right, but is not obligated, to construct any Improvements shown on the Plat and any other incidental improvements that Declarant desires to construct on the Real Property.

**15.02 Development Rights.**

Declarant hereby reserves for itself, its successors and assigns the right to create easements, permits, licenses and other property rights and reservations as described in Articles II, III and XI of this Declaration.

### **15.03 Exercising Declarant Rights.**

Declarant may exercise its Special Declarant Rights as specified in Sections 15.01 through 15.02 at any time prior to the later to occur of the date on which the Declarant Control Period expires or the date that is three (3) years after the date on which this Declaration is recorded in the Salt Lake County Records. Declarant may exercise its Special Declarant Rights in any order, and no assurance is given as to the order in which Declarant will exercise its Special Declarant Rights. If Declarant exercises any Special Declarant Right with respect to any portion of the Real Property, Declarant may, but is not obligated to, exercise that Special Declarant Right with respect to any other portion of the Real Property. Notwithstanding anything to the contrary contained in this Declaration, Declarant may exercise any Special Declarant Right described in this Article XV and any other right reserved to Declarant in this Declaration, without the consent of the Association or any of the Unit Owners.

### **15.04 Convertible Space.**

Declarant hereby reserves the right and option, together with the power and authority, in its sole discretion, but without any obligation to do so, to convert any portion of the Condominium Project (including Units) designated Convertible Space, at different times and in any order described, in the Plat without the prior or subsequent consent of any Unit Owner or Mortgagee, at any time permitted by the Act and in accordance with and subject to the Act and this Section 15.04. The Convertible Space, or any part thereof, if and when converted, shall be considered to be a part of the Condominium Project and subject to all of the covenants, conditions and restrictions contained in this Declaration. Declarant shall record a Supplemental Plat containing the information required by the Act when converting Convertible Space, including but not limited to, the location and dimensions of the Units, General Common Elements and/or Limited Common Elements to be created thereon, such other information concerning the new Units, if any are created, as was required on the original Plat with respect to the original Unit(s), a description of the Common Areas and facilities to be created thereon, if any, and the portions of the Common Elements and facilities which are to be Limited Common Elements; and a Supplemental Declaration, duly executed and acknowledged by Declarant, of the Convertible Space, containing the information and amendments required by the Act and this Declaration. The Supplemental Declaration shall assign an identifying number to each Unit formed out of Convertible Space and shall allocate to each Unit a portion of the undivided Interest in General Common Elements appertaining to that space. The amendment shall describe or delineate the Limited Common Elements formed out of the convertible space, showing or designating the Unit or Units to which each is assigned. The exercise of Declarant's option to convert as to less than all of the Convertible Space shall not be construed as a waiver of its option as to the remainder, which may be exercised in the manner provided herein at any time permitted by the Act. Nothing herein shall preclude the addition of all or any portion of a Convertible Space to an existing Unit even though the same is not designated as a Convertible Space.

Notwithstanding the foregoing, Convertible Units designated as Commercial space may be converted only into Commercial Units and Limited Common Elements appurtenant to Commercial Units and Convertible Units designated as Residential space may be converted only into Residential Units and Limited Common Elements appurtenant to Residential Units.

As long as a Unit (or any portion thereof) is designated as a Convertible Unit on the Plat, the option to convert such Unit as provided in this Section 15.04, shall automatically be transferred and conveyed to any subsequent Owner of such Unit and such right shall be considered conveyed in any deed conveying such Unit.

**15.05 Interference with Special Declarant Rights.**

Neither the Association nor any Unit Owner may take any action or adopt any Rule or Regulation that interferes with or diminishes any Special Declarant Right contained in this Article XV or elsewhere in this Declaration, without Declarant's prior written consent. Any action taken in violation of this Section 15.05 shall be null and void and have no force or effect.

**15.06 Rights Transferable.**

Declarant may transfer any Special Declarant Right reserved to it under this Article XV or under any other provision of this Declaration in accordance with the terms and conditions of the Act.

**ARTICLE XVI  
MORTGAGEE PROTECTIONS**

**16.01 Benefit of Mortgagees.**

This Article establishes certain standards and covenants which are for the benefit of Mortgagees. This Article is supplemental to, and not in substitution of, any other provisions of this Declaration, but in the case of any conflict, this Article shall control.

**16.02 Notice of Actions.**

If requested in writing to do so by a Priority Mortgagee, which request states both the name and address of such Priority Mortgagee and the Unit number or address of the Unit on which it has (or insures or guarantees) a Priority Mortgage (herein referred to as an "Eligible Mortgagee" upon such request in the form required herein), the Association shall give prompt written notice of the following to each Eligible Mortgagee making such request:

- (a) any condemnation loss or any casualty loss which affects a material portion of the Common Elements or any Unit in which an interest is held by the Eligible Mortgagee;
- (b) any delinquency in the payment of Assessments which remains uncured for sixty (60) days by a Unit Owner whose Unit is encumbered by a Priority Mortgage held by such Eligible Mortgagee;
- (c) any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association;

- (d) any proposed action which would require the consent of Eligible Mortgagees as set forth in this Article; and
- (e) any material judgment rendered against the Association.

#### 16.03 Consent Required.

Notwithstanding anything to the contrary contained in this Declaration or the Bylaws, the Association may not take any of the following actions without the consent of Eligible Mortgagees (as defined in Section 16.02) upon Units to which at least sixty-seven percent (67%) or more of the votes of Units subject to Priority Mortgages held by such Eligible Mortgagees (based on the Interest in General Common Elements attributable to each Unit covered by a Priority Mortgage held by an Eligible Mortgagee):

- (a) by act or omission seek to abandon or terminate the Condominium Project, except after condemnation or substantial casualty;
- (b) except as provided herein for condemnation, casualty and the exercise of Special Declarant Rights, change the Interests in General Common Elements, Shares of Common Expenses or votes in the Association of any Unit;
- (c) subdivide, partition, or relocate the boundaries of any Unit, except as permitted with respect to Special Declarant Rights;
- (d) abandon, subdivide, partition, encumber, sell, or transfer the Common Elements (the granting of easements for public utilities or for other purposes provided for in this Declaration shall not be deemed transfers);
- (e) use property insurance proceeds for losses to any portion of the Common Elements for other than repair, replacement, or reconstruction of such Common Elements, except as provided by this Declaration;
- (f) change the purposes for which the Units or the Common Elements are restricted;
- (g) amend or add any material provision which provides for, govern or regulate any of the following: (i) increases in assessments by more than 25% of the previously annually assessed amounts, assessment liens or subordination of such lien; (ii) reserves for maintenance, repair and replacement of the Common Elements (including but not limited to reductions); (iii) insurance or fidelity bonds; (iv) rights to use of the common elements; (v) responsibility for maintenance and repair of the Condominium Project; (vi) expansion or contraction of the Condominium Project, or the addition, annexation or withdrawal of property to or from the Condominium Project; (vii) leasing of Units; (viii) imposition of any right of first refusal or similar restriction on the right of the Unit Owner of a Unit to sell, transfer, or otherwise convey his or her Unit in the Condominium Project; (ix) the

establishment of self-management by the Association without professional management; or  
(x) amend this Declaration or the Bylaws which are for the express benefit of Eligible Mortgagees.

(h) merge the Condominium Project with any other common interest community.

#### **16.04 Notice of Objection.**

Unless a Priority Mortgagee provides the Association with written notice of its objection, if any, to any proposed amendment or action requiring the approval of Priority Mortgagees within thirty (30) days following the receipt of notice of such proposed amendment or action, the Priority Mortgagee will be deemed conclusively to have consented to or approved the proposed amendment or action.

#### **16.05 Priority Mortgagee's Rights.**

(a) Priority Mortgagees, jointly or singly, may pay taxes or other charges which are in default and which may or have become a charge against any of the Common Elements or Improvements thereon, and may pay overdue premiums on hazard insurance policies, for the Common Elements. Priority Mortgagees making such payment shall be owed immediate reimbursement from the Association.

(b) A Priority Mortgagee shall be entitled to cure any delinquency of the Unit Owner of a Unit encumbered by its Priority Mortgage in the payment of Assessments. In that event, the Priority Mortgagee shall be entitled to obtain a release from the lien imposed or perfected by reason of such delinquency.

#### **16.06 Limitations on Priority Mortgagee's Rights.**

No requirement for approval or consent by a Priority Mortgagee provided in this Article shall operate to:

(a) deny or delegate control over the general administrative affairs of the Association by the Unit Owners or the Board of Directors;

(b) prevent the Association or the Board of Directors from commencing, intervening and/or settling any legal proceeding; or

(c) prevent any insurance trustee or the Association from receiving and distributing any insurance proceeds in accordance with the requirements of Article XII above.

#### 16.07 Declarant Rights.

No provision or requirement of this Article XVI shall apply to any Special Declarant Rights or other rights or options reserved to Declarant in this Declaration.

### ARTICLE XVII ENFORCEMENT AND REMEDIES

#### 17.01 Enforcement.

(a) Each provision of this Declaration with respect to the Association or the Common Elements shall be enforceable by Declarant or by any Unit Owner by a proceeding for injunctive relief.

(b) Each provision of this Declaration with respect to a Unit Owner or a Unit shall be enforceable by Declarant or by the Association by:

- (i) a proceeding for injunctive relief;
- (ii) a suit or action to recover damages; or

(iii) in the discretion of the Association, for so long as any Unit Owner fails to comply with any such provisions, exclusion of such Unit Owner and its Authorized Users from the use of any Common Elements and from participation in any Association affairs, including but not limited to Voting.

(c) In addition to the rights and remedies described in paragraph 17.01(b) above, if a Unit Owner fails to strictly perform or observe any covenant or condition to be performed or observed by such Unit Owner under this Declaration or any other Association Document, the Association shall have the following rights and remedies:

(i) The Association may, but is not obligated to, cure such failure to comply at the Unit Owner's sole cost and expense. If the Association cures any such failure to comply, the Unit Owner shall pay to the Association the amount of all costs incurred by the Association in connection therewith within thirty (30) days after the Unit Owner receives a written invoice therefor from the Association.

(ii) The Association may, after notice and an opportunity to be heard, fine the Unit Owner, as a Default Assessment, an amount not to exceed one month's installment of the General Assessment for each violation. The Unit Owner shall pay any such fine to the Association within thirty (30) days after the Unit Owner receives written invoice therefor from the Association.

(iii) With respect to a Unit Owner's failure to pay an installment of any Assessment, the Association may accelerate the due date for the payment of the full amount of the Assessment.

(iv) With respect to a Unit Owner's failure to pay one or more installment of any Assessment (including a General, Special or Default Assessment), the Association may publicly post at a location with the Condominium Project, the name of each Unit Owner is delinquent and the amount of any such delinquency.

(v) The Association shall have all other rights and remedies available to it under this Declaration, at law or in equity.

(d) All rights and remedies of the Association shall be cumulative and the exercise of one right or remedy shall not preclude the exercise of any other right or remedy.

#### 17.02 Attorneys' Fees.

In the event of any dispute under or with respect to this Declaration or any other Association Document, the prevailing party shall be entitled to recover from the non-prevailing party all of its costs and expenses in connection therewith, including, without limitation, the fees and disbursements of any attorneys, accountants, engineers, appraisers or other professionals engaged by the prevailing party.

#### 17.03 Interest.

If a Unit Owner fails to pay to the Association any Assessment or other amount due to the Association as and when the same becomes due, the Unit Owner shall pay to the Association interest on such unpaid amount at the rate of eighteen percent (18%) per annum, or such other rate as the Board of Directors may establish from time to time, from the due date of such unpaid amount until the date paid.

#### 17.04 Right to Notice and Hearing.

Whenever an Association Document requires that an action be taken after "notice and hearing," the following procedure shall be observed. The party proposing to take the action (e.g., the Board of Directors or a committee or officer of the Association) shall give at least three (3) days' prior written notice of the proposed action to all Unit Owners whose interests would be significantly affected by the proposed action, as reasonably determined by the proposing party. The notice shall include a general statement of the proposed action and the date, time and place of the hearing. At the hearing, the party proposing to take the action, and all affected Unit Owners may give testimony orally, in writing or both (as specified in the notice), subject to reasonable rules of procedure established by the party conducting the hearing to assure a prompt and orderly resolution of the issues. Such evidence shall be considered in making the decision but shall not bind the decision makers. Any affected Unit Owner shall be notified of the decision in the same manner in which notice of the hearing was given. Any Unit Owner having a right to notice and hearing shall have the

right to appeal to the Board of Directors from a decision of a proposing party other than the Board of Directors. Such right of appeal may be exercised within ten (10) days after a Unit Owner receives notice of the decision, by filing a written notice of appeal with the Board of Directors. The Board of Directors shall conduct a hearing within forty-five (45) days thereafter, giving the same notice and observing the same procedures as were required for the original hearing. Notices as provided in this Section 17.04 shall be given in accordance with the requirements of Section 19.09.

**17.05 Non-Waiver.**

Failure by Declarant, the Association or any Unit Owner to enforce any covenant, condition, restriction, reservation, easement, assessment, charge, lien or other provision of this Declaration or any other Association Document shall in no way be deemed to be a waiver of the right to do so thereafter.

**17.06 Waiver of Jury.**

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

## ARTICLE XVIII TERM AND AMENDMENTS

### **18.01 Term**

The covenants, conditions, restrictions, reservations, easements, assessments, charges and liens set forth in this Declaration shall run with and bind the Real Property until the Declaration is terminated pursuant to Section 18.02 below.

### **18.02 Termination.**

Subject to the rights of Mortgagees under Article XVI above, the Unit Owners may terminate the Condominium Project and this Declaration, by the vote of one hundred percent (100%) of the votes allocated to all Units. If the necessary votes are obtained, the agreement of the Unit Owners to terminate the Condominium Project and this Declaration shall be evidenced by a termination agreement or ratification thereof, executed by the required number of Unit Owners in accordance with the Act. Upon recordation of the termination agreement in the Salt Lake County Records, the Condominium Project shall be terminated, this Declaration shall have no further force or effect, and the Association shall be dissolved. Notwithstanding the foregoing, the Unit Owners may not terminate the Condominium Project during the Declarant Control Period without Declarant's prior written consent, which consent Declarant may withhold in its sole discretion.

### **18.03 Amendments.**

Except as otherwise expressly provided in this Declaration or the Act, and except for provisions of this Declaration regarding the rights and obligations of Declarant, which may not be amended without Declarant's prior written consent, and subject to the rights of Mortgagees under Article XVI above, Unit Owners may amend any provision of this Declaration at any time by a vote of at least sixty-seven percent (67%) of the votes allocated to all Units; provided, however that a vote of at least ninety percent (90%) of the votes allocated to all Units shall be required to prohibit the lease or rental of Condominium Units. If the necessary votes and consent are obtained, the Association shall cause an amendment to the Declaration to be Recorded in the Salt Lake County Records. Notwithstanding the foregoing, the Unit Owners may not amend this Declaration during the Declarant Control Period without Declarant's prior written consent, which consent Declarant may withhold in its sole discretion.

## ARTICLE XIX MISCELLANEOUS

### **19.01 Interpretation of the Declaration.**

Except for judicial construction, the Association, by its Board of Directors, shall have the exclusive right to construe and interpret the provisions of this Declaration. In the absence of any adjudication to the contrary by a court of competent jurisdiction, the Association's construction or

interpretation of the provisions hereof shall be final, conclusive and binding as to all persons and property benefitted or bound by the covenants and the provisions hereof.

**19.02 Severability.**

Any determination by any court of competent jurisdiction that any provision of this Declaration is invalid or unenforceable shall not affect the validity and enforceability of any other provision hereof.

**19.03 Disclaimer of Representations.**

Notwithstanding anything to the contrary contained in this Declaration, Declarant makes no warranties or representations whatsoever that the plan presently envisioned for the complete development of the Condominium Project can or will be carried out or that any land now owned or hereafter acquired by Declarant is or will be subject to this Declaration, or that any such land, whether or not it has been subjected to this Declaration, is or will be committed to or developed for a particular use, that such use will continue in effect.

**19.04 Reference to Declaration and Deeds.**

Deeds to and instruments affecting any Unit or any other part of the Condominium Project may contain the provisions set forth herein by reference to this Declaration, but regardless of whether any such reference is made in any deed or instrument, each and all of the covenants, conditions, restrictions, reservations, easements, assessments, charges and liens set forth herein shall be binding upon the grantee-owner or other person claiming through any deed or other instrument and his heirs, executors, administrators, successors and assigns.

**19.05 Successors and Assigns of Declarant.**

Any reference in this Declaration to Declarant shall include any successors or assignees of Declarant's rights and powers hereunder on the condition that Declarant's rights and powers may only be assigned by a written recorded instrument expressly assigning such rights and powers.

**19.06 Captions and Titles.**

All captions and titles of headings of Articles and Sections in this Declaration are for the purpose of reference and convenience and are not to be deemed to limit, modify or otherwise affect any of the provisions hereof or to be used in determining the intent or context thereof.

**19.07 Exhibits.**

All exhibits attached to this Declaration are a part of, and are incorporated into, this Declaration.

19.08 Governing Law.

This Declaration shall be governed by and construed in accordance with Utah law.

19.09 Notices.

All Unit Owners of each Unit shall have one and the same registered mailing address to be used by the Association or other Unit Owners for notices, demands, and all other communications regarding Association matters. The Unit Owner or the representative of the Unit Owners of a Unit shall furnish such registered address to the secretary of the Association within ten (10) days after transfer of title to the Unit to such Unit Owner or Unit Owners. Such registration shall be in written form and signed by all of the Unit Owners of the Unit or by such persons as are authorized to represent the interests of all Unit Owners of the Unit. If no address is registered or if all of the Unit Owners cannot agree, then the address of the Unit shall be deemed their registered address of the Unit Owner(s), and any notice shall be deemed duly given if delivered to the Unit. All notices and demands intended to be served upon the Association shall be sent to the following address or such other address as the Association may designate from time to time by notice to the Unit Owner(s):

Meldrum House Condominium Association  
c/o COWBOY THEATRE HOUSING PARTNERS, LLC  
6440 South Wasatch Blvd., Suite 100  
Salt Lake City, Utah 84121

Notices to Unit Owners shall be made in the same manner and for the same time periods which notices of the meeting of Members is required to be given to Members of the Association as specified in the Bylaws of the Association.

19.10 Service of Process.

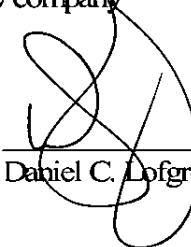
The name and place of business of the person to receive service of process is as set forth in the Articles of Incorporation of the Association, and initially, shall be Daniel C. Lofgren, whose place of business within Salt Lake County, Utah, is 6440 South Wasatch Blvd., Suite 100, Salt Lake City, Utah 84121.

Declarant has caused its name to be signed by the signature of a duly authorized officer as of the day and year first written above.

COWBOY THEATRE HOUSING PARTNERS, LLC, a Utah limited liability company,

By its Manager, Cowboy Partners, L.C., a Utah limited liability company

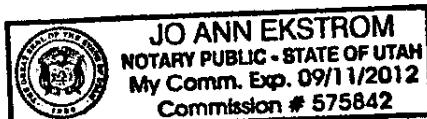
By:

  
Daniel C. Lofgren, President

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

On this 22nd day of September, 2011, before me personally appeared DANIEL C. LOFGREN, who acknowledged himself to be the President of Cowboy Partners, L.C., a Utah limited liability company, the Manager of COWBOY THEATRE HOUSING PARTNERS, LLC, a Utah limited liability company, and being authorized to do so, he executed the foregoing instrument for the purposes therein contained, by signing the name of the company, by himself as such officer.

  
NOTARY PUBLIC



**AGREEMENT AND CONSENT OF LIENHOLDER:**

Wells Fargo Bank, N.A., as the holder of a lien affecting the above-referenced Real Property, hereby agrees and consents to the submission of the Real Property to the provisions of the Act pursuant to the terms of this Declaration.

Dated this 3 day of October, 2011.

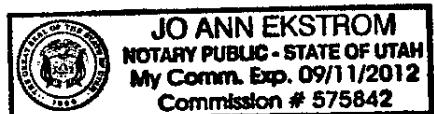
Wells Fargo Bank, N.A.

By: David T. Halford  
Its: David T. Halford, Vice President

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

On this 5 day of October, 2011, before me personally appeared David T. Halford, who acknowledged himself to be the Vice President of Wells Fargo Bank, N.A., and being authorized to do so, he executed the foregoing instrument for the purposes therein contained, by signing the name of the company, by himself as such officer.

  
NOTARY PUBLIC



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EXHIBIT A

(Attached to and forming a part of the Declaration of Condominium  
for Meldrum House Condominium Project)

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Legal Description of the Land

The Real Property referred to in the foregoing Declaration of Condominium is located in Salt Lake County, Utah, and is more particularly described as follows:

Beginning at the Northwest corner of Lot 5, Block 25, Plat "F", SALT LAKE CITY SURVEY; and running thence North 89°58'13" East 124.55 feet; thence South 0°29'59" East 55 feet; thence North 89°58'13" West 125.03 feet; thence North 55 feet to beginning.

(16-05-279-001)

**EXHIBIT B**

(Attached to and forming a part of the Declaration of Condominium  
for Meldrum House Condominium Project)

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**Bylaws**

A copy of the Bylaws of the  
Meldrum House Condominium Association  
follows this cover sheet.

**BYLAWS**  
**OF**  
**MELDRUM HOUSE CONDOMINIUM ASSOCIATION, INC.**

**ARTICLE I**  
**NAME AND LOCATION**

The name of the corporation is **MELDRUM HOUSE CONDOMINIUM ASSOCIATION, INC.**, hereinafter referred to as the "Association". The principal office of the Corporation in the State of Utah shall be located at 6440 South Wasatch Blvd., Suite 100, Salt Lake City, Utah 84121, but meetings of Members and Directors may be held at such places within the State of Utah, County of Salt Lake, as may be designated by the Board of Directors.

**ARTICLE II**  
**DEFINITIONS**

Section 2.1 "Association", "Association of Sub-Unit Owners", or "Sub-Unit Owners Association" shall mean and refer to Meldrum House Condominium Association, Inc., a Utah nonprofit corporation, its successors and assigns.

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

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

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

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

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

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

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

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

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

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

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

### ARTICLE III MEETING OF MEMBERS

Section 3.1 Annual Meetings. Annual meetings of the Members shall be held on the second Tuesday of March each year commencing 2012, and each subsequent regular annual meeting of the Members shall be held on the same day of the same month of each year thereafter, at the hour of 7:00 o'clock, p.m. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 3.2 Special Meetings. Special meetings of the Members may be called by or at the request of the president or by the Board of Directors, or upon written request of the Members holding one-third (1/3) of the Interests in Common Elements.

Section 3.3 Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least 30 days but not more than 60 days before such meeting to each Member entitled to vote thereafter addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 3.4 Quorum. The quorum required for any action by the Members hereunder, unless otherwise specifically set forth in the Declaration, shall be as follows: At each scheduled meeting called the presence of Members or of proxies entitled to cast seventy-five percent (75%) of

all outstanding votes shall constitute a quorum. If a quorum is not present at a scheduled meeting, such meeting may be adjourned pending notice of subsequently scheduled meeting at which a quorum shall be one-half of the quorum which was required at the immediately preceding meeting. No such subsequently scheduled meeting shall be held less than ten (10) or more than forty-five (45) days following the immediately preceding meeting.

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

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

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

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

Section 4.1 Number. The affairs of the Association shall be managed by a Board of Directors of two (2) individuals, one (1) appointed by the Owners of the Commercial Units and one (1) appointed by the Owners of the Residential Units; provided, however, that until the earlier of (i) the expiration of three (3) years from the date that the Declaration (exclusive of amendments or supplements) is recorded in the official records of the County Recorder of Salt Lake County, State of Utah, or such shorter period as the Declarant may determine in its sole discretion, and (ii) a date not later than sixty (60) days after the date upon which Units representing sixty percent (60%) or more of the total Interests in the General Common Elements have been conveyed to purchasers, (the "Declarant Control Period") Declarant shall have the exclusive right to appoint and remove all Directors and Officers. During the Declarant Control Period the Board of Directors may consist of one (1) individual selected by the Declarant. Owners of Units, spouses of Unit Owners, Mortgagees (or designees of Mortgagees), partners of partnerships owning a Unit, managers or members of limited liability companies owing a Unit, and trustees or officers of corporations or trusts owning a Unit shall be eligible for Membership on the Board.

Section 4.2 Term of Office. Subject to the provisions of Section 4.1 above, the Directors shall serve until their successors are appointed. Appointments may be made as determined necessary by each class of Owners (Residential or Commercial).

Section 4.3 Removal. Any Director who is appointed by the Declarant may be removed by the Declarant. Other Directors may be removed, with or without cause, by a two-thirds (2/3) or greater vote of the total Interests allocated to the class of Units, as provided in the Declaration, that appointed such Director (i.e, Residential Unit Owners are authorize to remove Directors appointed by them and Commercial Unit Owners are authorized to remove Directors appointed by them.) In the event of death, resignation or removal of a Director, his or her successor shall be selected in accordance with the provisions of the Declaration.

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

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

## ARTICLE V

### MEETINGS OF THE BOARD OF DIRECTORS

Section 5.1 Regular Meetings. Regular meetings of the Board shall be held annually without notice, at such place and hour as may be fixed from time to time by resolution of the Board members. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 5.2 Special Meetings. Special meetings of the Board shall be held when called by the president of the Association, or by any Board member after not less than three (3) days notice to each Board member.

Section 5.3 Quorum. A quorum for the transaction of business shall not exist absent the presence of all Board members. Only acts or decision which are authorized by all of the Board members at a meeting at which a quorum is present shall be regarded as the act of the Board.

## ARTICLE VI

### POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 6.1 Powers. The Board of Directors shall have power to:

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

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

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

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

Section 6.2 Duties. It shall be the duty of the Board of Directors to:

(a) retain by written contract, a professional manager (the "Manager"), unless the Owners holding sixty-six and two thirds percent (66 2/3%) of the Interest in General Common Elements vote otherwise, which Manager shall be responsible for the routine operation of the Condominium Project. Each contract for professional management shall be subject to termination by either party on not more than ninety (90) days advance written notice and without the payment of any penalty for such termination; however, if the professional management contract is with the Declarant or its affiliate, such contract may be terminated without cause at such time as the Members (other than the Declarant) take control of the Association. Each Manager (or its principal broker) shall be a licensed real estate broker or property manager in the State of Utah;

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

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

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

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

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

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

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

states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

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

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

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

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

Section 6.3 The Board of Directors may not act on behalf of the Association to:

- (a) amend the Declaration;
- (b) terminate the Association, the Declaration or the Condominium;
- (c) elect Directors to the Board of Directors; or
- (d) determine the qualifications, powers and duties, or terms of office, of Directors.

## ARTICLE VII OFFICERS AND THEIR DUTIES

Section 7.1 Enumeration of Offices. The officers of this Association shall be a president and vice-president, who shall at all times be members of the Board of Directors, a secretary, and a treasurer, and such other officers as the Board may from time to time by resolution create.

Section 7.2 Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members. At the initial meeting, the Board of Directors shall elect a President, Secretary, Treasurer, and other officers as shall be deemed appropriate.

Section 7.3 Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year or such longer period as the Board shall designate, unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 7.4 Special Appointments. The Board of Directors may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board of Directors may, from time to time, determine.

**Section 7.5 Resignation and Removal.** Any officer may be removed from office with or without cause by the Board of Directors. Any officer may resign at any time giving written notice to the Board of Directors, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

**Section 7.6 Vacancies.** A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by appointment by the Board of Directors. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

**Section 7.7 Multiple Offices.** The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 7.4 of this Article.

**Section 7.8 Duties.** The duties of the officers are as follows:

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

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

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

## ARTICLE VIII

### ASSESSMENTS

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

## ARTICLE IX CORPORATE SEAL

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

## ARTICLE X AMENDMENTS

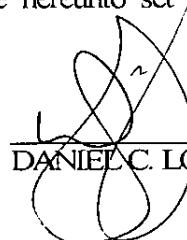
Section 10.1 These Bylaws may be amended, at a regular or special meeting of the Members, by Members holding two-thirds (2/3) of the Interests in Common Elements, in person or by proxy.

Section 10.2 In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

## ARTICLE XI MISCELLANEOUS

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

IN WITNESS WHEREOF, we, being all of the initial Directors of **MELDRUM HOUSE CONDOMINIUM ASSOCIATION, INC.**, have hereunto set our hands this 22 day of SEPTEMBER, 2011.



DANIEL C. LOFGREN

EXHIBIT C

(Attached to and forming a part of the Declaration of Condominium  
for Meldrum House Condominium Project)

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Interest in General Common Elements

<u>Unit No.</u>	Convertible			Interest in
	<u>Space</u>	<u>Sq.Ft.</u>	<u>Par Value</u>	<u>Common Elements</u>
Commercial Unit 101	Yes	2,180	2,585	25.85%
Commercial Unit 102	Yes	1,192	1,415	14.15%
Residential Unit 101	No	550	306	3.06%
Residential Unit 201	Yes	3,412	1,898	18.98%
Residential Unit 301	Yes	3,412	1,898	18.98%
Residential Unit 401	Yes	3,412	1,898	18.98%
<b>Total</b>			<b>10,000</b>	<b>100.00%</b>