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13699627
06/24/2021 10:25 AM \$40.00
Book - 11195 Pg - 9313-9373
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**DECLARATION
OF
CONDOMINIUM
WITH COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR
GLADHOUSE CONDOMINIUMS**

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**DECLARATION OF CONDOMINIUM
AND COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR GLADHOUSE CONDOMINIUMS**

THIS DECLARATION OF CONDOMINIUM WITH COVENANTS, CONDITIONS, AND RESTRICTIONS FOR GLADHOUSE CONDOMINIUMS (this “**Declaration**”) is executed as of the 19th day of May, 2021, by CDCU GLADHOUSE, LLC, a Utah limited liability company (the “**Declarant**”).

RECITALS:

A. The Declarant owns certain real property located in Salt Lake County, State of Utah, and more particularly described on Exhibit A, attached hereto and incorporated herein by this reference (the “**Land**”).

B. The Declarant intends to construct a condominium development (the “**Project**”) on the Land, and desires to subject the Project to certain easements, restrictions, covenants and conditions for the purpose of protecting the value and desirability of the Project.

NOW, THEREFORE, the Declarant does hereby make the following declaration:

ARTICLE 1. DEFINITIONS. As used in this Declaration, the following terms have the meanings given them below:

“**Act**” means the Utah Condominium Ownership Act, Utah Code Annotated, Title 57, Chapter 8, as in effect on, and as amended after, the date of this Declaration, and any successor or substitute provisions.

“**Annual Assessment**” means an assessment levied pursuant to Section 6.3(a) hereof.

“**Annual Budget**” means a budget that sets forth an itemization of the anticipated Common Expenses for the calendar year to which such Annual Budget pertains.

“**Articles of Incorporation**” means the Articles of Incorporation of the Association on file or to be filed with the Utah Department of Commerce, Division of Corporations and Commercial Code.

“**Assessment**” means Annual Assessments, Special Assessments, Individual Assessments, and any other charge imposed or levied by the Association against an Owner, including but not limited to those related to Common Expenses as well as miscellaneous assessments for capital improvements and for the purpose of restoring and reconstructing the Project in the event of casualty, all as provided in this Declaration.

“**Association**” means Gladhouse Condominium Owners Association, Inc., a Utah nonprofit corporation.

“Board of Directors” or **“Board”** means the board of directors of the Association appointed or elected in accordance with the Governing Documents, which will be the “management committee” (as defined in the Act) of the Association.

“Building” means any of the buildings constructed or to be constructed on the Land.

“Bylaws” means the Bylaws of the Association, as they may be amended from time to time. A copy of the initial Bylaws is attached hereto as Exhibit C.

“Common Areas” means the common areas and facilities of the Project and comprises all parts of the Project that are not Units, including but not limited to the Land; all portions of the Buildings not contained within the Units, including but not limited to the foundation, columns, girders, beams, supports, perimeter and supporting walls, roofs, patios, balconies, entrances and exits; the mechanical installations of the Project consisting of the equipment and materials making up any central services which exist one or to serve more of the Units, including but not limited to pipes, vents, ducts, flues, cable conduits, wires, telephone wire, and other similar utility installations used in connection therewith, whether outside or inside a Building); yards, outdoor lighting, fences, landscaping and sidewalks; and areas used for common disposal of trash and recycling.

“Common Expenses” means all expenses of operation (including common utilities and services), management, maintenance, repair or replacement of the Common Areas, including a reasonable reserve for the periodic maintenance, repair and replacement of the Common Areas, including but not limited to premiums for the insurance obtained by the Board pursuant to this Declaration or the Act, and any other cost, expense or fee properly incurred by the Association in connection with the performance of its obligations under the Governing Documents.

“Condominium Unit” means a Unit together with the Undivided Interest appurtenant to such Unit.

“Convertible Land” means the portion of the Land described on Exhibit E attached hereto.

“County Records” means the official records of the Salt Lake County recorder.

“Declarant” means CDCU Gladhouse, LLC, a Utah limited liability company, and its successors and assigns.

“Declarant Control Period” means the period commencing on the date hereof and ending on the date which is the earlier of (a) the date that is six years after the date on which the declaration is recorded, or (b) the date that is the later of (i) the date on which three-fourths of the total undivided interests in the common areas and facilities has been conveyed by the Declarant to third parties, or (ii) the date on which the Expansion Land has been added to the Project and the Convertible Land has been converted. Notwithstanding the forgoing the Declarant may terminate the Declarant Control Period early by recording a notice of termination.

“Eligible Mortgagee” means a mortgagee or beneficiary under a mortgage or deed of trust encumbering a Unit who has requested notice in writing of certain matters from the Association in accordance with Section 11.1.

“Emergency Repairs” means any repairs which if not made in a timely manner will likely result in immediate and substantial damage to property, including but not limited to any Common Areas or a Unit or Units, or imminent danger to persons.

“Expansion Land” means the land described on Exhibit D attached hereto.

“Family” means a group of natural persons residing in the same Unit and maintaining a common household.

“Governing Documents” means this Declaration, the Articles of Incorporation, the Bylaws, and Rules and Regulations.

“Guest” means a temporary visitor, invitee or person whose presence within the Project is approved by or is at the request of a Resident.

“Individual Assessment” means an Assessment levied pursuant to Section 6.3(d).

“Land” means that certain real property that is located in Salt Lake County, Utah and that is described on Exhibit A attached hereto. The Land includes any easements that benefit the Land from time to time including any easements that are set forth on the Plat.

“Limited Common Areas” means those portions of the Common Areas designated in this Declaration or the Plat as reserved for the use of a certain Unit or Units to the exclusion of the other Units. Without limiting the generality of the foregoing, any balcony, patio, or deck serving one Unit will be a Limited Common Area appurtenant to that Unit.

“Majority of Owners” means, with respect to any matter presented to the Owners for a vote, the Owners of more than fifty percent (50%) in the aggregate of the Undivided Interests held by Owners entitled to vote at the time such vote is taken.

“Manager” means a person or entity engaged to manage and operate the Project .

“Mortgage” means either a mortgage or deed of trust encumbering a Unit, but does not mean or refer to an executory contract of sale.

“Mortgagee” means a mortgagee or a beneficiary under a Mortgage encumbering a Unit, but does not mean or refer to a seller under an executory contract of sale.

“Owner” means the person who is the owner of record (in the office of the County Recorder of Salt Lake County, Utah) of a Unit. The term “Owner” does not mean or include a Mortgagee or a trustee under a deed of trust unless and until such party has acquired title pursuant to foreclosure or any arrangement or proceeding in lieu thereof.

“Plat” means the condominium plat entitled Gladhouse Condominiums, a Condominium Plat, recorded in the office of the County Recorder of Salt Lake County concurrently with this Declaration, as such plat may be amended from time to time. The Plat will show the location of the Units, Common Areas, and Limited Common Areas.

“Project” means the Land, the Units, and the Common Areas, collectively.

“Proportionate Share” means, as to any Owner, the percentage shown on Exhibit B attached hereto as the Proportionate Share attributable to such Owner’s Unit. The Proportionate Share for each Unit is a fraction, the numerator of which is the Unit Floor Space of such Unit and the denominator of which is the aggregate of the Unit Floor Space of all the Units.

“Reserve Fund” has the meaning given it in Section 6.6.

“Resident” means an Owner or a tenant or Family member of an Owner who is residing in a Unit.

“Rules and Regulations” means the rules and regulations established by the Board of Directors to control, regulate or establish guidelines for the conduct of Owners, Residents, Guests, and others in the Project.

“Special Assessment” means an Assessment levied pursuant to Section 6.3.

“Total Votes” means the total voting rights attributable to all the Units, as set forth on Exhibit B attached hereto.

“Undivided Interest” means an undivided interest, expressed as a percentage, in the Common Areas made appurtenant to each Unit by the provisions of this Declaration, as set forth in Exhibit B.

“Unit” means each separate physical part of the Project intended for independent use, including one or more rooms or spaces located or to be located in one or more floors or part or parts of floors in a Building, as depicted on the Plat. Each Unit comprises enclosed rooms occupying part of the Building and interior non-supporting, non-bearing walls and bounded by the interior surfaces of the walls, floors, ceilings, windows and doors along the perimeter boundaries of such air space, together with all fixtures and improvements contained within such air space. The interior portion of a garage shown on the Plat as part of a Unit, whether or not contiguous to the remainder of the Unit, constitutes part of the Unit. Paint and other wall, ceiling and floor coverings on interior surfaces will be deemed to be a part of the Unit concerned. Notwithstanding the fact that they may be within the boundaries of such air space, the following are not part of a Unit insofar as they are necessary for the support or the use and enjoyment of another Unit, and are part of the Common Areas: (a) bearing walls; (b) common walls, floors and ceilings between Units or between a Unit and another Common Area (except for the interior surfaces of walls, floors and ceilings, which interior surfaces are part of the Unit, as described above); (c) roofs; (d) foundations; (e) ceiling equipment; and (f) tanks, pumps, pipes, vents, ducts, shafts, flues, chutes, conduits, wires and other utility installations and Utility Equipment, except the outlets of any of the foregoing when located within a Unit. The interior surface of a window or door means the location of such surface when such window or door is closed.

“Unit Floor Space” means the approximate number of square feet of floor space within each Unit (including garages) as computed by reference to the Plat and rounded off to a whole number. The Unit Floor Space of each Unit is set forth in the attached Exhibit B.

“**Utility Equipment**” means pipes, sprinklers, wires, ducts, flues, cables, conduits, public utility lines, transformers, switch gear vaults, and other utility equipment serving more than one Unit or any portion of the Common Areas.

ARTICLE 2. PURPOSE; SUBMISSION TO ACT; GENERAL PROVISIONS

2.1 **Purpose; Submission to Act; Expandable Condominium Project.** Declarant intends, by recording this Declaration and the Plat, to create a Utah residential condominium project to be known as Gladhouse Condominiums. The Land and all improvements now or hereafter constructed thereon are hereby submitted to the Act. The Project is an expandable condominium which may be expanded in accordance with Section 13.1 below. In addition, the Project contains the Convertible Land, which will be Common Area unless and until it is converted in accordance with Section 13.1 below. The Project: (a) does contain convertible space; (b) is not a contractible condominium; (c) is not a leasehold condominium; and (d) does not contain time period units, as all of such terms are defined in the Act.

2.2 **Description of Buildings.** The Project includes three Buildings, a parking area, and other improvements related thereto. Building A as shown on the Plat is a two-story building containing seven Units, four of which contain interior garages. Building B as shown on the Plat is a two-story building containing three Units, two of which include interior garages. Building C as shown on the Plat is a one-story building containing four separate garages, each of which constitutes a portion of the Unit to which it is assigned, as indicated on the Plat. The Buildings are constructed principally of wood framing, fiber cement panels, EIFS cladding, and asphalt shingles. There are no basements in the Project.

2.3 **Presumed Boundaries.** In interpreting the Plat or any deed or other instrument affecting the Building or a Unit, the boundaries of the Building or such Unit constructed in substantial accordance with the Plat will be conclusively presumed to be the actual boundaries rather than the description expressed in the Plat, regardless of the settling or lateral movement of the Building or any minor variance between the boundaries shown on the Plat and those of the Building or such Unit.

2.4 **Covenants Run with Land.** This Declaration and all of the provisions herein will run with the land and may be enforced by Declarant, the Board and any Owner and their respective successors in interest. Any Mortgage or other encumbrance of any Condominium Unit will be subject and subordinate to all of the provisions of this Declaration, and in the event of foreclosure of any Mortgage or other encumbrance, the provisions of this Declaration will be binding upon any Owner whose title is derived through the foreclosure. All Owners, Residents, Guests, and any other person who uses or occupies the Project shall be subject to the Governing Documents. All decisions and determinations made by the Board in accordance with the Act or other Governing Documents will be binding on all the Owners and occupants of the Project.

ARTICLE 3. UNITS

3.1 **Subdivision of Property.** The Project is hereby subdivided into Condominium Units, with each such Condominium Unit consisting of a Unit, the right to use appurtenant Limited

Common Areas, if any, and an appurtenant Undivided Interest, as set forth on Exhibit B attached to this Declaration.

3.2 Nature of Units. Each Condominium Unit constitutes real property for all purposes and may be individually conveyed, leased, encumbered, inherited or devised by will. Any Condominium Unit may be held and owned by more than one person as joint tenants, as tenants in common or in any other real property tenancy relationship recognized under the laws of the State of Utah. Each Owner is entitled to the exclusive ownership and possession of its Unit and, to the extent applicable, the exclusive use of any Limited Common Areas appurtenant only to its Unit subject to the provisions of this Declaration. Each Owner may separately mortgage or otherwise encumber its Condominium Unit, provided that each Mortgage of any Condominium Unit is subordinate to this Declaration. No Owner may mortgage or otherwise encumber the Common Areas, except to the extent of the Undivided Interest appurtenant to its Unit.

3.3 Nature of Undivided Interests. Each Owner owns an Undivided Interest in the percentage expressed in the attached Exhibit B. Each Owner may use the Common Areas on a nonexclusive basis, but only in accordance with the purposes for which they were intended, subject to the Governing Documents. Neither any Undivided Interest nor the right of exclusive use of any Limited Common Areas may be separated from the Unit to which it is appurtenant. The Common Expenses will be charged to, and the voting rights are available to, the Owners according to their respective Undivided Interests.

3.4 Conveyance of Units. Every contract for the sale of a Unit, every deed conveying a Unit, and every other instrument affecting title to a Unit may describe a Unit by the name of the Project, the recording date for this Declaration, the county wherein the Project is located and its Unit number as indicated in this Declaration or as shown on the Plat. Such description will be construed to describe the Unit, together with the undivided interest in the Common Areas appurtenant to a Unit, and to incorporate all the rights incident to ownership of a Unit and all of the limitations on such ownership as described in this Declaration.

3.5 Improvement of Units. Each Owner has the exclusive right to paint, repaint, tile, paper, carpet and otherwise decorate the interior surfaces of the walls, ceilings, floors and doors forming the perimeter boundaries of its Unit and the surfaces of all walls, ceilings, floors and doors within such boundaries. Each Owner may also construct partition walls, fixtures and improvements within the boundaries of that Owner's Unit; provided, however, that such walls, fixtures and improvements may not interfere with facilities necessary for the support, use or enjoyment of any other part of the Project; impair the structural integrity of the Building; or encroach on or interfere with any Common Areas. No Owner may remove or alter any interior bearing walls within a Unit without first providing to the Board (at the Owner's expense) a structural analysis from a structural engineer (which engineer is reasonably satisfactory to the Board) affirming that the removal and alterations (and the reinforcement beams and supports) will not adversely impact the structural integrity of the Building and then providing structural reinforcement beams or supports for the modified bearing walls. No Owner may do any work on or make any alterations or changes to the Common Areas without the prior written consent of the Board.

3.6 Maintenance of Units and Limited Common Areas.

(a) *Maintenance of Units.* Each Owner, at its sole cost and expense, shall keep the interior of its Unit, including, without limitation, interior walls, window glass, ceilings, floors and fixtures and other improvements, in good condition and repair and in a clean and sanitary condition.

(b) *Maintenance of Limited Common Areas.* Notwithstanding anything herein regarding maintenance of Common Areas, each Owner, at its sole cost and expense, shall maintain in good condition and repair all Limited Common Areas appurtenant to such Owner's Unit, including but not limited to and all utility facilities, lines, ducts, and other such apparatus) serving solely such Unit. Without limiting the generality of the foregoing, (i) each Owner shall maintain the windows and doors forming or situated at the exterior boundary of its Unit and shall immediately repair or replace any such window or door on removal, breakage or other damage; provided, however, that any replacement of windows or doors or any other item that constitutes an exterior surface of a building, or any action that would affect the exterior appearance of any part of the Project, may not be made without the prior written consent of the Board.

(c) *Failure to Maintain.* If any Owner fails to maintain its Unit or the Limited Common Areas for which such Owner is responsible, or if any Unit or appurtenant Limited Common Areas develops an unsanitary or unclean condition or falls into a state of disrepair and the responsible Owner fails to correct such condition promptly following written notice from the Board, or if any removed, broken or damaged window or door referred to in the preceding subsection (b) is not immediately repaired or replaced by the Owner obligated to do so, then the Board may (but is not obligated to), at the expense of such Owner and without liability to such Owner for trespass or otherwise, enter the Unit concerned and correct or eliminate such unsanitary or unclean condition or such state of disrepair or repair or replace such window or door, as the case may be. Any funds expended by the Board pursuant to this Section, together with interest at the rate of eighteen percent (18%) per annum, both before and after judgment, and all costs of collection, including, without limitation, reasonable attorneys' fees, will be assessed to such Owner as an Individual Assessment.

3.7 **No Division of Units.** No Unit may be further divided or subdivided or a fractional portion thereof sold or conveyed so as to be held in divided ownership (as opposed to joint tenancy, tenancy in common, or other form of joint undivided ownership). No Owner may lease less than all of its Unit.

3.8 **Separate Taxation.** Each Condominium Unit (comprising a Unit and an appurtenant Undivided Interest) is deemed to be a separate parcel for purpose of assessment and taxation and is subject to separate assessment and taxation. Neither the Project, any Building, nor any of the Common Areas may be considered as a separate parcel for purposes of assessment or taxation.

ARTICLE 4. THE ASSOCIATION.

4.1 Association.

(a) *Association.* On or before conveying the first Unit to a purchaser, Declarant shall cause the Association to be incorporated. Each Owner shall automatically be a member of the Association. The Board shall act as the board of directors and the management committee of the Association.

(b) *Registration with the State.* In compliance with, and to the extent required by, Utah Code Ann. § 57-8-13.1 or any successor provision, the Association shall be registered with the state Department of Commerce, Division of Real Estate and shall update its registration as required by law.

(c) *Bylaws.* The Bylaws of the Association are attached to this Declaration as Exhibit C. The provisions of the Utah Revised Nonprofit Corporation Act, as in effect on, and as amended after, the date of this Declaration, will supplement the Bylaws to the extent that such statutory provisions are not inconsistent with this Declaration or the express provisions of the Bylaws.

4.2 Membership. Each Owner shall be required to be a member of the Association. If title to a Unit is held by more than one person, the membership appurtenant to that Unit will be shared by all such persons in the same proportionate interest and by the same type of tenancy in which title to the Unit is held. Ownership of a Unit cannot be separated from membership in the Association; each membership is appurtenant to the Unit to which it relates and will be transferred automatically by conveyance of that Unit. No person or entity other than an Owner may be a member of the Association, and membership in the Association may not be transferred except in connection with the transfer of a Unit. Membership begins immediately and automatically upon becoming an Owner and terminates immediately and automatically upon ceasing to be an Owner.

ARTICLE 5. BOARD

5.1 Establishment. Subject to the provisions of this Declaration, the Project will be operated, managed and maintained by the Board. The Board, acting on behalf of the Association, is vested with, and has all the rights, powers and authority given to a management committee or an association of unit owners under the Act and all rights, powers and authority as are necessary to perform its duties under the Governing Documents, which include, but are not limited to, the rights, powers and authority to:

(a) administer and enforce the covenants, conditions, restrictions, easements, and other provisions of the Governing Documents;

(b) maintain and keep in good order, condition, and repair all the Common Areas;

(c) without the vote or consent of the Owners, Mortgagees, or of any other person, grant or create (and/or to relocate), on such terms as it deems advisable, reasonable licenses, rights-of-way and easements over, under, across and through the Common Areas

for utilities and other purposes reasonably necessary or useful for the proper operation and maintenance of the Project;

- (d) sue and be sued on behalf of the Association;
- (e) enter into contracts that are within the scope of the powers and duties of the Board;
- (f) promulgate such Rules and Regulations as may be necessary or desirable to ensure that the Project is maintained and used in a manner consistent with this Declaration and the interests of the Owners and to establish penalties for the infraction of such Rules and Regulations;
- (g) levy and collect Assessments for the payment of Common Expenses;
- (h) perform any other acts and to enter into any other transactions authorized by the Governing Documents or the Act or which may be reasonably necessary for the Board to perform its functions on behalf of the Owners.

5.2 **Composition .**

- (a) During the Declarant Control Period, the Board shall have three members appointed by the Declarant.
- (b) After the expiration of the Declarant Control Period, the Board shall consist of three natural persons elected by the Members in accordance with the Bylaws. Only Owners (and officers, partners, managers, members and agents of Owners who are not natural persons) are eligible for Board membership.

5.3 **Officers and Agents.** The Board shall perform its functions through those members who are elected as officers by the Board in accordance with the Bylaws and through such agents or employees as the Board may appoint or employ.

5.4 **Records.**

(a) The Board shall keep detailed, accurate records in chronological order of the receipts and expenditures of the Association. Such records will be available for examination by the Owners at convenient hours on weekdays. The Board shall maintain up-to-date records showing (a) the name of each person who is an Owner, the address of the Unit owned by such Owner, and the mailing address and electronic mail address (if any) of such Owner; and (b) the name and address of each Eligible Mortgagee and the Unit that is encumbered by such Eligible Mortgagee.

(b) Upon any transfer of a fee interest in a Condominium Unit, the transferee shall provide to the Association evidence that the transfer has occurred and that the deed or instrument of conveyance is of record in the County Records. The Association may rely on such information or, at its option, on current ownership information that is obtained from the County Records. The mailing address of an Owner will be deemed to be the

address of the Unit owned by such Owner unless such Owner provides written notice to the Association of a different mailing address.

(c) The Board shall keep and make available for inspection on request during normal business hours or under other reasonable circumstances to Owners and Mortgagees, current copies of this Declaration, the Plat, the Rules and Regulations, and the books, records, and financial statements of the Association to the extent required under the Act or other applicable law.

5.5 Professional Management. The Board may (but is not obligated to) engage a professional manager to perform any functions that are properly the subject of delegation. The manager shall be an independent contractor and not an agent or employee of the Board, shall be responsible for managing the Project for the benefit of the Association and the Owners and shall, to the extent permitted by law and by the terms of the agreement with the Board, be authorized to perform any of the functions or acts required or permitted to be performed by the Board itself. Any such management agreement will have a term of a reasonable period not to exceed three years.

5.6 Liability. No member of the Board or any officer of the Association shall be liable to the Owners for any mistake of judgment, for negligence or on other grounds, except for such member's own willful misconduct, gross negligence, bad faith or more culpable conduct, subject to the following:

(a) *General.* Members of the Board and officers of the Association: (a) will have no personal liability in contract to an Owner or any other person or entity under any agreement, instrument or transaction entered into by them on behalf of the Association in their capacity as such; (b) will have no personal liability in tort to any Owner or any person or entity, direct or imputed, by virtue of acts performed by them in their capacity as such, except for their own willful misconduct, gross negligence, bad faith or more culpable conduct, nor for acts performed for them in their capacity as such; and (c) will have no personal liability arising out of the use, misuse or condition of the Project, which might in any way be assessed against or imputed to them as a result of or by virtue of their capacity as such.

(b) *Specific Listing.* Without limiting the generality of subsection (a) above, and notwithstanding any provision of the Governing Documents to the contrary, neither the Board, the Association, nor any member of the Board will be liable for any loss, injury, death or damage (including any consequential damage) to persons, property or business resulting from any theft, act of God, public enemy, injunction, riot, strike, insurrection, war, court order, requisition, order of governmental body or authority, fire, explosion, falling object, steam, water, rain, snow, ice, breakage, leakage, obstruction or other defects of Utility Equipment, appliances, plumbing, air conditioning or lighting fixtures, construction, repair or alteration of the Project or other cause beyond such person's reasonable control.

(c) *Indemnity.* Each Owner and the Association shall indemnify each member of the Board and each officer of the Association against all claims made by third parties arising out of any contract made by the Board on behalf of the Owners, unless such contract

was made in bad faith. The liability of any Owner arising out of any contract made by the Board or an officer of the Association or out of the indemnification provision set forth in the immediately preceding sentence is limited to the total liability concerned multiplied by such Owner's Undivided Interest.

5.7 Initial Agent for Service of Process. The following is the initial person to receive service of process on behalf of the Project, the Board and the Association:

Todd Reeder
501 East 1700 South
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The Board shall have the right to appoint a successor or substitute process agent at any time and from time to time. The name and address of any such successor or substitute agent must be specified by an appropriate instrument recorded in the Salt Lake County Recorder's office, a copy of which shall be delivered to each Owner. Service of process on two or more Owners in any action relating to the Common Areas or more than one Unit may be made on the agent designated above.

5.8 General Standard. Notwithstanding any provision in this Declaration to the contrary, the Board shall act fairly and reasonably in discharging its duties under this Declaration.

ARTICLE 6. COMMON AREAS; ANNUAL BUDGET; COMMON EXPENSES; ASSESSMENTS.

6.1 Common Areas. The Association shall be responsible for the operation, management, maintenance, repair and replacement of the Common Areas and the making of any additions or improvements to the Common Areas as may be reasonably necessary to keep them clean, safe, functional, attractive and generally in good condition and repair. The maintenance of the outdoor portions of the Common Areas includes, but is not limited to, cleaning and landscape maintenance, which may include but will not be limited to the removal of weeds and debris and removal of ice and snow. Without limiting the generality of the foregoing, the Association shall be responsible for maintenance of the water and sewer connections servicing the Project, except for those water and sewer connections which constitute a portion of a Unit or a Limited Common Area.

6.2 Annual Budget. Before November 1st of each year the Board shall prepare an Annual Budget for the next following calendar year. In preparing such Annual Budget, the Board shall consider any deficit or surplus anticipated to be realized during the then-current calendar year. After the expiration of the Declarant Control Period, such Annual Budget will be subject to the approval of more than fifty percent (50%) of the voting rights held by Members present, in person or by proxy, at a meeting of the Members at which such Annual Budget is presented and voted on..

6.3 Assessments. Except as otherwise provided in Section 6.4 below, each Owner shall pay Assessments in accordance with the following:

(a) *Annual Assessments.* Not less than fifteen (15) days prior to the first day of January of each calendar year, the Association shall notify each Owner of the amount of such Owner's share of the Common Expenses for that calendar year as set forth in the Annual Budget for such year (the Owner's "**Annual Assessment**"). Each Annual Assessment will be payable in monthly installments, each in an amount equal to one-twelfth of the Annual Assessment, which each such installment due on the first day of each calendar month.

(b) *Special Assessments.* The Board of Directors may levy in any calendar year one or more special assessments (each, a "**Special Assessment**"), applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, repair or replacement of a capital improvement within the Property or any facilities located in the Property, including the necessary fixtures and personal property related to it, or to make up any shortfall in the current Annual Budget. Notice of the amount and due dates for any Special Assessment must be sent to each Owner at least 30 days prior to the due date. If the total amount of any proposed Special Assessment exceeds 10% of the total Annual Budget for that year, then the Special Assessment may be levied only with the approval of a Majority of Owners.

(c) *Late Payments and Assessments.* The Board may establish and assess reasonable charges for delinquent payments of any Assessment or any installment thereof. A late fee in the amount of \$25.00 and interest at the rate of 18% per annum on the delinquent amount will be deemed to be reasonable. All payments made by an Owner under this Declaration will be applied first to pay Annual Assessments and Special Assessments, then to pay Individual Assessments (including but not limited to costs of collection), and finally to any other amounts due from the Owner.

(d) *Individual Assessments.* All fines, penalties, late charges, interest or other charges or fees levied against an Owner pursuant to the Governing Documents, or any expense of the Association which is the obligation of an Owner or which is incurred by the Association on behalf of the Owner pursuant to the Governing Documents, and any expense (including without limitation attorneys' fees) incurred by the Association as a result of the failure of an Owner to comply with the Governing Documents, will constitute an "**Individual Assessment.**"

(e) *No Exemption.* No Owner may exempt itself from liability for its Assessment obligations by waiver of the use or enjoyment of any of the Common Areas or abandonment of its Unit. No diminution or abatement of any Assessments under this Declaration may be claimed or allowed for any action or inaction of the Board or the Association.

6.4 Prepayment of Assessments in Connection with Transfer of a Unit. Notwithstanding the provisions of Section 6.3(a) above, upon the transfer of a Unit, the transferee of such Unit shall prepay to the Association (a) the installments of Annual Assessments required to be paid by the Owner of the Unit for the two calendar months immediately following the date on which the transfer is completed (the "**Prepaid Months**"). For clarity, the prepayment required in this Section will satisfy the transferee's obligation to pay monthly installments of Annual

Assessments for the Prepaid Months. Accordingly, after such prepayment, the transferee will not be required to pay another monthly installment of Annual Assessments until the first day of the third full calendar month after the date on which the transfer is completed.

6.5 Reinvestment Fees.

(a) Upon each transfer of title to a Unit, the purchaser of the Unit shall pay to the Association a fee (a “**Reinvestment Fee**”) in an amount equal to the sum of (i) 0.1% of the total consideration paid by such purchaser for the Unit, plus (ii) \$200 (all or a portion of the \$200 will be used to pay the Association’s costs directly related to the transfer of the Unit).

(b) As used in this Section, “consideration” paid for a Unit means the total purchase price for the Unit, including the total of money paid and the fair market value of any property or services delivered, or contracted to be paid or delivered, in return for the conveyance of the Unit, and includes the amount of any note or other evidence of indebtedness given or assumed in connection with such transfer.

(c) Notwithstanding anything to the contrary in this Section 6.4, no Reinvestment Fee will be owed or required in connection with any transfer that is:

- (i) an involuntary transfer,
- (ii) a transfer that results from a court order,
- (iii) a bona fide transfer to a family member of the seller within three degrees of consanguinity who, before the transfer, provides adequate proof of consanguinity,
- (iv) a transfer or change of interest due to death, whether provided in a will, trust, or decree of distribution, or
- (v) the transfer of a Unit by a financial institution, except to the extent required to pay the Association’s costs directly related to the transfer of the Unit, not to exceed \$250.

6.6 Collection of Assessments.

(a) *Personal Obligation of Owner.* Every Owner shall pay Assessments in the amounts and at the times determined by the Board in accordance with this Declaration and the Act. Each Assessment assessed against a Unit is a personal debt and obligation of the Owner of the Unit at the time the Assessment is made. In any voluntary conveyance, the grantee of a Unit shall be jointly and severally liable with the grantor for all unpaid Assessments against the Unit up to the time of the grant or conveyance, without prejudice to the grantee’s rights to recover from the grantor the amounts paid by the grantee. Suit to recover a money judgment for unpaid Assessments is maintainable without foreclosing or waiving the lien securing it.

(b) *Cessation of Services.* If an Owner is in default for the period of one month in the payment of Assessments, then the Association may, at its option, and for so long as such default continues, cease to provide any or all services that would otherwise be provided by the Association to such Owner's Unit, to the extent such services pertain to such Unit.

(c) *Collection of Rent.* If an Owner at any time leases or rents its Unit and defaults for a period of one month in the payment of Assessments, then the Association may, at its option, so long as such default continues, demand and receive from any tenant of the Owner the rent due or becoming due, in compliance with applicable provisions of the Act and the Governing Documents.

(d) *Lien.* Each Assessment constitutes a lien on the applicable Owner's Condominium Unit, which lien may be foreclosed in the manner of the foreclosure of a deed of trust or by any other method available under applicable law for the foreclosure of liens. For the purpose of foreclosure by trustee's sale, the Declarant appoints Secured Land Transfers LLC, dba Secured Land Title, having an address at 7090 Union Park Ave Suite 425, Midvale, UT 84047, to have and exercise the power of the trustee and the power to bid on a Unit at a foreclosure or other sale and to acquire, hold, lease, mortgage, and convey such Unit. Pursuant to Utah Code §§ 57-1-20 and 57-8-45, the Declarant hereby conveys and warrants to such trustee, with power of sale, the Condominium Units and all improvements to the Units for the purpose of securing payment of Assessments under the terms of this Declaration. An Owner's acceptance of an interest in a Unit constitutes a simultaneous conveyance of the Unit in trust, with power of sale, to the designated trustee. The Association may appoint another qualified trustee by executing a substitution of trustee form. In any foreclosure of a lien for Assessments, the Owner concerned shall pay the costs and expenses of such proceedings and reasonable attorneys' fees, which shall be secured by the same lien. The Association may bid on such Unit at foreclosure or other sale and, if successful, hold, lease, mortgage or convey such Unit.

6.7 Estoppel Statement. The Board shall, on the written request of any Owner or any Mortgagee or prospective Mortgagee or prospective purchaser of a Condominium Unit, and on payment of a reasonable fee in an amount to be determined by the Board subject to any limitations imposed by the Act, issue to the requesting person or persons a written statement setting forth the amount of any unpaid Assessments for such Condominium Unit. Such written statement will be conclusive and binding on the remaining Owners and the Association in favor of all persons who rely on such written statement in good faith.

6.8 Reserve Fund.

(a) *Reserve Fund.* The Board shall establish and maintain a reserve fund (the "**Reserve Fund**") to be used only for the purposes of paying the costs of repairing, replacing, or restoring Common Areas that have a useful life of three years or more and a remaining useful life of less than 30 years, if the cost cannot reasonably be funded from the general budget or other funds of the Association, as determined by the Owners annually. Reserve funds may be collected as part of Annual Assessments or Special Assessments and may not be used except for payment of the costs stated above. If there

are surplus monies from Annual Assessments or Special Assessments after payment of all Common Expenses for any fiscal year, the Board may, in its discretion, (i) retain surplus Association money and credit it against the Assessments for the following fiscal year, or (ii) deposit such surplus in the Reserve Fund. The Association shall segregate money held in the Reserve Fund from regular operating accounts.

(b) *Reserve Analysis.* The Association shall, not less frequently than every six years, conduct an analysis (a “**Reserve Analysis**”) to determine the appropriate amount needed in the Reserve Fund to satisfy the purposes for which the Reserve Fund is maintained. The Board shall review and, if necessary, update a previously conducted Reserve Analysis no less frequently than every three (3) years. The Reserve Analysis report must be prepared by a person or persons with (i) experience in current building technologies, (ii) a solid working knowledge of building cost estimating and life cycle costing for facilities, and (iii) the tools and knowledge to prepare a report.

(c) *Disclosure and Approval at Annual Meeting.* Annually, at the annual meeting of the Owners or a special meeting of Owners, the Board shall present the most recent Reserve Analysis and any updates to the Reserve Analysis, and provide an opportunity for Owners to discuss the Reserve Fund and to vote on how to fund the Reserve Fund and in what amount.

ARTICLE 7. EASEMENTS

7.1 **Easements for Encroachments.** If on or after the date of this Declaration: (a) any part of the Common Areas encroaches on any part of a Unit; or (b) any part of a Unit encroaches on a part of the Common Areas, then a non-exclusive easement for each such encroachment and for the maintenance of the same will exist immediately and automatically, and Declarant reserves such easement for the benefit of each Unit and each Common Area. Such encroachments will not be considered to be encumbrances on any Unit or the Common Areas. Such encroachments may include, without limitation, encroachments caused by error in the original construction of a Building or any other improvements, error in the Plat, settling, rising or shifting of the earth or changes in position caused by repair or reconstruction of the Project.

7.2 **Easements for Maintenance.** Some of the Common Areas may be located within the Units or may be conveniently accessible only through the Units. Declarant grants the Association and its agents and representatives a non-exclusive easement and the irrevocable right to have access to each Unit and to all Common Areas at reasonable times and under reasonable circumstances as may be necessary for: (a) the maintenance, repair, replacement, and cleaning of the Common Areas; or (b) making Emergency Repairs, provided that the Board shall make a reasonable effort to provide notice to the occupant of the Unit prior to entry and shall take reasonable measures to minimize the inconvenience caused thereby. The cost to repair any damage resulting from any such entry will be a Common Expense.

7.3 Easements for Units.

(a) Declarant reserves for each Unit:

(i) a non-exclusive easement for, and the right of, ingress and egress on, over, and across the Common Areas as necessary for access to and from such Unit;

(ii) a non-exclusive easement for, and the right to, horizontal, vertical, and lateral support from all surrounding Building elements;

(iii) a non-exclusive easement in common with all other Units for Utility Equipment and other Common Areas from time to time and at any time located in any other Units and serving the benefitted Unit.

(b) Declarant subjects each Unit to a non-exclusive easement in favor of all other Units for the installation, maintenance, repair and replacement of Utility Equipment and other Common Areas from time to time and at any time located in such Unit and serving any other Unit.

7.4 Easement for Completion of Development. The Declarant is hereby granted a transferable easement over and on the Common Areas for the purpose of doing all things necessary or appropriate to complete construction of the Project (including any construction of new improvements on the Expansion Land if the Project is expanded pursuant to Section 13.5) and to make improvements as shown on the Plat (including any improvements shown on a supplemental plat recorded pursuant to Section 13.5). To the extent that damage is inflicted on any part of the Project by any person utilizing this easement, the Declarant and the person causing the damage shall be liable to the Association for the prompt repair of such damage.

7.5 General Provisions. Each easement and right created by this Article is an appurtenance to the real property benefitted thereby and is a burden on the real property burdened thereby. All conveyances of a Condominium Unit are deemed to be made together with and subject to the easements set forth in this Article. The easements created under this Article will terminate upon the termination of the Declaration. The use of any easement granted under this Declaration may not disturb unreasonably the quiet enjoyment of any other Unit by its Owner and occupants.

ARTICLE 8. USE RESTRICTIONS.

8.1 Use. Each Unit may be used only for single-family residential purposes. No Building or other structure of any kind may be erected, altered, placed or permitted to remain on any portion of the Project except with the prior written approval of the Board. The use of the Units and the Common Areas must comply with all applicable laws, ordinances and governmental regulations and with the Governing Documents.

8.2 Nuisance. No Owner, Resident, or Guest may create or maintain, or engage in any activity which would constitute, a nuisance in, on or about the Project. A "nuisance" includes but is not limited to the following:

(a) the development of any unclean, unhealthy, unsightly, or unkempt condition on, in, or about a Unit or the Common Areas;

(b) the storage of any item or property that will cause any Unit or the Common Areas to appear to be in an unclean or untidy condition or that will be noxious to the senses or otherwise disturb the peace, quiet, safety, comfort, or serenity of the other Residents;

(c) having any devices or items, instruments, equipment, machinery, fixtures, or things the possession of which is illegal, noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of the Project by other Residents or Guests.

(d) unreasonable noise in, on or about any Unit or the Common Areas; provided, that the threshold for what constitutes unreasonable noise is lower after 10:00 p.m. and before 7:00 a.m.

(e) any activity which creates or causes an unreasonable amount of traffic in, on or about the Project; provided, that the threshold for what constitutes unreasonable traffic is lower after 10:00 p.m. and before 7:00 a.m.

8.3 Unsightly Work, Hobbies or Unkempt Conditions. The pursuit of hobbies or other activities, including but not limited to the assembly and disassembly of motor vehicles and other mechanical devices, which might tend to cause disorderly, unsightly, or unkempt conditions may not be pursued or undertaken on any part of the Project.

8.4 Garbage, Refuse and Debris. Each Owner and Resident shall regularly remove from the Unit owned or occupied by such Owner or Resident all rubbish, trash, refuse, waste, dust, debris, and garbage. All containers for the storage or disposal of such material must be kept in a clean and sanitary condition and stored out of the view of the general public provided, however, that such containers may appropriately be placed for collection not more than twenty-four (24) hours prior to any scheduled collection date and must be removed from the view of the general public within a reasonable time (not to exceed 24 hours) after being emptied.

8.5 Subdivision of a Unit. No Unit may be subdivided or partitioned.

8.6 Firearms and Incendiary Devices. No Owner, Resident, Guest, or other person shall discharge firearms or possess or use incendiary devices within the Project. The term "firearms" includes but is not limited to all guns, pistols, handguns, rifles, automatic weapons, semi-automatic weapons, BB guns, pellet guns, sling shots, wrist-rockets, blow-dart guns, and other firearms of all types, regardless of size.

8.7 Temporary Structures. No Owner or resident may place upon any part of the Project any temporary structures including but not limited to tents, trailers, or sheds, without the prior written consent of the Board, with consent may be withheld in the Board's sole discretion. Anything to the contrary notwithstanding and until the expiration of the Declarant Control Period, Declarant may install and use temporary structures in the construction and development of the Project and the marketing of Condominium Units.

8.8 Landscaping. No Owner may install any landscaping on any portion of the Common Areas without the prior written consent of the Board of Directors, which consent may be

withheld in the Board's sole discretion. The Declarant shall install landscaping in the Common Areas, and the Association shall maintain such landscaping.

8.9 Exterior Alteration. No Owner may make any alterations or modifications to the exterior of any Buildings, fences, railings, or walls situated within the Project without the prior written consent of the Board, which consent may be withheld in the Board's sole discretion.

8.10 Signs; Flags.

(a) No signs, banners, or other forms of signage (each, a "**sign**") may be erected or displayed on the Common Areas or any Unit if such sign is visible from outside the Unit, except in accordance with this Section. An Owner seeking to sell or rent such Owner's Unit may exhibit one "For Sale" or "For Rent" sign of customary and reasonable size in such Owner's Unit without the prior written consent of the Board. Notwithstanding any provision in this Declaration to the contrary, so long as the Declarant retains ownership of any Units, Declarant may erect such signs as it reasonably determines are necessary for the sale or promotion of such Units.

(b) The Board of Directors has the right to regulate the display of flags within the Project, including the right to prohibit the display of flags and the right to require removal of flags the Board of Directors deems inappropriate in its sole discretion; provided, however, that, with respect to displays of the flag of the United States of America, such regulation may not violate the provisions of Utah Code Section 57-8a-219 or any other applicable law.

(c) Notwithstanding anything to the contrary in this Declaration, political campaign signs may be displayed in a Unit, and the Board may not regulate the content of any such signs, but the Board may regulate the time, place, and manner of posting political signs; and may establish design criteria for political signs.

8.11 Holiday and other Decorations. No Owner may install holiday or other decorations (including lights) in or on any portion of the Common Areas, including but not limited to the exterior walls of any Building, although holiday wreaths or other decorations may be placed by an Owner on the exterior doors of such Owner's Unit, so long as the doors are not damaged or permanently altered by the placement of such decorations.. No holiday or other decorations may be placed so as to obstruct access to any Unit or create a hazard. The Board may reasonably regulate the time, place, and manner of holiday lights or other decorations installed inside a Unit that are visible from the exterior of the Unit. Nothing in this Section will be deemed or construed so as to prevent the Association from placing holiday or other decorations on the Common Areas as deemed appropriate by the Board.

8.12 Solar Equipment. No individual Owner shall install any solar energy device in or on any portion of the Project. The Association may elect to install solar energy panels or other facilities to serve the Common Areas or the entire Project, and all costs of such installation shall be Common Expenses.

8.13 Business Use. No business or other commercial activity may be conducted in or from any Unit unless: (a) the existence or operation of the business or commercial activity is not

apparent or detectable by sight, sound, or smell from outside the Unit; (b) the business or commercial activity conforms to all zoning requirements for the Project and is properly licensed; (c) the business or commercial activity does not involve customers or clients coming onto the Project who do not reside in the Project or door-to-door solicitation of residents of the Project; and (d) the business or commercial activity is consistent with the residential character of the Project and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other Residents, as may be determined in the sole discretion of the Board of Directors. Notwithstanding the foregoing, the leasing of a Unit in compliance with applicable provisions of the Governing Documents will not be considered a business or commercial activity.

8.14 Parking and Vehicles.

(a) No vehicles of any kind may be parked or stored on the Common Areas within the Project, except in designated parking stalls, except that bicycles may be kept in any bicycle rack installed by the Association on the Common Areas for such purpose. No inoperative or unlicensed vehicle may be parked or stored on any portion of the Project. No recreational vehicles or equipment, including without limitation ATVs, four-wheelers, side-by-sides, motor homes, tractors, golf carts, mobile homes or trailers of any kind (either with or without wheels), campers, camper trailers, boats or other watercraft, may be parked or stored in the Project except enclosed within a garage; provided, however, that street-legal, properly licensed motorcycles will not be deemed recreational vehicles for purposes of this Section.

(b) No motor vehicle of any kind may be repaired, constructed or reconstructed upon any Common Area in the Project, except that these restrictions do not apply to emergency repairs.

(c) The Board will allocate to each of Units 101–102 and 107–110, as designated on the Plat, one of the exterior parking spaces designated on the Plat as P1-P11. Each parking space so allocated to a Unit will be for the exclusive use of the Residents of that Unit, and will be designated as such. The Board from time to time may change the specific parking space allocated to such Units, but each such Unit must always have one parking space allocated for its exclusive use.

(d) The Board may promulgate further Rules and Regulations regulating parking and provide for enforcement of parking restrictions in the Project. Such Rules and Regulations may include (but will not be limited to) the designation of parking stalls not allocated to specific Units pursuant to subsection (c) above as “Guest Parking”. Parking stalls designated as “Guest Parking” may be used only by Guests visiting the Project for a limited period of time, and such parking will be subject to such reasonable time limitations and other Rules and Regulations as may be promulgated by the Board.

8.15 Antennae. Satellite dishes (not to exceed one meter in diameter), antennae, and other telecommunications reception devices may be located by an Owner or Tenant entirely within any area over which such Owner or Tenant has exclusive control, such as a balcony or patio, but may not be attached to or go through any part of the Building, Common Areas, roofs, windows or sills. If a satellite dish is used, such dish must be installed in such a manner that it will not be

accidentally dislodged or pose a safety hazard to any person. The Owner of a Unit in or for which a satellite dish or antennae is installed shall be responsible and liable for any damage to property or injury to persons caused by such satellite dish or antennae.

8.16 Windows and Window Coverings. No aluminum foil, newspapers, reflective film coatings, bedding sheets, blankets, or any other similar materials may be used to cover any exterior window of any Unit. The outward-facing color of curtains, drapes, blinds, shades, and other window coverings shall be white, off-white, gray, or a natural wood color, or such other color as may be permitted by the Board from time to time. Tinted windows will be allowed only with the prior written consent of the Board, which consent will not be unreasonably withheld.

8.17 Animals.

(a) No animals, livestock, birds, insects, or poultry of any kind (each, an “**animal**” and collectively, “**animals**”) may be raised or bred on any portion of the Project.

(b) Not more than two domesticated dogs and/or cats or other small household pets may be kept in any Unit. No animal of any kind may be kept in any Unit for any commercial purpose.

(c) The keeping of animals and their ingress and egress to the Common Areas are subject to such Rules and Regulations as may be adopted by the Board. All animals kept within the Project must be licensed and inoculated as required by law. All animals must be on a leash at all times when outside a Unit. No animal is permitted on any portion of the Common Areas except for orderly domestic animals which are on a leash and accompanied by a person who can control the animal, and the owner of an animal shall immediately remove droppings left by the animal upon the Common Areas or any other portion of the Project.

(d) If the owner of any animal fails to comply with the requirements of this Section or any Rules and Regulations applicable to pets, the Board of Directors may, after notice and an opportunity for a hearing in accordance with Section 12.7, bar such animal from use of or travel upon the Common Areas and may impose fines or costs in accordance with Section 12.5. In addition, if an animal’s owner does not remove droppings left by the animal on the Common Areas, or if an animal endangers the health or welfare of any Owner or Resident or creates a nuisance (*e.g.*, unreasonable barking, howling, whining or scratching) or an unreasonable disturbance, all as may be determined in the sole discretion of the Board, then the animal may be permanently removed from the Project upon fourteen (14) days prior written notice to the Owner from the Association. An Owner or Resident who receives such a notice may, within such fourteen (14) day period, request a hearing in accordance with Section 12.7, in which event such Owner or Resident may keep the animal in the Project until such hearing has been held and a determination made by the Board, except that if an animal presents a foreseeable danger to persons in the Project, the Board may require the animal to be removed before the hearing.

(e) Any Owner or Resident who keeps an animal within the Project shall indemnify and hold harmless the Association, each other Owner and Resident, and the

Declarant from and against any loss, claim, or liability of any kind or character arising out of or resulting from the keeping of such animal within the Project.

(f) Nothing contained in this Section prohibits the keeping within the Project of any assistance animal or any other animal if such prohibition would constitute a violation of the Fair Housing Act or any similar law. The Board may promulgate Rules and Regulations regarding assistance animals consistent with applicable law.

8.18 **Insurance.** Nothing may be done or kept in, on or about any Unit or the Common Areas which may result in the cancellation of any insurance on the Project or an increase in the rate of the insurance on the Common Areas over what the Board of Directors, but for such activity, would pay.

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

8.20 **Damage or Waste.** No Owner, Resident, or Guest may cause damage or waste to or on the Common Areas, and each Owner shall indemnify and hold the Association and the other Owners harmless against all loss resulting from any such damage or waste caused by that Owner or Resident or that Owner's or Resident's Guest.

8.21 **Mailboxes.** Mailboxes will be installed by Declarant. Any replacement mailboxes must be approved in writing by the Board prior to installation.

8.22 **Rental Restrictions.**

(a) In accordance with Salt Lake City Code of Ordinances and Utah State Code, the Association may regulate, limit, or prohibit rentals of Units. In order to protect the value of the Units and the nature of Gladhouse Condominiums, no Owner may lease or rent such Owner's Unit except in compliance with the provisions of this Section and the Rules and Regulations.

(b) Except as otherwise provided in this Section, no Unit may be a Rental Unit (as defined below) unless the Owner of the Unit has occupied the Unit as the Owner's primary residence for a period of not less than twelve (12) months, and the Owner has obtained the prior written consent of the Board. At any time, not more than twenty percent (20%) of the Units may be Rental Units. Any Owner desiring to rent a Unit shall submit an application to the Board in accordance with the Rules and Regulations and shall not commit or enter into any agreement to lease or rent such Owner's Unit unless and until the consent of the Board has been obtained. As used in this Section, "**Rental Unit**" means a Unit that is not occupied by the Owner of the Unit, except as follows:

(i) a Unit the Owner of which is in the military and is deployed is not a Rental Unit during the period of the Owner's deployment, even though it may be rented or leased to a tenant during such deployment;

(ii) a Unit occupied by the Owner's parent, child, or sibling is not a Rental Unit;

(iii) a Unit the Owner of which has been relocated by such Owner's employer for a period of less than two years is not a Rental Unit, even though it may be leased to a tenant during such two years;

(iv) a Unit owned by an entity that is occupied by an individual who: (A) has voting rights under the entity's organizing documents, and (B) has a 25% or greater share of ownership, control, and right to profits and losses of the entity, is not a Rental Unit; and

(v) a Unit owned by a trust or other entity created for estate planning purposes is not a Rental Unit at any time during which the resident of the Unit or the parent, child, or sibling of the resident of the Unit is the person for whose estate the trust or other estate planning entity was created.

(c) In the event of a transaction (including but not limited to the conveyance of an undivided interest in a Unit) which appears to be undertaken for the sole purpose of circumventing the rental restrictions of this Section, the Board has the authority to examine such transaction to determine whether the substance of the transaction is the rental of a Unit, regardless of the form of the transaction. If the Board determines, using objectively reasonable judgment, that the transaction constitutes a rental, the rental will be prohibited by this Section.

(d) The Board shall promulgate Rules and Regulations containing procedures to:

(i) determine and track the number of Rental Units in the Property; and

(ii) ensure consistent administration and enforcement of the rental restrictions contained in this Section.

(e) The Board may promulgate Rules and Regulations further regulating the renting or leasing of Units, so long as such Rules and Regulations are not inconsistent with this Declaration or applicable law.

(f) Notwithstanding anything to the contrary herein, the Declarant may lease or rent Units owned by the Declarant without complying with the foregoing restrictions so long as Declarant owns any Unit in the Property.

8.23 Leases. All leasing or rental of any Unit (including but not limited to any lease or rental of a Unit under subsections 8.22(c)(i) and (iii) above) must be in compliance with the foregoing Section 8.22 and the following:

(a) Any agreement for the leasing, rental, or occupancy of a Unit (hereinafter referred to as a "**Lease**") must be in writing, and, prior to the occupancy of the Unit by the tenant, the leasing Owner shall deliver a copy thereof to the Association together with the

name, address and telephone number of the tenant. Every Lease must provide that (i) the Lease subject in all respects to, and the tenant agrees to comply with, the terms and provisions of the Governing Documents, (ii) any failure by the tenant to comply with the terms of the Governing Documents is a default under the Lease, (iii) the tenant agrees not to allow or commit any nuisance, waste, or unlawful or illegal act within the Unit or the Project, (iv) the Association is an intended third party beneficiary of the Lease and, as further provided in subsection 8.22(d) below, shall have the right to enforce compliance with the Governing Documents and to abate any nuisance, waste, or unlawful or illegal activity in the Unit or in the Project, and shall be entitled to exercise all of the rights and remedies of the Owner as the landlord under the Lease to do so. If any Lease does not contain the foregoing provisions, such provisions will nevertheless be deemed to be a part of the Lease and binding on the Owner and tenant by virtue of their inclusion in this Declaration.

(b) No Owner may lease its Unit for short-term, transient, hotel, seasonal, or rental pool purposes, or for an initial term less than twelve (12) months. Without limiting the generality of the foregoing, no Owner may lease its Unit or any portion thereof on Airbnb, Vrbo, or other similar website or service.

(c) No Owner may lease individual rooms to separate persons or lease less than an entire Unit. An Owner who lives in a Unit may have other occupants living in the Unit that are not related to the Owner; provided that the Owner and each other occupant must have access to the entire Unit, with the sole exception of any bedroom or bathroom that is assigned solely to the Owner or another occupant (each, a "**Private Room**"). All living, dining, kitchen, and other areas in the Unit other than any Private Room must be fully available to and for the use of all occupants, and there may not be any physical partitions or barriers in the Unit preventing access to any portion of the Unit (other than any Private Room) by the Owner or any other occupant.

(d) Any Owner who leases a Unit shall be responsible for assuring compliance by the tenants with the Governing Documents. Failure by an Owner to take legal action, including the institution of a forcible entry and unlawful detainer proceeding against a tenant who is in violation of the Governing Documents within ten (10) days after receipt of written demand so to do from the Board of Directors will entitle the Association to take any and all such action including the institution of proceedings in forcible entry and unlawful detainer on behalf of such Owner against such tenant. Neither the Association nor any Manager will be liable to the Owner or tenant for any eviction under this Section that is made in good faith, and the Owner shall repay to the Association any expenses incurred by the Association, including attorney's fees and costs of suit, and if the Owner fails to make such repayment within ten (10) days after receipt of a written demand therefore, such expenses will constitute an Individual Assessment against the Owner and the Owner's Unit. If such Individual Assessment is not paid within thirty (30) days of its due date, the Board of Directors may resort to all remedies of the Association for the collection thereof.

(e) The Association shall have the right and the obligation to enforce compliance with this Declaration and the Bylaws against any Owner and/or occupant of

any Unit and shall have all rights and remedies available under state or local law, in addition to its rights and remedies as a third-party beneficiary under any Lease agreement, to enforce such compliance.

ARTICLE 9. INSURANCE

9.1 **Insurance.** The Association shall obtain insurance as required in this Declaration and as required by the Act. In addition, the Association may, as the Board considers appropriate, obtain additional types of insurance, or greater coverage, than the insurance and coverages required below.

(a) *Property Insurance.* The Association shall obtain and maintain at all times blanket property insurance or guaranteed replacement cost insurance on the physical structures in the Property, including the Common Areas and the Units, insuring against all risks of direct physical loss commonly insured against, including fire and extended coverage perils, with total coverage not less than 100% of the full replacement cost of the insured property at the time the insurance is purchased and at each renewal date, excluding only items normally excluded from property insurance policies. Such property insurance must include coverage for any fixture, improvement, or betterment installed at any time to a Unit or to a Limited Common Area, whether installed in the original construction or in any remodel or later alteration, including a floor covering, cabinet, light fixture, electrical fixture, heating or plumbing fixture, paint, wall covering, window, and any other item permanently part of or affixed to a Unit or to a Limited Common Area. The property insurance policy must provide that each Owner is an insured person.

(b) *Liability Insurance.* The Association shall obtain and maintain at all times liability insurance covering all occurrences commonly insured against for death, bodily injury, and property damage arising out of or in connection with the use, ownership, or maintenance of the Common Areas, in an amount determined by the Board but not less than Two Million Dollars (\$2,000,000.00) for any single occurrence. The liability insurance policy must provide that each Owner is an insured person, but only for liability arising from (i) the Owner's ownership interest in the Common Areas; (ii) maintenance, repair, or replacement of Common Areas; and (iii) the Owner's membership in the Association.

(c) *Flood Insurance.* If any part of the Property is or comes to be situated in a Special Flood Hazard Area as designated on a Flood Insurance Rate Map, the Association shall maintain a policy of flood insurance covering the Project or, at a minimum, that portion of the Property located within the Special Flood Hazard Area, in an amount deemed appropriate, but not less than the lesser of: (i) the maximum limit of coverage available under the National Flood Insurance Program for the Insurable Property within any portion of the Property located within a designated flood hazard areas; or (ii) one hundred percent (100%) of the insurable value of the Property.

(d) *Directors and Officers Insurance; Theft and Embezzlement Insurance.* The Board may, but is not obligated to, obtain (i) Directors' and Officers' liability insurance and fidelity bonds protecting the Board, the officers, and the Association against claims of

wrongful acts, mismanagement, failure to maintain adequate reserves, failure to maintain books and records, failure to enforce the Governing Documents, and/or breach of contract, and (ii) insurance covering the theft or embezzlement of funds from the Association.

9.2 **Waiver of Subrogation against Owners and Association.** All property and liability policies must contain a waiver of subrogation by the insurer as to any claims against the Association and the Owners and their respective agents and employees.

9.3 **Loss; Deductibles.**

(a) If a loss occurs that is covered by a property insurance policy in the name of the Association and another property insurance policy in the name of an Owner, then the Association's policy provides primary insurance coverage, the Owner is responsible for the Association's policy deductible, and the Owner's policy applies to that portion of the loss attributable to the Association's policy deductible.

(b) An Owner that has suffered damage to a Unit ("**Unit Damage**") as part of a loss, resulting from a single event or occurrence, that is covered by the Association's property insurance policy (a "**Covered Loss**") is responsible for an amount calculated by applying the percentage of total damage resulting in a Covered Loss that is attributable to the Unit Damage ("**Unit Damage Percentage**") for that Unit to the amount of the deductible under the Association's property insurance policy.

(c) If an Owner does not pay the amount required under Subsection (b) above within 30 days after substantial completion of the repairs to, as applicable, the Unit or the Limited Common Area appurtenant to the Unit, the Association may levy an Individual Assessment against the Owner for that amount.

(d) The Association shall keep in a segregated bank account an amount equal to the Association's property insurance policy deductible or \$10,000, whichever is less. This requirement does not apply to any earthquake or flood insurance deductible.

(e) If, in the exercise of its business judgment, the Board determines that a claim is likely not to exceed the Association's property insurance policy deductible: (a) the Owner's policy is considered the policy for primary coverage to the amount of the Association's policy deductible; (b) an Owner who does not have a policy to cover the Association's property insurance policy deductible is responsible for the loss to the amount of the Association's policy deductible; and (c) the Association need not tender the claim to the Association's insurer.

(f) The Association shall provide notice to each Owner of the Owner's obligation under this Section for the Association's policy deductible and of any change in the amount of the deductible. If the Association fails to provide notice of the initial deductible, it shall be responsible for the entire deductible in case of any loss. If the Association fails to provide notice of any increase in the deductible, it shall be responsible for paying any increased amount that would otherwise have been assessed to the Owner. A failure to provide notice does not invalidate or affect any other provision in this Declaration.

9.4 **Insurance Trustee.** In the discretion of the Board or upon written request executed by Owners holding at least 50% of the Undivided Interests, the Board shall hire and appoint an insurance trustee with whom the Association shall enter into an insurance trust agreement (an “**Insurance Trustee**”), for the purpose of exercising such rights under this paragraph as the Owners or Board (as the case may be) require.

9.5 **Association’s Right to Negotiate Claims and Losses and Receive Proceeds.** Insurance proceeds for a loss under the Association’s property insurance policy are payable to an Insurance Trustee, if one is designated, or to the Association, and will not be payable to a holder of a security interest. An Insurance Trustee, if any is appointed, or the Association shall hold any insurance proceeds in trust for the Association, Owners, and lien holders. Insurance proceeds will be disbursed first for the repair or restoration of the damaged property, if the property is to be repaired and restored as provided for in this Declaration. After any repair or restoration is complete and if the damaged property has been completely repaired or restored, any remaining proceeds will be paid to the Association. If the property is not to be repaired or restored, then any remaining proceeds after such action as is necessary related to the property has been paid for, will be distributed to the Owners and lien holders, as their interests remain with regard to the Units. Each Owner hereby appoints the Association, or any Insurance Trustee, as attorney-in-fact for the purpose of negotiating all losses related thereto, including the collection, receipt of, and appropriate disposition of all insurance proceeds; the execution of releases of liability; and the execution of all documents and the performance of all other acts necessary to administer such insurance and any claim. This power-of-attorney is coupled with an interest, irrevocable, and binding on any heirs, personal representatives, successors, or assigns of an Owner.

9.6 **Insurance Obligations of Owners.** Each Owner shall obtain and maintain, from an insurance company duly licensed in the State of Utah, the following types of insurance coverage:

(a) *Personal Property and Liability Insurance.* An HO6-Condominium policy or its equivalent, covering loss or damage to the Owner’s personal property inside the Unit, personal liability coverage, and guest medical coverage;

(b) *Building Coverage.* Building Coverage insurance added to the Owner’s policy in the minimum coverage amount of \$10,000; and

(c) *Loss Assessment Coverage.* Loss Assessment Coverage added to the Owner’s policy in a minimum amount of \$20,000.

Each Owner shall pay all insurance premiums charged for the insurance required in this Section. If an Owner fails to provide a certificate of insurance evidencing such Owner’s compliance with the requirements of this Section within ten (10) days after a request from the Association, the Association may, but is not obligated to, without further notice purchase the required insurance and assess the costs incurred thereby as an Individual Assessment against the defaulting Owner. An Owner may, at its option, obtain insurance coverage in addition to the insurance required hereunder.

9.7 **Amendments to this Section to Comply with Applicable Law.** These insurance provisions are intended to comply with current Utah law. It is further intended that any future changes to the insurance law applicable to condominium associations shall apply to this Association. Notwithstanding anything contrary in this Declaration, the Board may unilaterally, without approval of the Owners, amend this Article to comply with future changes to applicable law.

ARTICLE 10. DESTRUCTION; CONDEMNATION; RESTORATION

10.1 **Definitions.** As used herein, each of the following terms have the meaning indicated:

“Available Funds” means any proceeds of insurance, Condemnation awards, payments in lieu of Condemnation, and other uncommitted funds held by the Board, including amounts contained in any reserve or contingency fund. Available Funds do not include any portion of insurance proceeds legally required to be paid to any party other than the Board, including a Mortgagee, or any portion of any Condemnation award or payment in lieu of Condemnation payable to an Owner or its Mortgagee for the Condemnation of the Condominium Unit in which it is interested.

“Condemnation” means any action or proceeding in which any interest in the Property is taken for any public or quasi-public purpose by any lawful authority through exercise of the power of eminent domain or by purchase or other means in lieu of such exercise.

“Estimated Cost of Restoration” means the estimated cost of Restoration as determined by the Board in its sole discretion.

“Restoration” means restoration of the Property to the extent reasonably possible in accordance with this Declaration, the Plat, and the original plans and specifications for the Property and to substantially the same condition in which the Property existed prior to the damage or destruction concerned, with each Unit and the Common Areas having the same vertical and horizontal boundaries as before, and to the extent not so possible, “Restoration” means restoration of the Property to an attractive, sound, and desirable condition. Any Restoration not in accordance with this Declaration, the Plat, and the original plans and specifications for the Project may be undertaken only with the consent of Eligible Mortgagees holding Mortgages on Units which have appurtenant at least 51% of the Undivided Interests which are then subject to Mortgages held by Eligible Mortgagees.

“Restored Value” means the value of the Property after Restoration.

“Substantial Condemnation” means the occurrence of: (a) the Condemnation of all of the Property; or (b) the Condemnation of part of the Property where the Estimated Costs of Restoration is 75% or more of the estimated Restored Value of the Property. **“Partial Condemnation”** means the occurrence of any Condemnation which is not a Substantial Condemnation.

“Substantial Destruction” means the occurrence of any damage or destruction of the Property where the Estimated Cost of Restoration is 75% or more of the estimated Restored Value of the Property. **“Partial Destruction”** means the occurrence of any damage or destruction to the Property which is not a Substantial Destruction.

10.2 **Board Determinations.** On the occurrence of any Condemnation of, or damage or destruction to, the Property, the Board shall make a determination as to whether the Estimated Cost of Restoration is 75% or more of the estimated Restored Value of the Property. In making such determinations the Board may (but is not obligated to) retain and rely on one or more qualified appraisers or other professionals.

10.3 **Restoration.** Restoration of the Property will be undertaken by the Board promptly without a vote of the Owners on the occurrence of Partial Condemnation or Partial Destruction, and will also be undertaken on the occurrence of Substantial Condemnation or Substantial Destruction unless the election to not undertake Restoration is consented to by Owners holding at least sixty-seven percent (67%) of the Total Votes and is further consented to by Eligible Mortgagees holding Mortgages on Units which have appurtenant at least 51% of the Undivided Interests which are then subject to Mortgages held by Eligible Mortgagees. Within 30 days after the Board has determined that Substantial Condemnation or Substantial Destruction has occurred, it shall send to each Owner and Eligible Mortgagee a written description of the Condemnation or the damage or destruction involved, shall take appropriate steps to ascertain the preferences of the Eligible Mortgagees concerning Restoration and shall, with or without a meeting of the Owners (but in any event in accordance with the applicable provisions of this Declaration), take appropriate steps to determine the preferences of the Owners regarding Restoration. If Condemnation awards, payments in lieu of Condemnation or insurance proceeds actually received by the Board exceed the cost of Restoration when Restoration is undertaken, then the excess shall be paid and distributed to the Owners in proportion to their respective Undivided Interests or, in the discretion of the Board, held to defray future Common Expenses. Payment to any Owner whose Unit is then the subject of a Mortgage must be made jointly to such Owner and the interested Mortgagee. If the cost of Restoration exceeds Available Funds, then the Association shall assess the deficiency to all of the Units on the basis of their respective Undivided Interests. If all or any portion of one or more Units is damaged or destroyed but is not the subject of Restoration (even through the Property will continue as a condominium project) or is taken in a Condemnation, then the Undivided Interest of such Unit or Units will immediately be reallocated to the remaining Units in accordance with the method set forth in Section 10.6 below.

10.4 **Sale of Property.** Unless Restoration is accomplished pursuant to Section 10.3, the Property will be sold following the occurrence of Substantial Condemnation or Substantial Destruction. On such sale, condominium ownership under this Declaration and the Plat will terminate, and the Board shall distribute the proceeds of sale and any Available Funds to the Owners in proportion to their respective Undivided Interests. Payment to any Owner whose Unit is then the subject of a Mortgage must be made jointly to such Owner and the interested Mortgagee.

10.5 **Authority to Represent Owners.** The Board, as attorney-in-fact for each Owner, shall represent all of the Owners in any Condemnation or in negotiations, settlements, and agreements with the condemning authority for the acquisition of all or any part of the Property. The award in any Condemnation and the proceeds of any settlement related thereto will be payable

to the Association for the use and benefit of the Owners and their Mortgagees as their respective interests may appear. The Board, as attorney-in-fact for each Owner, shall have and is granted full power and authority to restore or to sell the Property and each Unit therein wherever Restoration or sale, as the case may be, is undertaken as provided above. Such authority includes the right and power to enter into any contracts, deeds or other instruments which may be necessary or appropriate for Restoration or sale.

10.6 Reallocation of Interests on Condemnation. If any Unit is taken by Condemnation, then the Undivided Interest appurtenant to such Unit will thereafter be appurtenant to the remaining Units, being allocated to the remaining Units in proportion to their respective Undivided Interests. The court shall enter a decree reflecting the reallocation of the Undivided Interests so produced, and the award must include, without limitation, just compensation to the Owner of any Unit taken for its Undivided Interest as well as for its Unit. If any portion of any Unit is taken by Condemnation, then the court shall determine the fair market value of the portion of the Unit not taken, and the Undivided Interest appurtenant to such Unit will be reduced in proportion to the diminution in the fair market value of such Unit resulting from such Condemnation. The Undivided Interest thus divested from the Owner of such Unit will be reallocated among such Unit and the other Units in proportion to their respective Undivided Interests, with any Unit partially taken in Condemnation participating in the reallocation on the basis of its Undivided Interest as reduced in accordance with the preceding sentence. The court shall enter a decree reflecting the reallocation of the Undivided Interest so produced, and the award must include, without limitation, just compensation to the Owner of any Unit partially taken for that portion of its Undivided Interest divested from it and not revested in it as well as for that portion of its Unit taken by Condemnation. If, however, the Condemnation of a portion of any Unit makes it impractical to use the remaining portion of such Unit for any lawful purpose permitted by this Declaration, then the entire Undivided Interest appurtenant to such Unit will thereafter be appurtenant to the remaining Units, being allocated to the remaining Units in proportion to their respective Undivided Interests, and the remaining portion of such Unit will thereafter be part of the Common Areas. The court shall enter a decree reflecting the reallocation of Undivided Interests so produced, and the award include, without limitation, just compensation to the Owner of such Unit for its entire Undivided Interest and for its entire Unit.

10.7 Allocation of Proceeds upon Partial Condemnation. If a portion of the Common Areas is taken by Partial Condemnation, then the award for it will be allocated to the Owners in proportion to their respective Undivided Interests.

ARTICLE 11. MORTGAGEE PROTECTION.

11.1 Eligible Mortgagee. Upon written request to the Association by a Mortgagee (which request identifies the name and address of such holder and the Unit number or address of the property encumbered by the Mortgage held by such Mortgagee), such Mortgagee will be deemed thereafter to be an “**Eligible Mortgagee**” included on the appropriate lists maintained by the Association, and will be entitled to timely written notice of any of the following:

- (a) Condemnation Loss or Award. Any condemnation loss or any casualty loss which affects a material portion of the Project or any Unit on which there is a Mortgage held by such Eligible Mortgagee.

(b) Delinquency. Any delinquency in the payment of Assessments owed by an Owner of a Unit subject to a Mortgage held by such Eligible Mortgagee, which delinquency remains uncured for a period of sixty (60) days.

(c) Lapse of Insurance. Any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association.

(d) Consent Required. Any proposed action which would require the consent of a specified percentage of Eligible Mortgagees.

11.2 Matters Requiring Prior Eligible Mortgagee Approval.

(a) The prior written consent of not less than fifty-one percent (51%) of Eligible Mortgagees is required to:

(i) amend this Declaration if the proposed amendment would have a material adverse impact on the interests of the Eligible Mortgagees;

(ii) terminate this Declaration in accordance with Article 10 hereof after Substantial Destruction or Substantial Condemnation; or

(iii) terminate this Declaration in accordance with any other provision of this Declaration or in accordance with applicable law.

(b) Any addition or amendment will not be considered material if it is for clarification only or to correct a clerical error. Notice of any proposed amendment to any Eligible Mortgagee will be mailed, postage prepaid, to the address for such Mortgagee shown on the list maintained by the Association. Any Eligible Mortgagee who does not deliver to the Association a negative response to the notice of the proposed amendment within sixty (60) days from the date of such mailing will be deemed to have approved the proposal.

11.3 Availability of Governing Documents and Financial Statements. The Association shall maintain and have current copies of the Governing Documents as well as its own books, records, and financial statements available for inspection, upon reasonable notice and at reasonable hours, by any Eligible Mortgagee.

11.4 Priority of Declaration; Subordination of Lien. Any Mortgage or other encumbrance of any Unit is subordinate to all of the provisions of this Declaration, and in the event of foreclosure the provisions of this Declaration will be binding upon any owner whose title is derived through foreclosure by private power of sale, judicial foreclosure or otherwise. Notwithstanding the foregoing, the lien or claim against a Unit for unpaid Assessments or charges levied by the Association pursuant to this Declaration is subordinate to a first or second Mortgage affecting such Unit if the first or second Mortgage was recorded before the unpaid Assessment was due, and the Mortgagee thereunder which obtains title to the Unit will take title free of such lien or claim for unpaid Assessment or charges which accrue prior to foreclosure of the first or second Mortgage by judicial proceedings or power of sale, or taking of a deed in lieu of foreclosure.

ARTICLE 12. ENFORCEMENT; DISPUTE RESOLUTION.

12.1 Agreement to Encourage Resolution of Disputes without Litigation.

(a) Declarant, the Association, and all Owners and Residents (each, a “**Bound Party**”) agree that it is in the best interest of all concerned to encourage the amicable resolution of disputes involving the Project without the emotional and financial costs of litigation. Accordingly, each Bound Party agrees not to file suit in any court with respect to a Claim (as defined below), unless and until it has first submitted such Claim to the alternative dispute resolution procedures set forth in this Section in a good faith effort to resolve such Claim.

(b) As used in this Section, “**Claim**” means any claim, grievance, or dispute arising out of or relating to:

- (i) the interpretation, application, or enforcement of the Governing Documents;
- (ii) the rights, obligation, and duties of any Bound Party under the Governing Documents;

except that the following are not considered “Claims” unless all parties to the matter otherwise agree to submit the matter to the procedures set forth in Section 12.2 below:

- (1) any suit by the Association to collect Assessments or other amounts due from any Owner;
- (2) any suit by the Association against one or more Owners to obtain injunctive relief;
- (3) any suit between Owners, which does not include Declarant or the Association as a party, if such suit asserts a Claim which would constitute a cause of action independent of the Governing Documents;
- (4) any suit in which any indispensable party is not a Bound Party; and
- (5) any suit as to which any applicable statute of limitations would expire within 180 days after the giving of Notice required by Section 12.2 below.

12.2 Dispute Resolution Procedures.

(a) Notice. The Bound Party asserting a Claim (the “**Claimant**”) against another Bound Party (the “**Respondent**”) shall give written notice to each Respondent and to the Board stating plainly and concisely:

- (i) the nature of the Claim, including the persons involved and the Respondent’s role in the Claim;

(ii) the legal basis of the Claim (*i.e.*, the specific authority out of which the Claim arises;

(iii) the Claimant's proposed resolution or remedy; and

(iv) the Claimant's desire to meet with the Respondent to discuss in good faith ways to resolve the Claim.

(b) Negotiation. The Claimant and the Respondent shall make good faith efforts to meet in person and confer for the purpose of resolving the Claim by good faith negotiation. If requested in writing, accompanied by a copy of the Notice, the Board may appoint a representative to assist the parties in negotiating a resolution of the Claim.

(c) Mediation. If the parties have not resolved the Claim through negotiation within thirty (30) days after the date of the Notice (or within such other period as the parties may agree), the Claimant will have thirty (30) additional days to submit the Claim to mediation with an entity designated by the Association (if the Association is not a party to the Claim) or to an independent agency providing dispute resolution services in the Salt Lake County area. If the Claimant does not submit the Claim to mediation within such time, or does not appear for the mediation when scheduled, the Claimant will be deemed to have waived the Claim, and the Respondent will be relieved of any and all liability to the Claimant (but not to third parties) on account of such Claim. If the parties do not settle the Claim within thirty (30) days after submission of the Claim to mediation, or within such time as determined reasonable by the mediator, the mediator shall issue a notice of termination of the mediation proceedings indicating that the parties are at an impasse and the date the mediation was terminated. The Claimant will thereafter be entitled to file suit or to initiate administrative proceedings on the Claim, as appropriate. Each party shall bear its own costs of the mediation, including attorneys' fees, and each party shall share equally all fees charged by the mediator.

(d) Settlement. Any settlement of a Claim through negotiation or mediation must be documented in writing and signed by the parties. If any party thereafter fails to abide by the terms of such agreement, then any other party may file suit or initiate administrative proceedings to enforce such agreement without the need to again comply with the procedures set forth in this Section. In such event, the party taking action to enforce the agreement or award will, upon prevailing, be entitled to recover from the non-complying party (or if more than one non-complying party, from all such parties in equal proportion) all costs incurred in enforcing such agreement or award, including, without limitation, attorneys' fees and court costs.

(e) Initiation of Litigation by the Association. In addition to compliance with the foregoing alternative dispute resolution procedures, if applicable, the Association may not initiate any judicial or administrative proceedings unless first approved by a vote of not less than sixty percent (60%) of the votes cast at an annual or special meeting of the Association; except that no such approval is required for actions or proceedings:

(i) initiated during the Declarant Control Period;

- (ii) initiated to enforce the provisions of this Declaration, including collection of Assessments and foreclosure of liens;
- (iii) initiated to challenge property tax or condemnation proceedings;
- (iv) initiated against any contractor, vendor, or supplier of goods or services arising out of a contract for services or supplies; or
- (v) to defend claims filed against the Association or to assert counterclaims in proceedings instituted against it.

12.3 Enforcement and Right to Recover Attorney's Fees and Costs. Subject to the provisions of Section 12.2 above, the Association or any Owner may take action, at law or in equity, to enforce the terms, covenants or conditions of the Governing Documents. Should the Association or any Owner take action to enforce the Governing Documents, or to pursue any remedy provided hereunder or by applicable law, whether such remedy is pursued by filing suit or otherwise, the prevailing party in such action may recover all costs incurred in such action, including reasonable attorney's fees. Failure by the Association or any Owner to enforce any provision of this Declaration or the other Governing Documents will in no event be deemed a waiver of the right to do so thereafter. The provisions of this Section are in addition to and not in limitation of any rights or remedies provided in any other Section of this Declaration.

12.4 Self Help Rights of Association.

(a) If an Owner fails properly to perform such Owner's maintenance responsibilities or otherwise fails to comply with any provision of this Declaration, the Association may perform the required maintenance or perform the obligation or otherwise take steps to abate the violation and assess its costs against the Unit and the Owner as an Individual Assessment. Except in an emergency situation, the Association shall provide the Owner reasonable notice and an opportunity to cure the problem prior to taking such enforcement action.

(b) If an emergency exists in which failure to act could endanger life or property, the Association may without prior notice to an Owner enter onto or into a Unit and take such action as may be necessary to abate the emergency. If the emergency was caused by or attributable to the negligence or misconduct of the Owner, the Association shall assess the costs incurred by the Association in correcting the emergency to the Owner as an Individual Assessment.

(c) The Association may cause to be towed any vehicle which is in violation of parking or other restrictions contained in the Governing Documents, and the owner of the vehicle shall be responsible for the towing costs and the costs of any storage of the vehicle after towing.

12.5 **Fines.**

(a) The Board may assess fines against an Owner, in accordance with this Section 12.5, for a violation of the Governing Documents by the Owner or its tenants or Guests.

(b) If an Owner, Resident, or Guest commits a violation of the Governing Documents other than a failure to pay an Assessment, then, prior to disciplinary action resulting from such violation, the Board shall provide to the Owner of the applicable Unit written notice (a “**Violation Notice**”) (i) describing the violation and identifying the provision of the Governing Documents violated; (ii) stating that the Board will assess a fine or fines against the Owner if a continuing violation is not cured or if the Owner or its tenants or Guests commit violations of the same provision within one year after the date of the Violation Notice; and (iii) if the violation is a continuing violation, stating a time by which the Owner must cure the violation, which time may be not less than 48 hours after the date on which the Violation Notice is given to the Owner.

(c) The Board may assess a fine against an Owner if (i) within one year after the day on which the Board gives an Owner a Violation Notice, the Owner commits another violation of the same rule or provision identified in the Violation Notice, or for a continuing violation, the Owner does not cure the violation within the time period that is stated in the Violation Notice.

(d) After the Board assesses a fine against an Owner under this Section 12.5, the Board may, without further warning and with no right to another hearing, assess an additional fine against the Owner each time the Owner or its tenants or Guests commit a violation of the same rule or provision within one year after the day on which the Board assesses a fine for a violation of the same rule or provision; or allows a violation to continue for ten days or longer after the day on which the Board assesses the fine.

(e) A fine assessed under this Section 12.5 will be in the amount provided for in the Rules and Regulations, not to exceed the amount allowed by any applicable law, and will constitute an Individual Assessment against the Owner.

12.6 Suspension of Use Rights. The Board may suspend the voting rights of an Owner who is in violation of any provision of the Governing Documents, and/or suspend the rights of an Owner who is in violation of any provision of the Governing Documents for that Owner, any Residents or tenants living in that Owner’s Unit, and that Owner’s Guests to use any recreational portions of the Common Areas; provided, however, that the right of such Owner, Residents, tenants, or Guests to access such Owner’s Unit may not be suspended or denied.

12.7 Notice and Hearing.

(a) An Owner who is assessed a fine may request an informal hearing before the Board to dispute the disciplinary action within thirty days after the day on which the Owner receives notice of the disciplinary action. If a hearing is requested within the time period provided for herein, then the Board shall schedule a hearing to be conducted in compliance with procedures included in the Rules and Regulations and with any applicable law.

(b) The determination of the Board of Directors after a hearing held in accordance with this Section 12.7 will be final, subject to any rights of appeal provided under applicable law.

(c) Nothing herein shall be construed to prevent the Board of Directors from exercising the self-help rights of the Association under Section 12.4 above, and no hearing is required in connection with the exercise of such rights.

12.8 Initial Development and Construction.

(a) As used in this Section, the following terms have the meanings given them below:

“Contractor” means any contractor licensed in the State of Utah that furnished labor, materials, or equipment for the Initial Construction pursuant to a contract with the Declarant.

“Design Professional” means any architect, engineer, or surveyor licensed in the State of Utah that performed professional services for the Initial Construction pursuant to a contract with the Declarant.

“Initial Construction” means the design and construction of the Improvements, including all services, labor, materials, and equipment furnished for the improvement thereof, that achieved Substantial Completion within six (6) years of date of the recording of this Declaration.

“Substantial Completion” means the stage in the progress of the Initial Construction when the Initial Construction or designated portion thereof is sufficiently complete so that it can be put to its intended use.

(b) In all claims and causes of action by the Association, whether in contract, tort, or otherwise arising out of or related to the Initial Construction, against Declarant, a Design Professional, a Contractor, any consultants of a Design Professional, or any subcontractors of a Contractor, the Association shall attach as an exhibit to its first Complaint filed with a court of competent jurisdiction an affidavit of a third-party licensed in the State of Utah in the same profession, area of practice, or construction trade as each defendant and who is competent to testify. Each affidavit must set forth specifically a professional opinion as to each act, error, or omission alleged in the Complaint against the respective defendant that caused the Association’s alleged damages and the factual basis

for each such opinion. The Association's failure to file the affidavit in accordance with this Section 12.9 will result in dismissal with prejudice of any claim described in this Section 12.9 against the particular defendant for which such affidavit is required and an award of reasonable attorney fees and expenses incurred by the particular defendant, its insurer, or any other person or entity on behalf of that defendant in defending against the allegations of the Complaint.

(c) The Association may commence all claims and causes of action, whether in contract, tort, or otherwise arising out of or related to the Initial Construction, against Declarant, a Design Professional, a Contractor, any design consultants of a Design Professional, or any subcontractors of a Contractor not more than four (4) years after the respective date of Substantial Completion of each portion of the Initial Construction for which the claim or cause of action is made. The Association waives all claims and causes of action not commenced in accordance with this section.

(d) During the four (4) years following the date of Substantial Completion of the Initial Construction, the Association shall schedule an annual walkthrough of all Common Areas with the Association's maintenance personnel and a representative of Declarant for the purpose of identifying items potentially in need of repair or maintenance within the next year. The Association shall give at least thirty (30) days prior written notice of the date and time of the walkthrough to Declarant, which time and date must be during normal business hours. The Association shall conduct each walkthrough and keep a record of the items identified regardless of any lack of participation by Declarant.

(e) As an express condition precedent to the Association bringing any claim or cause of action, whether in contract, tort, or otherwise arising out of or related to the Initial Construction, against Declarant, a Design Professional, Contractor, any consultants of a Design Professional, or any subcontractors of a Contractor, the Association shall give written notice by United States Postal Service certified mail, return receipt requested, of an alleged defect in the Initial Construction to Declarant, all Design Professionals, and all Contractors within thirty (30) days of first discovering the alleged defect, and Declarant and each Design Professional and Contractor will then have ninety (90) days from the mailing date of the last written notice to any of them to cure such alleged defect. The Association's failure to provide notice will result in dismissal with prejudice of any claim and an award of reasonable attorney fees and expenses incurred by any defendant, its insurer, or any other person or entity on behalf of that defendant in defending against the alleged defect.

(f) To the extent damages are covered by insurance, the Association waives all rights against Declarant, any Design Professional, Contractor, any consultants of a Design Professional, and any subcontractors of a Contractor for damages, except such rights as the Association may have to the proceeds of such insurance.

(g) The Association waives any claim or cause of action for consequential damages arising out of or relating to the Initial Construction, against Declarant, any Design Professional, Contractor, any consultants of a Design Professional, and any subcontractors of a Contractor.

(h) A vote in favor of at least 75% of the voting members of the Association is an express condition precedent to the Association bringing any claim or cause of action, whether in contract, tort, or otherwise arising out of or related to the Initial Construction, against Declarant, any Design Professional, Contractor, any consultants of a Design Professional, or any subcontractors of a Contractor.

ARTICLE 13. PROVISIONS APPLICABLE TO DECLARANT.

13.1 Declarant's Right to Expand. Declarant reserves the right to expand the Project by annexing all or any portion of the Expansion Land to the Project and constructing Units thereon. Declarant's right to expand will continue until the date which is seven (7) years after the date on which this Declaration is recorded. By accepting title to a Unit, each Owner is deemed to have consented to such expansion, and no further consent of Owners is required in connection with Declarant's exercise of its right to expand the Project.

(a) The Expansion Land or any portion thereof may be annexed to the Project only by the Declarant and/or its successors and assigns. There are no limitations on the addition of the Expansion Land, the portions of the Expansion Land that may be added, or the order in which portions may be added. Upon the recordation of a Supplemental Declaration (as defined below), any portion of the Expansion Land added in accordance with this Section will automatically become subject to this Declaration and to the jurisdiction of the Association, without the consent of the Association or any Owner. As used in this Section, "Supplemental Declaration means a supplemental declaration that satisfies any applicable requirements of the Act, describes the portion of the Expansion Land being added and incorporates this Declaration and any amendments hereto by reference. A Supplemental Declaration may contain such complementary additions and modifications of the covenants, conditions, and restrictions contained in this Declaration as may be necessary to reflect the different character, if any, of the added property, not inconsistent with this Declaration. Upon the recording of a Supplemental Declaration adding additional property to the Project, all single-family residential units in such property will be Units, and all owners of such Units will be Owners and members of the Association, with all the rights and obligations of Owners hereunder. Notwithstanding any other provision of this Declaration, Declarant may upon such terms and conditions as are appropriate, grant an easement over the roadways of the Project or the right to use the Common Areas in order to facilitate the expansion of the Project or the development by Declarant of the Expansion Land.

(b) There are no limitations on the locations of any improvements that may be constructed on the Expansion Land or any portion thereof. The maximum number of Units that may be created on the Expansion Land is twenty-seven (27), containing, in the aggregate, maximum floor area of seventeen thousand five hundred eleven (17,511) square feet, and no more than twenty-seven (27), containing, in the aggregate, maximum floor area of seventeen thousand five hundred eleven (17,511) square feet, will be created on any acre of the Expansion Land. Any Units created on the Expansion Land may or may not be restricted exclusively to residential use. No assurances are made with respect to the improvements that may be constructed on the Expansion Land or the extent to which any

such improvements will be compatible or harmonious with the Improvements on the Land in terms of architectural style, quality of construction, or principal materials to be used.

(c) The Declarant reserves the right to create Limited Common Areas within any portion of the Expansion Land, and no assurances are made with respect to the types, sizes, and maximum number of such limited Common Areas.

Nothing in this Section will be deemed or construed to require the Declarant to annex any portion of the Expansion Land into the Project, and any such annexation is within the sole discretion of the Declarant.

13.2 Declarant's Right to Convert Convertible Land.

(a) Declarant reserves the right to convert the Convertible Land from Common Area to Units and Limited Common Area in connection with the annexation of the Expansion Land into the Project.

(b) If Declarant annexes the Expansion Land into the Project, Declarant may construct a maximum of four (4) Units and eight (8) Limited Common Areas on the Convertible Land, and all such Units and Limited Common Areas will be restricted to residential use.

(c) Except the foregoing limitation on the number of Units and Limited Common Areas that may be constructed on the Convertible Land, no assurances are made with respect to the improvements that may be constructed on the Convertible Land or the extent to which any such improvements will be compatible or harmonious with the other Improvements in the Project in terms of architectural style, quality of construction, or principal materials to be used. Units constructed on the Convertible Land, if any, may be townhome-style units or may be stacked, apartment-style units, and may be larger or smaller in size than the other Units in the Project.

(d) Declarant may create Limited Common Area on the Convertible Land to be appurtenant to the Units created on the Convertible Land or on the Expansion Land, which Limited Common Areas, if any, will consist of patios, balconies, decks, stairwells, and exterior yard areas. Such Limited Common Areas may vary in size, but no single Limited Common Area in the Convertible Land will be larger than two-hundred and fifty (250) square feet in area.

13.3 Declarant's Sales Program. Notwithstanding anything to the contrary, until Declarant has sold all the Units owned by it in the Project (including any Units created by the Declaration on the Expansion Land), or the expiration of two (2) years after the date on which the last Unit (including any Units created by the Declarant on the Expansion Land) is completed, whichever occurs last, neither the Owners, Association, Board of Directors, or any member thereof may interfere with the completion of improvements or Declarant's sales program, and Declarant will have the following rights in furtherance of any sales, promotions or other activities conducted in the Project.

(a) *Sales Office and Model Units.* Declarant has the right to maintain one (1) or more sales offices and one (1) or more model Units in the Project at any one time. Such office and/or models may be one or more of the Units or Units owned by it, or one or more of any separate structures or facilities placed on the Project for the purpose of aiding Declarant's sales effort, or any combination of the foregoing;

(b) *Promotional.* Declarant has the right to maintain a reasonable number of promotional, advertising and/or directional signs, banners, flags or similar devices at any place or places on the Project provided the same are in compliance with applicable ordinances and regulations.

(c) *Common Areas Use.* Declarant has the right to use the Common Areas of the Project to facilitate sales.

(d) *Relocation and Removal.* Declarant has the right from time to time to locate or relocate any of its sales offices, models, or signs, banners, or similar devices, but in connection with each such location or relocation shall observe the limitations imposed herein. Within a reasonable period of time after the conclusion of Declarant's sales program, Declarant shall remove from the Project any promotional signs, banners, flags, or similar devices and any separate structure of facility which was placed on the Project for the sole purpose of aiding Declarant's sales effort.

13.4 Limitation on Improvements by Association. During the Declarant Control Period, neither the Association nor any Owner may, without the written consent of Declarant, make any improvement to or alteration in any of the Common Areas created or constructed by Declarant, other than such repairs, replacements, or similar matters as may be necessary to properly maintain the Common Area as originally created or constructed by Declarant.

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

13.6 Transfer of Management. Anything to the contrary notwithstanding, Declarant may at any time elect to relinquish its reserved right to select the Board of Directors and transfer management of the Project to the Association. If and when Declarant elects to do so, Declarant shall send written notification to each Owner of the effective date of the transfer (the "**Transition Date**") at least forty-five (45) days prior thereto. Thereupon, the Owners shall call a meeting to elect the members of their own Board of Directors to take office as of the Transition Date. Declarant covenants to cooperate with the Owners in effecting an orderly transition of management.

13.7 Certain Provisions Applicable to Declarant. Notwithstanding any other provision herein contained, the following provisions will be deemed to be in full force and effect,

except as herein otherwise provided, as to each Unit owned by Declarant in accordance with the Declaration.

(a) Notwithstanding anything to the contrary herein, the Declarant reserves the right to amend this Declaration during the Declarant Control Period without the consent of any other Owners or any Eligible Mortgagee (i) if such amendment is necessary to bring this Declaration into compliance with any rule, regulation or requirement of the Federal Housing Administration, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation or any similar federal agency, or any local government having jurisdiction over the Project, or (ii) to make corrective changes.

(b) Declarant specifically disclaims any intent to make or have made any warranty or representation in connection with the Project or the Declaration except as specifically set forth herein or in any agreement for sale of a Unit, and no person may rely upon any warranty or representation not so specifically made therein.

(c) The obligation to pay Assessments with respect to any Unit shall commence on the earlier of (i) the conveyance of the Unit from Declarant to the initial purchaser of the Unit, (ii) if Declarant leases any Unit owned by Declarant to a tenant, upon the commencement date of the first lease pertaining to the Unit, or (iii) the expiration of the Declarant Control Period.

(d) Anything in this Declaration to the contrary notwithstanding, during the Declarant Control Period, this Declaration may be amended or terminated only with the written approval of the Declarant. The Declarant may unilaterally amend or terminate this Declaration prior to the closing of a sale by Declarant of any Unit.

ARTICLE 14. MISCELLANEOUS.

14.1 **Amendment.** This Declaration and/or the Plat may be amended only by a vote of at least sixty-seven percent (67%) of the Total Votes and, if required pursuant to this Declaration, the consent of the required percentage of Eligible Mortgagees. Any amendments so authorized will be accomplished through the recordation of an instrument executed by the Board of Directors. In such instrument the Board of Directors shall certify that the required vote for amendment has occurred, and, if approval of a specified percentage of Eligible Mortgagees is required for such amendment, that such approval has been obtained.

14.2 **Removal of Property from Act.** The Owners may remove the Property from the provisions of the Act by an affirmative vote of Owners holding seventy-five percent (75%) of the Total Votes, at a meeting of Owners duly called for such purpose, provided that all liens affecting the Condominium Units will be transferred to the undivided interest of each Owner in the Property. On removal of the Property from the provisions of the Act, the Property will be owned by the Owners as tenants in common, with each Owner owning an undivided interest in the equal to the Undivided Interest previously owned by such Owner. Any removal so authorized will be accomplished through the recordation of an instrument in the County Records executed (solely) by the Board. In such instrument the Board shall certify that the vote required by this Section for

removal has occurred. The removal provided for in this Section will not bar the subsequent resubmission of the Property to the provisions of the Act.

14.3 Sale of Property. The Owners may, by an affirmative vote of Owners holding not less than seventy-five percent (75%) of the Total Votes, at a meeting of Owners duly called for such purpose, elect to sell or otherwise dispose of the Property. Such action will be binding upon all Owners, and every Owner shall execute and deliver such instruments and perform all acts as in manner and form may be necessary to effect the sale. Notwithstanding the foregoing, sale of the Property in the event of damage, destruction, or condemnation will be governed by the provisions of Section 10.4 above.

14.4 Interpretation. The captions which precede the Articles and Sections of the Governing Documents are for convenience only and shall in no way affect the manner in which any provision hereof is construed. Whenever the context so requires, the singular shall include the plural, the plural shall include the singular, the whole shall include any part thereof, and any gender shall include both other genders. The unenforceability or invalidity of any portion of the Governing Documents shall not affect the validity or enforceability of the remainder hereof.

14.5 Covenants to Run with Land. Unless terminated as provided herein, this Declaration and all the provisions hereof constitute covenants that run with the land or equitable servitudes, as the case may be, and are binding upon and will inure to the benefit of the Association, all other signatories hereto, all parties who hereafter acquire any interest in a Unit, and their respective grantees, transferees, heirs, devisees, personal representatives, successors, and assigns. All Owners, Residents, and Guests shall comply with, and all interests in all Units are subject to, the terms of the Governing Documents and the provisions of any rules, regulations, agreements, instruments, supplements, amendments, and determinations contemplated by this Declaration. By acquiring any interest in a Unit, the party acquiring such interest consents to, and agrees to be bound by, every provision of the Governing Documents.

14.6 Security. The Association may, but is not obligated to, maintain or support any systems, programs or activities within the Project designed to make the Project safer than it otherwise might be. Neither the Association nor the Board of Directors will in any way be considered insurers or guarantors of security within the Project, nor may they be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken. All Owners, Residents, and Guests, where applicable, acknowledge by taking occupancy of a Unit or entering the Project that neither the Association nor the Board of Directors represents or warrants that any security measures undertaken will ensure their safety, and further acknowledge that neither the Association nor the Board of Directors are insurers or guarantors of their safety, and they hereby expressly assume all risks for loss or damage to their person or property, and they further acknowledge that neither the Association nor the Board of Directors has made any representations or warranties, nor has such Owner, Resident, or Guest relied upon any representations or warranties, expressed or implied, regarding security in the Project.

14.7 Effective Date. This Declaration, any amendment or supplement hereto, and any amendment or supplement to the Plat will take effect upon its being recorded in the office of the County Recorder of Salt Lake County, Utah.

14.8 Conflicts Among Documents. In case of conflict between this Declaration and the Articles of Incorporation or the Bylaws, this Declaration will control. In case of conflict between the Articles of Incorporation and the Bylaws, the Articles of Incorporation will control.

[Signature Page Follows]

EXECUTED as of the day and year first above written.

DECLARANT:

CDCU GLADHOUSE, LLC,
a Utah limited liability company

By: Community Development Corporation of Utah
a Utah non-profit corporation
Its Sole Member

By Michael Akerlow
Michael Akerlow, Chief Executive Officer

STATE OF UTAH)

:SS

COUNTY OF SALT LAKE)

The foregoing instrument was acknowledged before me this 19 day of May, 2021, by Michael Akerlow, Chief Executive Officer of Community Development Corporation of Utah, a Utah nonprofit corporation, the sole member of CDCU Gladhouse, LLC, a Utah limited liability company.

Notary Public Barley
Residing at: Salt Lake County

My commission expires:
12-09-2023

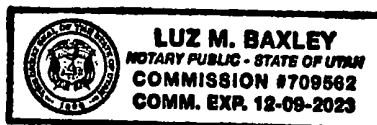


EXHIBIT A
to Declaration of Condominium Covenants, Conditions, and Restrictions
for Gladhouse Condominiums

That certain real property situated in Salt Lake County, Utah and more particularly described as follows:

A PARCEL OF LAND LOCATED IN THE NORTH HALF OF SECTION 14, IN TOWNSHIP 1 SOUTH, RANGE 1 WEST, SALT LAKE BASE AND MERIDIAN, MORE ARTICULARLY DESCRIBED AS FOLLOWS: BEGINNING AT A POINT ON THE WEST RIGHT OF WAY LINE FOR 1000 WEST STREET, SAID POINT BEING EAST 12 RODS AND NORTH 8 RODS AND NORTH 0°11'24" EAST 23.3 FEET FROM THE CENTER OF SECTION 14, TOWNSHIP 1 SOUTH, RANGE 1 WEST, SALT LAKE BASE AND MERIDIAN. SAID POINT OF BEGINNING ALSO BEING 51.85 FEET NORTH 0°11'15" EAST AND 33.00 FEET NORTH 89°48'45" WEST FROM THE FOUND 2.5" FLAT BRASS CAP MONUMENT IN THE INTERSECTION OF 1700 SOUTH AND 1000 WEST STREETS, AND RUNNING THENCE SOUTH 45°05'32" WEST 14.14 FEET TO A POINT ON THE NORTH RIGHT OF WAY LINE FOR 1700 SOUTH STREET; THENCE SOUTH 89°57'40" WEST 205.02 FEET ALONG SAID NORTH RIGHT OF WAY LINE; THENCE NORTH 0°11'15" EAST 172.22 FEET; THENCE NORTH 89°57'40" EAST 55.00 FEET; THENCE SOUTH 0°11'15" WEST 62.00 FEET; THENCE NORTH 89°57'40" EAST 160.00 FEET TO THE WEST RIGHT OF WAY LINE FOR SAID 1000 WEST STREET; THENCE SOUTH 0°11'15" WEST 100.25 FEET TO THE POINT OF BEGINNING. CONTAINS: 27,058 SQUARE FEET OR 0.62 ACRES

Tax Parcel I.D. No. 15-14-252-015-0000

EXHIBIT B
to Declaration of Condominium with Covenants, Conditions, and Restrictions
for Gladhouse Condominiums

Square Footage and Allocation of Undivided Interests

<i>Unit Nos.</i>	<i>Unit Floor Space of Each Unit</i>	<i>Undivided Interest in Common Areas Allocated to Each Unit (Proportionate to Relative Par Values)</i>
101	1,536 sq.ft.	9.40%
102	1,485 sq.ft.	9.08%
103	1,759 sq.ft.	10.76%
104	1,878 sq.ft.	11.49%
105	1,798 sq.ft.	11.00%
106	2,013 sq.ft.	12.31%
107	1,485 sq.ft.	9.08%
108	1,481 sq.ft.	9.06%
109	1,375 sq.ft.	8.41%
110	1,536 sq.ft.	9.40%
TOTALS:	16,346 sq.ft.	100%

EXHIBIT C
to Declaration of Condominium with Covenants, Conditions, and Restrictions
for Gladhouse Condominiums

BYLAWS OF
GLADHOUSE CONDOMINIUMS OWNERS ASSOCIATION, INC.

The following are the Bylaws of Gladhouse Condominiums Owners Association, Inc., a Utah nonprofit corporation (the “**Association**”). All capitalized terms used but not defined herein have the meaning given them in the Declaration of Condominium with Covenants, Conditions, and Restrictions for Gladhouse Condominiums, of even date herewith, pertaining to the Project (the “**Declaration**”), as it may be modified or amended from time to time.

1. NAME AND LOCATION.

The name of the corporation is Gladhouse Condominium Owners Association, Inc. The principal office of the corporation is located at 501 East 1700 South, Salt Lake City, UT 84105, or such other location as may be designated by the Board of Directors from time to time, but the meetings of Members (as defined below) and of the Board of Directors may be held at such places in the State of Utah as may be designated by the Board of Directors.

2. PURPOSE; ASSENT.

2.1 **Purposes.** The specific purposes for which the Association is formed are (i) to provide for the operation, administration, use and maintenance of the Units and the Common Areas within the Project; (ii) to administer and enforce the covenants, conditions, restrictions, reservations and easements created hereby; (iii) to levy, collect and enforce the Assessments, charges and liens imposed pursuant hereto; (iv) to preserve, protect, and enhance the values and amenities of the Project; (v) to promote the health, safety, and welfare of the Owners, occupants, and users of the Project; and (vi) to engage in such other activities as may be allowed by the Declaration and approved by the Board.

2.2 **Assent.** All present and future Owners, Mortgagees, lessees and occupants of any Unit and any other persons who may use the Project or any portion thereof in any manner are subject to the Declaration, these Bylaws, and all Rules and Regulations made pursuant hereto and any amendments thereto. The acquisition, lease, or occupancy of a Unit constitutes acceptance and ratification of, and an agreement to comply with, the provisions of the Declaration and these Bylaws and any Rules and Regulations made pursuant thereto, as they may be amended from time to time.

3. MEMBERSHIP.

Each Owner of a Unit shall be, and no person or entity other than an Owner of a Unit may be, a member of the Association (“**Member**”). Membership in the Association for each Owner is mandatory, and not optional, and is appurtenant to and may not be separated from the ownership of a Unit. Membership in the Association will begin immediately and automatically upon acquisition of a Unit and will terminate immediately and automatically upon ceasing to be an

Owner of a Unit, but such termination will not relieve or release any such former Owner from any liability or obligation incurred under the Declaration during the period of such ownership. Neither the issuance nor the holding of shares of stock is necessary to evidence membership in the Association. The rights and duties appertaining to membership in the Association, including voting rights, are governed by the Declaration. With respect to any matter coming before the Members for a vote, each Member is entitled to cast the number of votes equal to such Member's percentage ownership of the Common Areas of the Association, as set forth in the Declaration.

4. MEETINGS OF MEMBERS.

4.1 Annual Meetings. The first annual meeting of the Members will be held within one (1) year from the date of incorporation of the Association, and each subsequent regular meeting of the Members will be held at some reasonable location in Salt Lake County, Utah on a date and at a time fixed by the Board of Directors. The purpose of the annual meetings is for the election of Directors and the transaction of such other business of the Association as may properly come before the meeting.

4.2 Special Meetings. Special meetings of the Members may be called at any time by the President or by the request of Members holding at least twenty percent (20%) of the total voting rights of the Association.

4.3 Notice of Meetings. The Association shall give written notice of each meeting of the Members by sending a copy of such notice not less than ten (10) nor more than thirty (30) days before the meeting to each Member entitled to vote at the meeting. Such notice must specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting. Such notice may be sent by electronic mail, to the Member's email address last appearing on the books of the Association; provided, however, that if a Member so requests by written notice to the Association, all notices to such Member must thereafter be sent by first class U.S. mail, postage prepaid, addressed to the Member's mailing address last appearing on the books of the Association.

4.4 Waiver of Notice. Waiver of notice of a meeting of the Members will be deemed the equivalent of proper notice. Any Member may waive, in writing, notice of any meeting of the Members, either before or after such meeting. Attendance at a meeting by a Member, whether in person or by proxy, will be deemed waiver by such Member of notice of the time, date, and place of the meeting unless such Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting will also be deemed waiver of notice of all business transacted at the meeting unless objection to the calling or convening of the meeting, of which proper notice was not given, is raised before the business is put to a vote.

4.5 Quorum. The presence at the meeting of Members holding at least forty percent (40%) of the total votes of the Association in person or by proxy will constitute a quorum for any action except as otherwise provided in the Articles, the Declaration, or these Bylaws. If, however, such a quorum is not present or represented at any meeting, the Members entitled to vote thereat will have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, and the Members attending the adjourned meeting will be deemed to constitute a quorum.

4.6 Actions Binding on Members. If a quorum is present, the vote of more than 50% of the voting rights held by Members present at the meeting in person or by proxy will be sufficient to make decisions binding on all Owners, unless a different percentage of votes is expressly required by statute or by the Declaration, the Articles, or these Bylaws.

4.7 Action Taken Without a Meeting. Any action that may be taken at any regular or special meeting of the Association may be taken without a meeting if the following requirements are met:

(a) A written ballot is distributed to every Member entitled to vote setting forth the proposed action, providing an opportunity to signify approval or disapproval of the proposal and providing a reasonable time (not to exceed forty-five (40) days) for the Member to return the ballot to the Association.

(b) The votes cast by ballot within the specified time under Subparagraph (a) above equals or exceeds the quorum required to be present at a meeting authorizing the action.

(c) The number of approvals of the action equals or exceeds the percentage of votes required to approve the action at a meeting at which the total percentage of votes cast was the same as the percentage of votes cast by written ballot.

4.8 Proxies. At each meeting of the Members, each Member entitled to vote is entitled to vote in person or by proxy; provided, however, that the right to vote by proxy exists only where the instrument authorizing such proxy to act has been executed by the Member or by such Member's attorney thereunto duly authorized in writing. If title to a Unit is held by more than one person, the instrument authorizing a proxy to act must have been executed by all Owners of such Unit or their attorneys thereunto duly authorized in writing. Such instrument authorizing a proxy to act must be delivered at the beginning of the meeting to the Secretary of the Association or to such other officer or person who may be acting as secretary of the meeting. The secretary of the meeting shall enter a record of all such proxies in the minutes of the meeting.

4.9 Designation of Voting Representative by Non-Individual Owners. If title to a Unit is held by a corporation, partnership, association, limited liability company or other legal entity, the voting privilege appurtenant to that Unit may be exercised only by a proxy executed on behalf of such entity, filed with the secretary of the Association, appointing and authorizing one person or alternate persons to attend all annual and special meetings of the Members and to cast the vote allocated to that Unit at the meeting.

4.10 Voting by Multiple Owners. If title to a Unit is held by more than one Owner, the vote for such Unit must be cast as determined by a majority of such Owners, and if a majority of the Owners for a Unit cannot agree, then the Owners of such Unit shall not be entitled to vote. An Owner may not revoke a proxy given pursuant to this Section 4.10 except by actual notice of revocation to the person presiding over a meeting of the Association, which notice must be signed by a majority of the Owners of the Unit.

5. BOARD OF DIRECTORS, SELECTION, TERM OF OFFICE.

5.1 **Number.** The affairs of the Association are managed by a Board of Directors comprising three members. During the Declarant Control Period, all members of the Board of Directors will be appointed by the Declarant. After the expiration of the Declarant Control period, Directors will be elected by the Members. Each Director must be an Owner or, if a Unit is owned by an entity rather than an individual, a duly appointed representative of such Owner.

5.2 **Election; Term of Office.** At the first annual meeting of the Members held after the expiration of the Declarant Control Period, three Directors will be elected, with two Directors elected to a two-year term and one Director elected to a one-year term. At each annual meeting of the Members thereafter, the Members shall elect, for a two year term, Directors to fill the positions vacated at such meeting.

5.3 Resignation; Removal.

(a) A Director may resign at any time by giving written notice of resignation to the Secretary or the President. A resignation of a Director will be effective when the notice of resignation is received by the Secretary or the President unless the notice specifies a later effective date.

(b) A Director may be removed with or without cause by a vote of a Majority of Owners at a meeting called for the purpose of voting on removal of the Director with respect to which the notice of meeting stated that one of the purposes of the meeting was to vote on removal of the Director.

(c) A Director may be removed with cause by a vote of a majority of the other Directors at a meeting of the Directors called for the purpose of voting on removal of the Director. Cause for removal will include, but not be limited to, failure of the Director to regularly attend meetings of the Board of Directors or to otherwise fulfill the obligations of a Director.

(d) Any vacancy on the Board of Directors resulting from the resignation or removal of a Director will be filled by appointment by the remaining members of the Board, and the Director so appointed will serve for the remainder of the term of the Director whose resignation or removal created the vacancy.

5.4 **Compensation.** No Director may receive compensation for any service he or she may render to the Association. However, any Director may be reimbursed for his or her actual expenses incurred in the performance of his or her duties.

5.5 **Action Taken Without a Meeting.** The Directors 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 Directors. Any action so approved has the same effect as though taken at a meeting of the Directors.

6. MEETINGS OF DIRECTORS.

6.1 **Regular Meetings.** The Board of Directors shall hold a regular meeting at least annually at such place and hour as may be fixed from time to time by resolution of the Board of Directors.

6.2 **Special Meetings.** Special meetings of the Board of Directors will be held when called by the President or by any two (2) Directors, after not less than three (3) days notice to each Director.

6.3 **Quorum**~~Error! Bookmark not defined.~~. A majority of the number of Directors will constitute a quorum for the transaction of business.

6.4 **Actions Binding.** Every action taken or decision made by a majority of the Directors present at a duly held meeting at which a quorum is present will be regarded as the act of the Board. In the event of a tie vote, the matter will be presented to the Members for a vote, and the vote of a Majority of Owners (as that term is defined in the Declaration) will then be regarded as the act of the Board.

6.5 **Waiver of Notice.** Attendance of a Director at any meeting will constitute a waiver of notice of such meeting, except when a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Before, at, or after any meeting of the Board of Directors, any member of the Board may waive in writing notice of such meeting, and such waiver will be deemed equivalent to the giving of such notice. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the waiver of notice of such meeting.

6.6 **Action Taken without a Meeting.** The Directors will have the right to take any action which they could take at a meeting in the absence of a meeting by obtaining the written approval of all the Directors. Any action so approved will have the same effect as though taken at a meeting of the Directors.

7. POWERS AND DUTIES OF THE BOARD OF DIRECTORS.

7.1 **General Powers.** The Board of Directors will have the powers and duties necessary for the administration of the affairs of the Association. Except as provided by these Bylaws, the Declaration, or the Act, the Board of Directors may do all such acts and things which are not specifically required to be done by the Members and may otherwise act in all instances on behalf of the Association.

7.2 **Specific Powers and Duties.** Without limiting the generality of powers and duties set forth in Section 7.1 above, the Board of Directors have all the powers and duties granted to the Board in the Declaration, and the following powers and duties, subject only to applicable requirements of the Act:

- (a) To establish bank accounts for the operating account of the Association and for all separate funds as required or deemed advisable by the Board of Directors;

(b) To cause to be kept and maintained full and accurate books and records showing all of the receipts, expenses or disbursements and to permit examination thereof by Members or their Mortgagees during convenient weekday business hours;

(c) To cause to be maintained the insurance coverage as may be necessary to comply with the requirements of the Declaration, these Bylaws, and the Act;

(d) To cause all officers or employees having fiscal responsibilities to be bonded, as the Board may deem appropriate;

(e) To prepare a budget before the close of each fiscal year of the Association in accordance with the Declaration and the Act;

(f) To suspend a Member's voting rights during any period in which such Member is in default in the payment of any Assessment levied by the Association; and

(g) To exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the Members by other provisions of these Bylaws, the Articles, or the Declaration.

7.3 Manager. The Board may (but is not required to) employ a professional management agent as a Manager, with compensation established to perform such duties and services as authorized by the Board. The Board may delegate to the Manager, subject to the Board's supervision, all of the powers granted to the Board by these Bylaws, except that the Board may not delegate the power to determine and levy annual, special, or other Assessments or any other powers or duties reserved to the Board by law. If the Board delegates to the Manager powers relating to collection, deposit, transfer, or disbursement of Association funds: (a) the Board, in its discretion, may require the Manager to maintain fidelity insurance coverage or a bond in such amount as the Board may determine, and (b) the Manager shall maintain all funds and accounts of the Association separate from the funds and accounts of the Manager and of other associations managed by the Manager.

8. OFFICERS AND THEIR DUTIES.

8.1 Enumeration of Officers. The officers of the Association will be a President, a Vice President, a Secretary, and a Treasurer. One person may hold two offices, provided that the offices of President and Treasurer may not be held by the same person.

8.2 Election of Officers; Term. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members, and each officer shall hold office for one (1) year or until his or her successor is elected and has qualified, unless he or she sooner resigns, or is removed or otherwise disqualified to serve.

8.3 Resignation and Removal. Any officer may be removed from office with cause by the Board of Directors. Any officer may resign at any time by giving written notice to the Board of Directors. Such resignation will 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 will not be necessary to make it effective.

8.4 **Vacancies.** A vacancy in any office 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 or she replaces.

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

(a) *President.* The President shall preside at all meetings of the Members and the Board of Directors; shall see that orders and resolutions of the Board of Directors are carried out; shall sign all contracts to which the Association is a party.

(b) *Vice President.* The Vice President shall act in the place and stead of the President in the event of the President's absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him or her by the Board of Directors.

(c) *Secretary.* The Secretary (or the Manager at the direction of the Secretary) shall: (i) record the votes and keep the minutes of all meetings and proceedings of the Board of Directors and of the Members; (ii) serve notice of meetings of the Board of Directors and of the Members; (iii) keep appropriate current records showing the Members of the Association together with their addresses; and perform such other duties as may be required by the Board of Directors.

(d) *Treasurer.* The Treasurer (or the Manager at the direction of the Treasurer) shall: (i) receive and deposit in appropriate bank accounts all monies of the Association and disburse such funds as directed by resolution of the Board of Directors; (ii) keep proper books of account; if required by the Board of Directors, cause an annual audit or review of the Association books to be made by a public accountant at the completion of each fiscal year; and (iii) 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.

9. INDEMNIFICATION OF OFFICERS AND DIRECTORS.

The Association shall provide any indemnification required by the laws of Utah and shall indemnify Directors, officers, agents and employees as follows:

9.1 **Third Party Litigation.** The Association shall indemnify any Director or officer of the Association who was or is a party or is threatened to be made a party to any action, suit or proceedings, whether civil, criminal, administrative, or investigative (other than an action by or in the right of the Association) by reason of the fact that he or she is or was a Director or officer of the Association, against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding if he or she acted in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Association, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, will not, of itself, create a presumption that the person did not act in good faith, and in a manner which he or she reasonably believed to be in or not

opposed to the best interest of the Association, or with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

9.2 Association Litigation. The Association shall indemnify any Director or officer of the Association who was or is a party or is threatened to be made a party to any action or suit by or in the right of the Association to procure a judgment in its favor by reason of the fact that he or she is or was a Director or officer of the Association, against expenses (including attorney's fees) actually and reasonably incurred by him or her in connection with the defense or settlement of such action or suit if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Association, except that no indemnification may be made in respect of any claim, issue, or matter as to which such person has been adjudged to be liable for negligence or misconduct in the performance of his or her duty to the Association unless and only to the extent that the court in which such action or suit was brought, or any other court having jurisdiction in the premises determines upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court deems proper.

9.3 Expenses. To the extent that a Director or officer of the Association has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Sections 9.1 or 9.2 above, or in defense of any claim, issue, or matter therein, the Association shall indemnify such Director or officer against expenses (including attorney's fees) actually and reasonably incurred by him or her in connection therewith, without the necessity for the determination as to the standard of conduct as provided in Section 9.4 below.

9.4 Determination of Right to Indemnity. Any indemnification under Section 9.1 or 9.2 above (unless ordered by a court) shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the Director or officer is proper in the circumstances because he or she has met the applicable standard of conduct set forth in Section 9.1 or 9.2 above. Such determination will be made (i) by the Board of Directors of the Association by a majority vote of a quorum consisting of Directors who were not parties to such action, suit or proceeding, or (ii) if such a quorum is not obtainable, or even if obtainable, and such a quorum of disinterested Directors so directs, by independent legal counsel (who may be regular counsel for the Association) in a written opinion; and any determination so made is conclusive.

9.5 Advance of Expenses. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Association in advance of the final disposition of such action, suit or proceeding, as authorized in the particular case, upon receipt of an undertaking by or on behalf of the Director or officer to repay such amount unless it is ultimately determined that he or she is entitled to be indemnified by the Association as authorized in this Article 9.

9.6 Other Indemnification Rights. Agents and employees of the Association who are not Directors or officers of the Association may be indemnified under the same standards and procedures set forth above, in the discretion of the Board of Directors of the Association.

9.7 Benefitted Parties. Any indemnification pursuant to this Article 9 is not exclusive of any other rights to which those indemnified may be entitled and will continue as to a person

who has ceased to be a Director or officer and will inure to the benefit of the heirs, executors, and administrators of such a person.

10. BOOKS AND RECORDS; FISCAL YEAR

10.1 **Fiscal Year.** The fiscal year of the Association will begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year will begin on the date of incorporation of the Association and end on the 31st day of the following December.

10.2 Accounting.

(a) The Association shall keep the books and accounts of the Association in accordance with generally accepted accounting principles (or other accounting principles acceptable to the Board of Directors, consistently applied) under the direction of the Treasurer.

(b) At the close of each fiscal year, the Board of Directors shall review the books and records of the Association, and may, in its discretion, obtain a review or audit of the books and records by an independent public accountant approved by the Board of Directors, and shall cause financial statements to be prepared and distributed to all Members.

10.3 **Inspection of Records.** The membership register, books of account and minutes of meetings of the Association, the Board of Directors and committees of the Board of Directors and all other records of the Project maintained by the Association or Manager will be made available for inspection and copying by any Member or his or her duly appointed representative at any reasonable time and for a non-commercial purpose reasonably related to his or her interest as a Member, at the office where the records are maintained. The Board of Directors may establish reasonable rules with respect to:

- (a) Notice to be given to the custodian of the records by the Member desiring to make the inspection;
- (b) Hours and days of the week when such an inspection may be made; and
- (c) Payment of the cost of reproducing copies of documents requested by a Member.

Every member of the Board of Directors, subject to the conditions set forth above, has the absolute right at any reasonable time to inspect and make copies of all books, records and documents of the Association.

11. AMENDMENTS.

11.1 **Amendment Procedure.** These Bylaws may be amended, at a regular or special meeting of the Members, by a vote of a Majority of Owners.

11.2 **Recordation.** Each amendment of these Bylaws will be effective on the date on which it is recorded in the official records of the Salt Lake County Recorder.

EXHIBIT D
to Declaration of Condominium with Covenants, Conditions, and Restrictions
for Gladhouse Condominiums

Description of Expansion Land

That certain real property situated in Salt Lake County, Utah and more particularly described as follows:

Parcel 1

BEGINNING AT A POINT 325 FEET WEST OF THE NORTHWEST CORNER OF 9TH WEST AND 17TH SOUTH STREETS, SAID NORTHWEST CORNER BEING 12 RODS EAST AND 8 RODS NORTH OF THE SOUTHWEST CORNER OF THE NORTHEAST QUARTER OF SECTION 14, TOWNSHIP 1 SOUTH, RANGE 1 WEST, SALT LAKE BASE AND MERIDIAN, THENCE NORTH 185.69 FEET; THENCE WEST 55 FEET; THENCE SOUTH 185.69 FEET; THENCE EAST 55 FEET TO THE POINT OF BEGINNING.

LESS AND EXCEPTING THE FOLLOWING: BEGINNING AT A POINT 325 FEET WEST OF THE NORTHWEST CORNER OF 9TH WEST AND 17 SOUTH STREETS, SAID NORTHWEST CORNER BEING 12 RODS EAST AND 8 RODS NORTH OF THE SOUTHWEST CORNER OF THE NORTHEAST QUARTER OF SECTION 14, TOWNSHIP 1 SOUTH, RANGE 1 WEST, SALT LAKE BASE AND MERIDIAN, AND RUNNING THENCE NORTH 00°11'24" EAST ALONG THE EAST LINE OF SAID PARCEL 13.75 FEET TO A POINT WHICH IS 42.00 FEET PERPENDICULARLY DISTANT FROM THE 1700 SOUTH STREET MONUMENT LINE; THENCE SOUTH 89°59'39" EAST PARALLEL WITH SAID MONUMENT LINE 55.0 FEET TO THE WEST LINE OF SAID PARCEL; THENCE SOUTH 00°11'24" WEST ALONG SAID WEST LINE 13.71 FEET TO THE SOUTHWEST CORNER OF SAID PARCEL; THENCE NORTH 89°56'00" EAST 55.0 FEET TO THE POINT OF BEGINNING.

Parcel 2

BEGINNING AT A POINT WHICH IS 8 RODS NORTH AND 72 FEET WEST AND NORTH 0 DEGREES 11'24" EAST 13.59 FEET FROM THE SOUTHEAST CORNER OF THE NORTHWEST QUARTER OF SECTION 14, TOWNSHIP 1 SOUTH, RANGE 1 WEST, SALT LAKE BASE AND MERIDIAN; AND RUNNING THENCE SOUTH 89 DEGREES 59'39" WEST 55 FEET; THENCE NORTH 172.04 FEET; THENCE EAST 55 FEET; THENCE SOUTH 172.1 FEET TO THE POINT OF BEGINNING.

BEGINNING AT A POINT WHICH IS NORTH 8 RODS AND WEST 17 FEET AND NORTH 0 DEGREES 11'24" EAST 13.53 FEET FROM THE SOUTHEAST CORNER OF THE NORTHWEST QUARTER OF SECTION 14, TOWNSHIP 1 SOUTH, RANGE 1 WEST, SALT LAKE BASE AND MERIDIAN; AND RUNNING THENCE NORTH 172.16 FEET; THENCE WEST 55 FEET; THENCE SOUTH 172.1 FEET; THENCE NORTH 89 DEGREES 56' EAST 55 FEET TO THE POINT OF BEGINNING.

Tax Parcel ID Nos. 15-14-180-011 and 15-14-180-012

EXHIBIT E
to Declaration of Condominium with Covenants, Conditions, and Restrictions
for Gladhouse Condominiums

Metes and Bounds Description of Convertible Land

A PARCEL OF LAND BEING LOCATED IN THE NORTHWEST QUARTER OF SECTION 14, IN TOWNSHIP 1 SOUTH, RANGE 1 WEST, SALT LAKE BASE AND MERIDIAN, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE WEST BOUNDARY LINE; SAID POINT BEING SOUTH 89°57'40" WEST 247.836 FEET, AND NORTH 00°02'20" WEST 42.00 FEET TO A POINT ON THE NORTH RIGHT OF WAY LINE FOR 1700 SOUTH STREET AND NORTH 0°11'15" EAST 110.22 FEET FROM THE FOUND 2.5" FLAT BRASS CAP MONUMENT IN THE INTERSECTION OF 1700 SOUTH AND 1000 WEST STREETS; AND RUNNING THENCE NORTH 0°11'15" EAST 62.00 FEET; THENCE NORTH 89°57'40" EAST 55.00 FEET; THENCE SOUTH 0°11'15" WEST 62.00 FEET; THENCE SOUTH 89°57'40" WEST 55.00 FEET TO THE POINT OF BEGINNING.

CONTAINS: 3,410 SQUARE FEET OR 0.078 ACRE