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W2108184

**SUPPLEMENTAL DECLARATION OF CONDOMINIUM OF
THE CANYONWOODS CONDOMINIUMS**

(Phase ² of the Original Expandable Condominium Project) *13-209-0001 TO 0030 KY*

This Supplemental Declaration of Condominium is made as of the date hereinafter set forth by DRD Property Development, L.L.C. (hereinafter referred to as the "Declarant") pursuant to the provisions of Section 57-8-1 et seq. of Utah Code Annotated known as the Utah Condominium Ownership Act (hereinafter referred to as the "Act").

RECITALS

A. Declarant is the record owner of that certain tract of land more particularly described in Article I, Section 2 hereof as Subject Property and recently completed the construction of the original Condominium Project known as Canyonwoods Condominiums recorded against certain land in Weber County, Utah as Entry No, 1647072 Book 2021 Pages 735 ("Original Declaration")

B. Declarant is in the process of constructing upon the Subject Property additional units of the expanded Condominium Project, including 29 Units and other improvements. All of such construction has been, or is to be, performed in accordance with the plans and drawings contained in the Record of Survey Plat Map filed for record simultaneously herewith.

C. Declarant desires, by filing this Declaration and the Record of Survey Map, to submit the Subject Property and all improvements now or hereafter constructed thereon to the provisions of the Utah Condominium Ownership Act as a Condominium Project already known as "Canyonwoods Condominiums"

D. Declarant intends to sell to various purchasers the fee title to the individual Units contained in the Project, together with the undivided ownership interest in the Common Areas and Facilities appurtenant to such Units, subject to the covenants, conditions, restrictions, limitations, and easements herein set forth and in the Original Declaration.

NOW THEREFORE, for the foregoing purposes, Declarant hereby declares and certifies as follows:

**ARTICLE I
DEFINITIONS**

When used in this Declaration (including that portion hereof captioned "Recitals" and the Bylaws attached hereto as Exhibit "A" and made a part hereof) the terms shall have the meaning stated in the Utah Condominium Ownership Act and as follows, unless the context otherwise requires.

1. Act shall mean and refer to the Utah Condominium Ownership Act, Title 57, Chapter 8, Utah Code Annotated (1953), as the same may be amended from time to time.
2. Subject Property and Property as used in this supplemental declaration shall mean

E# 2108184 PG1 OF22
DOUG CROFTS, WEBER COUNTY RECORDER
08-JUN-05 1111 AM FEE \$80.00 DEP SGC
REC FOR: DRD.PROPERTY.DEV.LLC

all or any portion of the land located in Weber County, Utah and described as:

A part of the Southwest Quarter of Section 21, Township 6 North, Range 1 West, Salt Lake Base and Meridian, described as follows:

Commencing at the SE corner of said property, which point lies N89°08'00" W along the section line 787.58 feet and N 623.15 feet from the SE corner of said Section 21; thence along the north line of the Ogden City property the following (2) courses: (1) N79°48'00" W, 320.00 feet, and (2) S76°40'00" W, 48.93 feet to the east line of Canyon Woods Condominiums Phase 1; thence N00°58'00" E along said east line 329.32 feet to the south line of Riverview Townhouses P.R.U.D.; thence East along said south line 391.49 feet to the west line of the Dan K. Cutrbus Property; thence S05°15'34" W along said west line 376.24 feet to the point of beginning. Containing 3.10 acres.

Together with a right-of-way for all purposes of ingress and egress over the following described tract of land; beginning at a point on the South line of 16th Street 841.5 feet West and North 5D15' East 1546.52 feet, and West 570.3 feet from the Southeast corner of said quarter section, and running thence South 0D58' West 528 feet, thence East 152.27 feet; thence South 12 feet; thence West 164.27 feet; thence North 0D58' East 540 feet; thence East 12 feet to the place of beginning .

together with the buildings, all improvements and the structures thereon, all easements, rights and appurtenances belonging thereto, and all articles of personal property intended for use in connection therewith.

The above described property also known by the street address of:

___ Monroe Blvd.

Ogden, Utah 84401

3. **Building** shall mean and refer to a structure containing Units and comprising a part of the Project.

4. **Common Areas or the Common Areas and Facilities** shall mean and refer to and include:

(a) The real property and interest in real property which this Declaration submits to the provisions of the Act, including the entirety of the Tract and all landscaping, sidewalks, walkways, parking areas, private streets or roadways located thereon, and exterior Building surfaces including roofs and decks, but excluding all Units.

(b) Those Common Areas and Facilities specifically included in the respective Units as hereinafter defined.

(c) That part of the Project not specifically included in the respective Units as hereinafter defined.

(d) All Limited Common Areas and Facilities.

(e) All exterior walkways, streets, yards, gardens, fences, open parking spaces, installation of central services such as power, light, gas, all apparatus and installations existing for common use, such recreational and community facilities as may be provided for.

(f) All other parts of the Project normally in common use or necessary or convenient to its use, existence, maintenance, safety or management.

(g) Except as otherwise expressly stated herein, all Common Areas and Facilities as defined in the Act whether or not expressly listed herein.

5. Common Expenses shall mean all items, things and sums described in the Act which are lawfully assessed against the Unit Owners in accordance with the provisions of this Declaration, the Bylaws, such rules, regulations and other determinations and agreements pertaining to the Project as the Management Committee, the Unit Owners, or the Association as hereinafter mentioned, may from time to time adopt.

6. Condominium Project or Project shall mean and refer to: "Canyonwoods Condominiums".

7. Condominium Unit or Unit shall mean and refer to one of the residential living units in the Project, including any basement area for that Unit, intended for independent use as defined in the Act, together with the undivided interest in and to the Common Areas and Facilities appertaining to that Unit. Mechanical equipment and devices located within any Unit or located without said Unit but designated and designed to serve only that Unit, such as appliances, electrical receptacles and outlets, air conditioning compressors and other air conditioning apparatus and the like, shall also be considered part of the Unit, as shall all decorated interiors, all surfaces of interior structural walls, floors and ceilings, windows, and window frames, doors and door frames, and trim consisting of, inter alia and as appropriate, wallpaper, paint, flooring, carpeting and tile. All pipes, wires, conduits, or other public utility lines or installation constituting part of a particular Unit or serving only that Unit, and any structural members of any other property of any kind, including fixtures and appliances, within any Unit, which are removable without jeopardizing the soundness, safety or usefulness of the remainder of the Building within which the Unit is situated, shall be considered part of the Unit.

8. Declarant shall mean and refer to the persons who execute the Declaration or on whose behalf the Declaration is executed.

9. Declaration shall mean and refer to this Supplemental Declaration and the original Declaration. This Declaration has been drafted to comply with the requirements of the Utah Condominium Ownership Act, Title 57, Chapter 8, Utah Code Annotated 1953. Any ambiguities, omissions, and/or conflicts shall be construed to comply with the provisions of said Act.

10. Limited Common Areas and Facilities or Limited Common Areas shall mean those Common Areas designated in the Declaration and shown on the Map as reserved for use of a certain Unit or Units to the exclusion of other Units. Limited Common Areas include parking spaces specifically assigned for the exclusive use of the individual Unit Owners.

11. Management Body shall mean and refer to either the Management Committee or the Association, as the context may admit.

12. Management Committee or Committee shall mean and refer to the Committee as provided in the Declaration charged with and having the responsibility and authority to make and to enforce all of the reasonable rules and regulations covering the operation and maintenance of the Property.

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

14. Mortgagee shall mean any person named as a mortgagee or beneficiary under or holder of a deed of trust.

15. Property in this supplemental declaration shall mean the land described in Paragraph 2 above.

16. Record of Survey Map, Survey Map, or Map shall mean and refer to the Record of Survey Map filed herewith captioned "Canyon Woods Condominiums, Phase II".

17. The Tract or Entire Tract shall mean and refer to the described tract of land situated in Weber County, State of Utah, described the Original Declaration and as expanded herein as described in Paragraph 2 above together with all appurtenances thereto.

18. Unit Number shall mean and refer to the number, letter or combination thereof which designates a Unit on the Map.

19. Unit Owner or Owner shall mean and refer to the Owner of the fee in a Unit and the ownership of an undivided interest in the Common Areas which are appurtenant thereto. The Declarant shall be deemed to be the Owner of all completed but unsold Units. In the event a Unit is the subject of an installment contract of sale, the Buyer shall, unless the Seller and the Buyer have otherwise agreed and have informed the Committee in writing of such agreement, be considered the Unit Owner for all purposes.

20. Canyonwoods Condominiums Association, Association of Unit Owners or the

Association shall mean and refer to the Unit Owners acting as a group in accordance with the Declaration and Bylaws.

ARTICLE II SUBMISSION TO THE ACT

Declarant hereby submits to the provisions of the Act the following described real property situated in Weber County, State of Utah, as described in Article I, paragraph 15 herein and paragraph 2 if expanded.

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

RESERVING UNTO Declarant, however, such easements and rights of ingress and egress over, across, through, and under the above described Tract and any improvements (other than Buildings) now or hereafter constructed thereon as may be reasonably necessary for the Declarant or for any assignee or successor of Declarant (in a manner which is reasonable and not inconsistent with the provisions of this Declaration or in the Survey Map recorded concurrently herewith, and to do all things reasonable necessary or proper in connection therewith; (ii) To improve portions of the Tract with such other or additional improvements, facilities, or landscaping designed for the use and enjoyment of all the Owners as Declarant or as such assignee or successor may reasonably determine to be the appropriate. If, pursuant to the foregoing reservations, the above-described Tract or any improvement thereon is traversed or partially occupied by a permanent improvement or utility line, a perpetual easement for such improvement or utility line shall exist. With the exception of such perpetual easements, the reservations hereby effected shall, unless sooner terminated in accordance with their terms, expire twenty (20 years) after the date on which this Declaration is filed for record in the office of the County Recorder of Weber County, Utah.

ALL OF THE FOREGOING IS SUBJECT TO: All liens for current and future taxes, assessments, and charges imposed or levied by governmental or quasi-governmental authorities; all Patent reservations and exclusions; all mineral reservations or record and rights incident thereto; all instruments of record which affect the above-described Tract or any portion thereof, including, without limitation, any Mortgage (and nothing in this paragraph shall be deemed to modify or amend such Mortgage); all visible easements and rights-of-way; all easements and rights-of-way, encroachments, or discrepancies shown on or revealed by the Survey Map or otherwise existing; an easement for each and every pipe, line, cable, wire, utility line, or similar facility which traverses or partially occupies the above-described Tract at such time as construction of all Project improvements is complete; and all easements necessary for ingress to, egress from, maintenance of, and replacement of all such pipes, lines, cables, wires, utility lines, and similar facilities.

ARTICLE III COVENANTS, CONDITIONS AND RESTRICTIONS

The foregoing submission is made upon and under the following covenants, conditions and restrictions.

1. Description of Improvements. The improvements included in the Project will be located on the Tract above described in Article I, Paragraph 2, and all of such improvements are described on the Map. The supplemental project is expected to include a total of 29 units described in the submitted plans.

This Phase II of the Project will consist of a total of 3 or 4 Units in one Building. All Buildings in all phases of the project will be conventional wood-frame construction with brick and hardie-backer siding exterior and asphalt shingle roofing. The Buildings will consist of two levels, with the lower level being above ground making a building which is 2 stories in height. Each Unit in Phase II will contain approximately 1,343 square feet of floor area and will consist of three bedrooms, 2.5 baths, a living room and a kitchen-dining area. Each Unit will also have one attached garage of 338 Square feet.

2. Description and Legal Status of Units. The Map shows the Unit number of each Unit, its location, dimensions from which its areas may be determined, the Limited Common Areas which are reserved for its use, and the Common Areas of the Project. The individual family living Units shall be legally designated and described by number.

3. Allocation of Undivided Interest in Common Areas. Each Unit Owner shall have an equal undivided interest in the Common Areas and Facilities. Initially, each Unit Owner in Phase II shall have an equal percentage undivided interest in the Common Areas and Facilities as those in the original phase.

4. Common and Limited Common Areas. The Common Areas contained in the Project are described and identified in Article I hereof and in the Map. Neither the ownership of an undivided interest in the Common Areas nor the right of exclusive use of a Limited Common Area, which include the storage areas and parking spaces, shall be separated from the Unit to which it appertains; and even though not specifically mentioned in the instrument of conveyance, such percentage of undivided interest and such right of exclusive use shall automatically accompany the conveyance of the Unit to which they relate.

5. Proportionate Ownership of Common Areas. The proportionate share of the Unit Owners in the Common Areas shall be for all purposes, including, but not limited to, voting and assessment for common expenses.

6. Holding Title. Title to a Unit may be held or owned by any entity and in any manner in which title to any other real property may be held or owned in the State of Utah, including, but without limitation, joint tenancy or tenancy in common.

7. No Separation. No part of a Unit or of the legal rights comprising ownership of a Unit may be separated from any other part thereof during the period of Unit ownership described herein, so that each Unit, the undivided interest in the Common Areas appurtenant to such Unit, and the exclusive right to use and occupy the Limited Common Areas appurtenant to each Unit, shall always be conveyed, devised, encumbered, or otherwise affected only together and may

never be separated from one another. Every gift, devise, bequest, encumbrance, conveyance, judicial sale, or other transfer (whether voluntary or involuntary) respectively, shall be of the entire Unit, together with all appurtenant rights created by law or by this Declaration.

8. No Partition. The Common Areas shall be owned in common by all the Owners of Units, and no Unit Owner may bring action for partition thereof.

9. Use of Common Areas and Limited Common Areas. Subject to the limitations contained in the Declaration and the Bylaws, any Unit Owner shall have the non-exclusive right to use and enjoy the Common Areas and shall have the exclusive right to use and enjoy the Limited Common Areas designated herein (and on the Map) for exclusive use by such Unit Owner.

10. Maintenance. As more fully set forth in the Bylaws, each Owner shall at his own cost and expense maintain, repair, and decorate the interior of his Unit. As more fully set forth in the Bylaws, the Association shall provide maintenance and repairs upon all Common Areas and improvements.

11. Maintenance of Limited Common Areas. Each Owner shall keep the Limited Common Areas designed for use in connection with his Unit in a clean, sanitary and attractive condition at all times.

12. Easement for Encroachment. If any part of the Common Areas encroaches or shall hereafter encroach upon a Unit or Units, an easement for such encroachment and for the maintenance for the same, shall and does exist. If any part of a Unit encroaches or shall hereafter encroach upon the Common Areas or upon an adjoining Unit or Units, an easement for such encroachment and for maintenance shall and does exist. Such encroachment shall not be considered to be encumbrances either in the Common Areas or the Units. Encroachments referred to herein include, but are not limited to, encroachments caused by error in the original construction of the building(s) on the Tract, by error in the Map, by settling, raising or shifting of the earth, or by changes in position caused by repair or reconstruction of the Project or any part thereof.

13. Access for Repair of Common Areas. Some of the Common Areas are or may be located within the Units or may be conveniently accessible only through the Units. The Owners of the other Units shall have the irrevocable right, to be exercised by the Committee as their agent, to have access to each Unit and to all Common Areas from time to time during such reasonable hours as may be necessary for the maintenance, repair or replacement of any of the Common Areas located therein or accessible therefrom or for making emergency repairs therein necessary to prevent damage to the Common Areas or another Unit or Units. The Committee shall also have such rights independent of the agency relationship. Damage to the interior of any part of the Unit or Units resulting from the maintenance, repair, emergency repair or replacement of any of the Common Areas or as a result of emergency repairs within another Unit at the instance of the Committee or of Unit Owners, shall be an expense of all the Unit Owners and assessed proportionately; provided, however, that if such damage is the result of negligence of the Owner of the Unit, then such Owner shall be financially responsible for all such damage.

Amounts owing by Owners pursuant hereto shall be collected by the Committee by assessment pursuant to the Declaration and Bylaws.

14. Right of Ingress, Egress, Lateral Support. Each Owner shall have the unrestricted right to ingress and egress over, upon and across the Common Areas designated for use in connection with his Unit, and each Owner shall have the right to the horizontal and lateral support of a Unit, and such rights shall be appurtenant to and pass with the title to each Unit.

15. Easement to Management Committee. The Management Committee shall have non-exclusive easements to make such use of the Common Areas as may be necessary or appropriate to perform the duties and functions which they are obligated or permitted to perform pursuant to this Declaration.

16. Easement for Utility Services. There is hereby created a blanket easement upon, across, over and under the tract above described in Article II for ingress, egress, installation, replacement, repair and maintenance of all utilities, including, but not limited to, water, sewer, gas, telephone, electricity and other utility services. Such easements are subject to the easements dedicated to Ogden City on the Map.

17. Legal Description of a Unit. Each conveyance or installment contract for the sale of a Unit and every other instrument affecting title to a Unit may describe that Unit by the number shown on the Map with appropriate reference to the Map and to this Declaration, as each shall appear on the records of the County Recorder of Weber County, State of Utah, and in substantially the following form:

Unit _____ shown in the Record of Survey Map for the Canyon Woods Condominiums, Phase II, appearing in the records of the Weber County Recorder, as Entry No. _____, Map No. _____, and as identified and described in the Supplemental Declaration of Condominium appearing as Entry No. _____, in Book _____, at Pages _____ of the official records of the Weber County Recorder together with an undivided interest in and to the Common Areas appertaining to said Unit as established in said Declaration, as amended, and Map. This conveyance is subject to the provisions of the aforesaid Declaration of the Canyonwoods Condominiums, including any amendments thereto. The undivided interest in the Common Areas conveyed hereby is subject to modification from time to time as provided in the Declaration for expansion of the Project.

Such description will be construed to describe the Unit, together with an undivided interest in and to the Common Areas as the same is established and identified in the Declaration and Map referred to herein above, and to incorporate all the rights incident to Ownership of a Unit and all the limitations of such Ownership as described in this Declaration.

18. Management Committee. Except as hereinafter provided, the Project shall be managed, operated and maintained by the Management Committee as agent for the Unit Owners.

19. The Canyonwoods Condominiums Association. The conveyance of each Unit and its proportionate share of the Common Areas shall be subject to the covenants, conditions,

restrictions, easements, charges and liens as contained in the Original and this Supplemental Declaration and any supplements or amendments hereto recorded in the Office of the County Recorder of Weber County, State of Utah, prior to the conveyance of any Unit. All Unit Owners in the Condominium Project shall automatically become members of the Canyonwoods Condominiums Association which shall elect the Management Committee to maintain and administer facilities, maintain Common Areas in the Project, and enforce the covenants and restrictions imposed in this Declaration and to collect and disburse the assessments and charges created herein. The Canyonwoods Condominiums Association has been established for the benefit of the Unit Owners of the Condominium Project.

20. Assessments. Each Owner of a Unit by the acceptance of a deed or installment contract therefor, whether or not it be so expressed in the deed or contract, shall be deemed to covenant and agree with each other Owner and with the Management Committee to pay annual assessments made by them for the purposes provided in this Declaration and in the Bylaws, and special assessments for capital improvements and other matters as provided in this Declaration and in the Bylaws. Such assessments shall be fixed, established and collected from time to time in the manner provided in the Bylaws.

21. Use of Unit.

(a) Housing Use. Each of the Units in the Project shall be utilized for residential purposes only and is intended to be used for single families. Occupancy of each Unit is restricted to one family as defined by Ogden City Zoning Ordinances. Each Unit may be rented or leased by the Unit Owner for use and occupancy as herein stated. Any such lease must be in writing and be subject to the Declaration, Bylaws and rules and regulations adopted by the Management Committee.

(b) Restriction Concerning Common Areas. There shall be no obstruction of the Common Areas by the Owners, their tenants, guests or invitees without the prior written consent of the Management Committee. The Management Committee may by rules and regulations prohibit or limit the use of the Common Areas as may be reasonably necessary for protecting the interests of all the Owners or protecting the Units or the Common Areas. Nothing shall be kept or stored on any part of the Common Areas without the prior written consent of the Management Committee, except as specifically provided herein. Nothing shall be altered on, constructed in, or removed from the Common Areas, except upon consent of the Management Committee.

(c) Miscellaneous Restrictions. Nothing shall be done or kept in any Unit or in the Common Area or any part thereof which would result in the cancellation of the insurance of the Project or any part thereof or increase the rate of the insurance on the Project or any part thereof over what the Management Committee, but for such activity, would pay, without the prior written consent of the Management Committee. Nothing shall be done or kept in any Unit or in the Common Areas or any part thereof which would be a violation of any statute, rule ordinance, regulation, permit or other validly imposed requirements of any governmental body. No damage to or waste of the

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

(d) Animals. No livestock or poultry of any kind shall be raised, bred or kept in any Unit or in the Common Areas. Household pets may be kept in Units subject to strict observance of rules and regulations adopted by the Management Committee.

(e) No Violation of Rules and Regulations. No Owner shall violate the rules and regulations for the use of the Units and the Common Areas as adopted from time to time by the Management Committee.

(f) Restrictions on Alterations. No structural alterations to any Unit shall be made by any Owner without the prior written approval of the Management Committee.

(g) Declarant's Right to Sell Units. Notwithstanding anything contained herein to the contrary until the Declarant has completed and sold all of the Units, neither the Unit Owners who have purchased Units from the Declarant nor the Management Committee or either of them, shall interfere with the completion of the contemplated improvements and sale of the remaining Units. The Declarant may make such use of the unsold Units and the Common Areas as may facilitate such completion and sale, including, but not limited to, the maintenance of a sales office, the showing of the Units and recreational facilities, and the display of signs.

22. Insurance. Declarant shall purchase (at Declarant's own expense) a general liability insurance policy in an amount not less than one million dollars (\$1,000,000.00) for each occurrence to cover any liability which owners of previously sold Units in the Project are exposed to as a consequence of further condominium Project development. The Management Committee shall secure or cause to be secured and maintained at all times the following insurance and bond coverage.

(a) A policy or policies of fire and casualty insurance with extended coverage endorsement, for the full insurable replacement value of the entire Project. The named insured under such policies shall be "Association of Owners of the Canyonwoods Condominiums for the use and benefit of the individual Owners." Such policy or policies shall be made payable to the Association and all persons holding an interest in the Project or any of the Units, as their interests may appear. Each Unit Owner and each Unit Owner's mortgagee, if any, shall be beneficiaries of the policy in the percentage of ownership in the Common Areas of such Unit Owner.

(b) Appropriate fidelity bond coverage for all officers, Committee Members and any person or entity handling funds of the Owners' Association including but not limited to employees of the professional managers. Such fidelity bond should name the Association as an obligee and be written in an amount equal to at least three months aggregate assessments on all Units plus reserve funds.

(c) A policy or policies insuring the Committee, the Manager, and the Unit Owners against any liability incident to the ownership, use or operation of the Project or of any Unit which may arise among themselves, to the public, and to any invitees or tenants of the Project or of the Unit Owners. Limits of liability under such insurance shall be in amounts generally required by private institutional mortgage investors for projects similar in location, construction and use, however, such coverage shall be at least \$1,000,000 for all persons injured in any one accident, and \$1,000,000 for property damage resulting from one occurrence. Such policies shall be issued on a comprehensive basis and shall provide a cross liability endorsement pursuant to which the rights of the named insureds as between themselves are not prejudiced.

(d) The following additional provisions shall apply with respect to insurance:

(1) In addition to the insurance described above, the Committee shall secure and at all times maintain insurance against such risks as are or hereafter may be customarily insured against in connection with Projects similar to the Project in construction, nature and use. If the Project is located within an area which has been officially identified by the Secretary of Housing and Urban Development as having special flood hazards and for which flood insurance has been made available under the National Flood Insurance Program (NFIP), the Committee shall obtain and pay the premiums upon, as a Common expense, a "master" or "blanket" policy on the buildings and any other property covered by the required form of policy (hereinafter "insurable property") in an amount deemed appropriate by the Committee but not less than the following: the lessor of (i) the maximum coverage available under the NFIP for all buildings and other insurable property within the Project to the extent that such buildings and other insurable property are within an area having special flood hazards or (ii) one hundred percent (100%) of current "replacement cost" of all such buildings and other insurable property within such area.

(2) The Committee shall have the authority to adjust losses.

(3) Insurance secured and maintained by the Committee shall not be brought into contribution with insurance held by the individual Unit Owners or their mortgagees.

(4) Each policy of insurance obtained by the Committee shall, if possible, provide a waiver of the insurer's subrogation rights with respect to the Committee, the Manager, the Unit Owners, and their respective servants, agents and guests; that it cannot be canceled, suspended, or invalidated due to the

conduct of any member, officer or employee of the Committee or of the manager without prior written notice that the defect be cured; and that any "no other insurance" clause therein shall not apply with respect to insurance held individually by the Unit Owners.

(5) Any Unit Owner may obtain additional insurance at his own expense, so long as such additional insurance does not have the effect of decreasing the amount which may be realized under any policy maintained by the Committee. Any Unit Owner who individually obtains insurance covering any portion of the Project shall supply the Committee with a copy of his policy within thirty (30) days after he acquires such insurance. Any insurance on an Owner's personal property shall be the sole responsibility of each Unit Owner and shall not be included in assessments made by the Association to the Unit Owners.

(6) Notwithstanding anything herein contained to the contrary, insurance coverage must be in such amounts and meet other requirements of the Federal National Mortgage Association and the Department of Veteran's Affairs.

23. Damage to Project. In the event of the damage to or destruction of part or all the improvements the following procedures shall apply:

(a) If proceeds of the insurance maintained by the Management Committee are alone sufficient to repair or reconstruct the damaged or destroyed improvement, such repair or reconstruction shall be carried out.

(b) If less than 75 percent of the Project's improvements are destroyed or substantially damaged, if proceeds of the insurance maintained by the Committee are not alone sufficient to accomplish repair or reconstruction, restoration shall be carried out upon approval of at least 51 percent of the affected Unit Owners. All affected Owners shall be assessed for any deficiency on the basis of their respective percentages of undivided interest in the Common Areas.

(c) If 75 percent or more of the Project's improvements are destroyed or substantially damaged, if proceeds of insurance maintained by the Management Committee are not alone sufficient to accomplish restoration, and if the Unit Owners within 100 days after the destruction or damage by a vote of at least 75 percent elect to repair or reconstruct the affected improvements, restoration shall be accomplished in the manner directed under subparagraph (b) above.

(d) Notwithstanding any provision herein to the contrary, if 75 percent or more of the Project's improvements are destroyed or substantially damaged, if proceeds of the insurance maintained by the Committee are insufficient to accomplish restoration, and if the Unit Owners do not, within 100 days after the destruction or damage and by a vote of at least 75 percent, elect to repair or reconstruct the affected improvements, the Management Committee shall promptly notify the Department of Veterans Affairs and obtain approval thereof, and the Management Committee shall promptly record with the Weber County Recorder a notice setting forth such facts. Upon the recording of such

notice, the provisions of Subsections (1) through (4) of Section 57-8-31, Utah Code Annotated (1953), shall apply and govern the rights of all parties having an interest in the Project or any of the Units.

(e) Any reconstruction or repair which is required to be carried out by this Paragraph 23 shall be accomplished at the instance and direction of the Management Committee. Any determination which is required to be made by this Paragraph 23 regarding the extent of the damage to or destruction of Project improvements shall be made by three (3) MAI appraisers selected by the Management Committee. The decision of any two (2) such appraisers shall be conclusive.

(f) Each Unit Owner appoints the Management Committee as his attorney-in-fact to represent the Unit Owner in any proceedings related to the allocation of any losses, awards or proceeds from the condemnation, destruction, or liquidation of all or part of the Project, and in any related proceedings, negotiations, settlements or agreements.

24. Amendments. Except as otherwise provided herein, and subject to the provisions of paragraph (o) of section 27 below, the vote of Unit Owners representing at least two-thirds (2/3) of the undivided ownership interest in the Common Areas shall be required to amend this Declaration or the Record of Survey Map, except in circumstances where the Act requires a greater affirmative vote or approval and consent, in which event the provisions of the Act shall be controlling. Any amendment so authorized shall be accomplished through the recordation of an instrument executed by the Management Committee. In such instrument, the Committee shall certify that the vote required by this paragraph for amendment has occurred.

It is hereby acknowledge and understood that this Group Dwelling and Condominium project has been granted a Conditional Use Permit by the City of Ogden based upon its compliance with Ogden City ordinances and the approved development plans. Substantive changes to the Declaration, the Map, the Common Areas, building design and materials, and the approved site plan may require an amendment to the Conditional Use Permit and failure to seek such amendment may result in an ordinance violation or a revocation of the Conditional Use Permit.

If the Department of Veterans Affairs, HUD or FNMA holds, insures or guarantees a mortgage or mortgages secured by a Unit or Units in the Project, no additional land may be added to the Project without the prior written consent of such agency or corporation.

After the Department of Veterans Affairs has approved the Declaration and Bylaws, the condominium regime documentation may not be amended or merged with a successor condominium regime without the prior written approval of the Department of Veterans Affairs.

Notwithstanding any provision herein to the contrary, except as provided herein for the expansion of the Project, the undivided interest of each Unit Owner in the Common Areas and Facilities shall not be altered without the consent of all Unit Owners.

25. Consent Equivalent to Vote. In those cases in which the Act or this Declaration

requires the vote of a stated percentage of the Project's undivided ownership interest for the authorization or approval of a transaction, such requirement may be fully satisfied by obtaining, with or without a meeting, consents in writing to such transaction from Unit Owners who collectively hold at least the necessary percentage of undivided ownership interest.

26. Service of Process. Service of process shall be received by Michael F Dickson, 1332 Orchard Heights Drive, Logan, UT 84321. He shall serve as agent for service of process in cases authorized by the Act. The Management Committee shall, however, have the right to appoint a successor or substitute process agent. Such successor or substitute agent and his address shall be specified by an appropriate instrument filed in the Office of the County Recorder of Weber County, State of Utah.

27. Mortgage Protection. Notwithstanding anything to the contrary in the Declaration:

(a) An adequate reserve fund for the maintenance, repair and replacement of the Common Areas must be established and shall be funded by the regular annual assessments and shall be paid with the regular monthly installments rather than by special assessments. There shall be established a working capital fund for the initial months of the operation of the Project equal to a minimum amount of two months estimated condominium charges for each Unit.

(b) Any mortgage holder which comes into possession of the Unit pursuant to the remedies provided in the mortgage or foreclosure of the mortgage, or by deed or assignment in lieu of foreclosure shall be exempt from any provisions relating to sale or lease of the Units in the Project.

(c) Any management agreement for the Project or any other contract providing for the services of the developer, sponsor, or builder, shall be terminable for cause by the Association on 30 days written notice prior to such termination. The term of any such agreement shall not exceed one year, renewable by agreement of the parties for successive one year periods. Any such agreement may be terminated by either party without cause and without payment of a termination fee on 30 days written notice prior to such termination.

(d) In the event of the condemnation of or substantial damage to or destruction of any Unit or any part of the Common Areas, the institutional holder of any first mortgage on a Unit shall be entitled to timely written notice of any such condemnation, damage or destruction. No Unit Owner or other party shall be entitled to priority over such first mortgagee with respect to the distribution to such Unit Owner of any insurance proceeds or condemnation awards.

(e) If any Unit or portion thereof or the Common Areas or any portion thereof is made the subject matter of any condemnation by a condemning authority, the institutional holder of any first mortgage on a Unit shall be entitled to timely written notice of any such proceeding or proposed acquisition and no Unit Owners or other party shall have priority over such institutional holder with respect to the distribution to such Unit of the

proceeds of any award or settlement.

(f) There shall be no prohibition or restriction on a Unit Owner's right to lease his or her Unit, except a requirement that leases have a minimum initial term of up to one year. Any lease agreement shall provide that the terms of the lease shall be subject in all respects to the provisions of the Declaration and Bylaws and Ogden City Zoning Ordinance and that any failure by the lessee to comply with the terms of such documents shall be a default under the lease. All leases shall be in writing.

(g) Each holder of the first mortgage lien on a Unit who comes into possession of a Unit by virtue of foreclosure of the mortgage, or by deed or assignment in lieu of foreclosure, or any purchaser at a foreclosure sale, shall take the Unit free of any unpaid claims or assessments and charges against the Unit which accrue prior to the time such holder comes into possession of the Unit.

(h) Any holder of the mortgage is entitled to written notification from the Management Committee of any default by the mortgagor of such Unit in the performance of such mortgagor's obligation under the Declaration which is not cured within sixty (60) days.

(i) Any lien which the Management Committee may have on any Unit in the Project for the payment of Common Expense assessments attributable to such Unit will be subordinate to the lien or equivalent security interest of any first mortgage on a Unit recorded prior to the date any such Common Expense assessments become due.

(j) In case of condemnation or substantial loss to the Units and/or Common Areas of the Project, unless at least two-thirds of the first mortgagees (based on one vote for each first mortgage owned), and Owners (other than the sponsor, developer, or builder) of the individual Condominium Units have given their prior written approval, neither the Management Committee nor the Association of Unit Owners shall:

(1) By act or omission, seek to abandon or terminate the Project, except for abandonment or termination provided by law in the case of substantial destruction by fire or other casualty or in the case of taking by condemnation or eminent domain.

(2) Change the pro-rata interest on obligations of any Unit for (a) purposes of levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards; and for (b) determining the pro-rata share of ownership of each Unit in the appurtenant Common Areas; provided, however, that nothing herein shall impair, restrict, or prevent the exercise of Declarant's right to expand the Project in accordance with Section 35 of Article III hereof.

(3) Partition or subdivide any Unit.

(4) Except as provided for expansion of the Project, make any material amendment to the Declaration or to the Bylaws of the Association, including but

not limited to any amendment which would change the percentage interest of the Unit Owners in the Common Areas.

(5) By act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer the Common Areas. (The granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Areas of the Project shall not be deemed a transfer within the meaning of this subparagraph.)

(6) Use hazard insurance proceeds for losses to any Project property (whether to Units or to the Common Areas) for other than the repair, replacement or reconstruction of such improvements, except as provided by statute in cases of substantial loss to the Units and/or the Common Areas of the Project.

(7) Terminate professional management and assume self-management of the Project.

(k) Notwithstanding all other provisions hereto:

(1) The liens created hereunder upon any Unit shall be subject and subordinate to and shall not affect the rights of the holder of the indebtedness secured by any recorded first mortgage (meaning a mortgage or trust deed with first priority over other such mortgages) upon such interest made in good faith and for value provided that after the foreclosure or trust deed termination of any such document, there may be a lien created against the interest of the purchaser at such foreclosure sale to secure all assessments, whether regular or special, assessed hereunder to such purchaser as an Owner after the date of such foreclosure sale, which said lien, if any claimed, shall have the same effect and be enforced in the same manner as provided herein.

(2) No amendment to this paragraph (k) shall affect the rights of the holder of any such mortgage recorded prior to the recordation of such amendment that has not joined in the execution thereof.

(3) By subordination agreement executed by a majority of the Management Committee, the benefits of subparagraphs (1) and (2) above may be extended to mortgages not otherwise entitled thereto.

(l) A holder, insurer or guarantor of a first mortgage, upon written request to the Association of Unit Owners (such request to state the name and address of such holder, insurer or guarantor and the Unit number), will be entitled to timely written notice of:

(1) Any proposed amendment of the condominium instruments effecting a change of a material nature as described in subparagraph (o) below;

(2) Any proposed termination of the condominium regime;

(3) Any condemnation loss or any casualty loss which affects a

material portion of the condominium or which affects any Unit on which there is a first mortgage held, insured or guaranteed by such eligible holder;

(4) Any delinquency in the payment of assessments or charges owed by an Owner of a Unit subject to the mortgage of such eligible holder, insurer or guarantor, where such delinquency has continued for a period of 60 days;

(5) Any lapse, cancellation or material modification of any insurance policy maintained by the Association of Unit Owners insuring against fire and other hazards.

(m) The following protections for the benefit of first mortgage holders shall also apply:

(1) Any restoration or repair of the condominium after a partial condemnation or damage due to an insurable hazard shall be substantially in accordance with the Declaration and the original plans and specifications unless the approval of the eligible holders of first mortgages on Units to which at least 51% of the votes of the Units subject to mortgages held by such eligible holders are allocated, is obtained.

(2) Any election to terminate the condominium regime after substantial destruction or a substantial taking in condemnation of the condominium property must require the approval of eligible holders of first mortgages on Units to which at least 51% of the votes of Units subject to mortgages held by such eligible holders are allocated.

(3) Except as otherwise provided herein, no reallocation of interest in the Common elements resulting from a partial condemnation or partial destruction of the Condominium Project may be effected without the approval of the eligible holders of first mortgages on Units to which at least 51% of the votes of Units subject to mortgages held by such eligible holders are allocated.

(n) As used in this section, the term "eligible holder, insurer, or guarantor" shall mean a holder, insurer or guarantor of the first mortgage on a Unit which has requested notice in accordance with the provisions of this section.

(o) Except as provided for expansion of the Project in section 24 above, amendments to the Declaration or Bylaws of a material nature must be agreed to by Unit Owners who represent at least 67% of the total allocated votes in the Association and by eligible mortgage holders who represent at least 51% of the votes of the Unit estates that are subject to mortgages held by eligible holders. A change to any of the provisions governing the following would be considered as material: voting rights; increases in assessments that raise the previously assessed amount by more than 25%; assessment liens or the priority of assessment liens; reductions and reserves for maintenance, repair, and replacement of common

elements; responsibility for maintenance and repairs; reallocation of interest in the general or Limited Common elements, or rights to their use; redefinition of any Unit boundaries or the exclusive easement rights appertaining thereto; convertibility of Units into Common elements or vice versa; expansion or contraction of the Project, or the addition, annexation or withdrawal of property to or from the Project, except as set forth in sections 24 and 35 of this Article; hazard or fidelity insurance requirements; imposition of any restrictions on the leasing of any Units; imposition of any restrictions on a Unit Owner's right to sell or transfer his or her Unit; a decision by the Association to establish self-management if professional management has been required previously; restoration or repair of the Project (after damage or partial condemnation) in a manner other than that specified in the Declaration; or any provisions that expressly benefit mortgage holders, insurers or guarantors. An eligible mortgage holder, except for the Department of Veteran's Affairs, HUD or FNMA, shall be deemed to have approved an amendment to the Declaration or Bylaws if such eligible mortgage holder fails to submit a response to any written proposal for an amendment within 30 days after it receives proper notice of the proposal, provided the notice was delivered by certified or registered mail with a return receipt requested.

(p) Any action to terminate the legal status of the Project after substantial destruction or condemnation must be agreed to by Unit Owners who represent at least 67% of the total allocated votes in the Association, by eligible mortgage holders who represent at least 51% of the votes of the Unit estates that are subject to mortgages held by eligible holders and by the Department of Veterans Affairs. If the Project is terminated for reasons other than substantial destruction or condemnation of the property, such termination must be agreed to by Unit Owners who represent at least 67% of the total allocated votes in the Association, eligible mortgage holders that represent at least 67% of the votes of the mortgaged Units and by the Department of Veterans Affairs.

28. Duty of Owner to Pay Taxes on Unit Owned. It is understood that under the Act each Unit (and its percentage of interest in the Common Areas) in the Project is subject to separate assessment and types of taxes and assessments authorized by law, and that as a result thereof no taxes will be assessed or levied against the Project as such. Accordingly, each Unit Owner will pay and discharge any and all taxes and assessments which may be assessed against him on his Unit.

29. Enforcement. Each Unit Owner shall comply strictly with the provisions of this Declaration, the Bylaws and with the administrative rules and regulations drafted pursuant thereto as the same may be lawfully amended from time to time and with the decisions adopted pursuant to this Declaration, the Bylaws and the administrative rules and regulations, and failure to comply shall be grounds for an action to recover sums due for damages or injunctive relief or both, maintainable by the Management Committee or Manager on behalf of the Unit Owners, or in a proper case, by an aggrieved Unit Owner.

30. Covenants Run with the Land; No Waiver.

(a) This Declaration and all the provisions hereof shall constitute covenants which run with the land and/or equitable servitudes, as the case may be, and shall be binding upon and inure to the benefit of Declarant, all parties who hereafter acquire any interest in a Unit or in the Project, and their respective grantees, transferees, any interest in a Unit or in the Project, and their respective grantees, transferees, heirs, devisees, personal representatives, successors and assigns. Each Owner or occupant of a Unit shall comply with, and all interest in all Units shall be subject to, the terms of the Act, the terms of this Declaration, the Bylaws, and the provisions of any rules, regulations, agreements, instruments, and determinations contemplated by this Declaration, and failure to comply shall be grounds for an action to recover sums due for damages or injunctive relief or both, maintainable by the Committee on behalf of the Unit Owners, or, in a proper case, by an aggrieved Unit Owner. By acquiring any interest in a Unit or in the Project, the party acquiring such interest consents and agrees to be bound by each and every provision of this Declaration.

(b) No provision contained in this Declaration shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

31. **Number and Gender.** Whenever used herein, unless the context shall otherwise provide, the singular number shall include the plural and the plural, the singular; and the use of any gender shall include all genders.

32. **Severability.** If any of the provisions of this Declaration or any paragraph, sentence, clause, phrase or word or the application thereof in any circumstance be invalidated, such invalidity shall not affect the validity of the remainder of the Declaration, and the application of any such provision, paragraph, sentence, clause, phrase or work in any other circumstances shall not be affected thereby.

33. **Topical Headings.** The headings appearing at the beginning of the sections of this Declaration are only for convenience of reference and are not intended to describe, interpret, define or otherwise affect the content, meaning or intent of this Declaration or any section or provision hereof.

34. **Amenities.** All amenities (i.e. parking, recreation and service areas) are a part of the Project and are covered by a mortgage at least to the same extent as are the Common Areas and Facilities.

36. **Effective Date.** This Supplemental Declaration, any amendment or supplement hereto and any amendment or supplement to the Record of Survey Map shall take effect upon recording in the office of the County Recorder of Weber County, State of Utah.

37. **Bylaws.** The Project shall be governed in the manner described in the Bylaws of Canyonwoods Condominium attached hereto as Exhibit "A."

38. Conflicts. In the event there are any conflicts between the provisions of the Original Declaration and this Supplemental Declaration, the provisions of this Supplemental Declaration shall take precedence.

IN WITNESS WHEREOF, the undersigned, being the Declarant, has caused this instrument to be executed on the 3rd day of June, 2005.

DECLARANT:

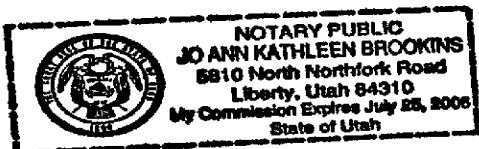
DRD Property Development, L.L.C.
a Utah limited liability company

By: [Signature]
Michael F. Dickson, member and Co-Manager

By: [Signature]
Craig Rupp, member and Co-Manager

STATE OF UTAH)
)ss.
COUNTY OF UTAH)

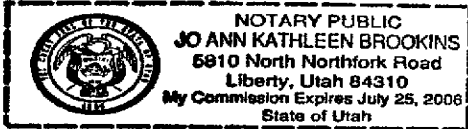
On the 3rd day of June, 2005, personally appeared before me Michael F. Dickson, who being by me duly sworn, did say that he is a member and Co-Manager of DRD Property Development, L.L.C. and that said instrument was signed in behalf of said company by authority of its operating agreement and he acknowledged to me that said company executed the same.



[Signature]
Notary Public

STATE OF UTAH)
)ss.
COUNTY OF UTAH)

On the 3rd day of June, 2005, personally appeared before me Craig Rupp, who being by me duly sworn, did say that he is a member of DRD Property Development, L.L.C. and that said instrument was signed in behalf of said company by authority of its operating agreement and he acknowledged to me that said company executed the same.



Jo Ann Kathleen Brookins
Notary Public

**CANYONWOODS CONDOMINIUMS
INITIAL PROPERTY DESCRIPTION**

Boundary Description -- Part of the Southeast Quarter of Section 21, Township 6 North, Range 1 West, Salt Lake Base and Meridian, U.S. Survey, described as follows:
Beginning at a point 626.68 feet North 89°57'00" East, South 00°58'00" West 510.74 feet from the intersection of 16th Street and Fowler Ave., and running thence South 00°58'00" West 50.00 feet; thence North 89°57'00" East 86.51 feet; thence South 00°58'00" West 342.01 feet; thence South 76°40'00" West 100.91 feet; thence North 79°48'00" West 234.51 feet; thence South 88°21'17" West 80.03 feet; thence North 26°14'15" West 20.42 feet; thence North 79°48'00" West 34.98 feet; thence North 00°58'00" East 24.00 feet to the East R.O.W. line of Monroe Boulevard; thence 484.54 feet along the arc of A 842.45 foot curve to the left with a central angle of 32°57'16" (L.C.=North 41°54'50" East 477.89 feet) along said East R.O.W. line; thence South 61°56'10" East 59.96 feet to the point of beginning. Contains 2.64 acres.

**CANYONWOODS CONDOMINIUMS
ADDITIONAL LAND**

A part of the Southeast Quarter of Section 21, Township 6 North, Range 1 West, Salt Lake Base and Meridian, described as follows:

Commencing at the SE corner of said property, which point lies N89°08'00" W along the section line 787.58 feet and N 623.15 feet from the SE corner of said Section 21; thence along the north line of the Ogden City property the following (2) courses: (1) N79°48'00" W, 320.00 feet, and (2) S76°40'00" W, 48.93 feet to the east line of Canyon Woods Condominiums Phase 1; thence N00°58'00" E along said east line 329.32 feet to the south line of Riverview Townhouses P.R.U.D.; thence East along said south line 391.49 feet to the west line of the Dan K. Cutrbus Property; thence S05°15'34" W along said west line 376.24 feet to the point of beginning. Containing 3.10 acres.

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