

SECURITY TITLE COMPANY LTD

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 Recorder, Salt Lake County, Utah
 By..... Deputy
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Recorded..... MAY 22 1973
 SECURITY TITLE COMPANY
 JERADEAN MARTIN
 Recorder, Salt Lake County, Utah
 By..... Deputy

DECLARATION

OF

COVENANTS, CONDITIONS, AND RESTRICTIONS

OF

THE TOWNES, A CONDOMINIUM PROJECT

THIS DECLARATION of covenants, conditions, restrictions, hereinafter called "Declaration", is made and executed in Salt Lake City, Salt Lake County, Utah, this 22nd day of MAY, 1973, by PARTNERSHIP NO. ONE, hereinafter designated and referred to as "Declarant", pursuant to the provisions of the Utah Condominium Ownership Act.

WITNESSETH:

WHEREAS, Declarant is the owner of the following described real property situate in Salt Lake City, Salt Lake County, Utah, to-wit:

PARCEL NO. 1:

BEGINNING at a point 66.0 feet South from the Southeast corner of Block 9, SUNNYSIDE PARK, according to the plat thereof, as recorded in the office of the County Recorder of said County, and running thence South 351.39 feet; thence West 165.98 feet to Foothill Drive; thence North 33° 15' West, along said drive, 252.33 feet; thence North 56° 45' East 80 feet; thence North 24° 28' 40" West 106.16 feet; thence East 281.34 feet to the point of beginning.

TOGETHER WITH the North 33 feet of the vacated street abutting said property on the South.

PARCEL NO. 2:

BEGINNING at a point 28.72 feet North from the Southeast corner of Lot 15, Block 27, Five Acre Plat "C", Big Field Survey, Salt Lake County, Utah, and running thence North 57 feet; thence West 165.98 feet to the State Highway, thence South 33° 15' East along said highway to a point due West of the point of commencement; thence East to the point of beginning.

TOGETHER WITH the South 33 feet of the vacated street abutting said property on the North.

and,

WHEREAS, Declarant is the owner of certain townhouse buildings,

BOOK 3332 PAGE 117

and certain other improvements heretofore or hereafter to be constructed upon said premises; and

WHEREAS, the said townhouse buildings and other improvements aforesaid have been or will be constructed in accordance with the plans and drawings set forth in the Record of Survey Map filed and recorded herewith; and

WHEREAS, Declarant desires by filing this Declaration and the aforesaid Record of Survey Map to submit the above-described property and the townhouse buildings and other improvements thereto, to the provisions of the Utah Condominium Ownership Act as a condominium project; and

WHEREAS, Declarant desires and intends to sell the fee title to the apartment units contained in said condominium project, together with the undivided ownership interests in the common areas and facilities appurtenant to each of said apartment units, to various purchasers, subject to the covenants, restrictions and limitations reserved;

NOW, THEREFORE, Declarant declares that all the said property is and shall be held, conveyed, hypothecated, encumbered, leased, rented, used, occupied, and improved subject to provisions of this Declaration which shall run with the land and be a burden and a benefit to all having an interest therein, their successors, assigns, heirs, executors, administrators, grantees and devisees.

1. Definitions: Some of the terms used herein are defined in this paragraph.

(a) Condominium: The entire estate in the real property owned by any owner.

(b) Condominium Act: The Utah Condominium Ownership Act (Title 57, Chapter 8, Utah Code Annotated).

(c) Declarant: PARTNERSHIP NO. ONE.

(d) Declaration: This instrument.

(e) Management Committee: The governing body of the project.

(f) Manager: The person designated by the Management Committee to manage the affairs of the project.

(g) Map: Record of Survey Map recorded herewith.

(h) Mortgage: Deed of Trust as well as mortgage.

(i) Mortgagee: Beneficiary or holder under Deed of Trust as well as mortgagee.

(j) Owner: Any person with an ownership interest in a condominium in the project.

(k) Person: Legal entity as well as natural person.

(l) Project: The entire parcel of real property referred to in this Declaration.

2. Name: The project is submitted to the provisions of Condominium Act to be known as THE TOWNES.

3. Description of Buildings: The project consists of ten buildings each with two stories and each containing two apartment units and a swimming pool and utility building. The said buildings are or shall be constructed of brick veneer, masonry, and frame type construction.

4. Each apartment unit has an area of approximately 2096 square feet including basement, and has 6 rooms. The apartment unit number and its location is designated below:

<u>BUILDING</u>	<u>APARTMENT UNIT NO.</u>
1	1-A 1-B
2	2-A 2-B
3	3-A 3-B
4	4-A 4-B
5	5-A 5-B
6	6-A 6-B
7	7-A 7-B
8	8-A 8-B

9

9-A
9-B

10

10-A
10-B

5. Common Areas and Facilities: The common areas and facilities of the project shall be and are all the land and roofs, foundations, pipes, ducts, flues, chutes, conduits, wires and other utility installations to the outlets, bearing walls, perimeter walls, columns and girders to the interior surfaces thereof, greens, gardens, service streets, parking areas, recreational areas, all installations of power, lights, gas and water, those common areas and facilities designated as such on the map, excepting however, heating units, air conditioning units, air conditioning equipment, water heaters, gas lamps, individual gas lines from laterals serving ranges, furnaces, which said excepted items are part of the apartment unit to which they appertain.

6. Limited Common Areas and Facilities: The limited common areas and facilities of the project shall be and are the private patios, decks and parking spaces which are hereby set aside and reserved for the use of the respective apartment units to which they are attached and/or appurtenant and as designated on the Map, to the exclusion of the other apartments.

7. Apartment Units: The apartment units, sometimes called units and sometimes called apartments, are as designated on the Map and are the elements of the condominium which are not owned in common with the owners of the other units. The boundary lines of each unit are the interior surfaces of its perimeter walls, bearing walls, basement floors, top story ceilings, windows and window frames, door and door frames and trim, and includes the portions of the building so described and the air space so encompassed and includes the individual heating units, air conditioning units, air conditioning equipment, water heaters,

gas lamps, individual gas lines from laterals serving ranges, furnaces and barbeques.

8. The proportionate share of the separate owners of the respective apartments in the common areas and facilities is based on the proportionate value that each of the apartments bears to the total value of the property and is 5%.

9. The value of each apartment is \$38,940.00. The total value of all the apartments is \$ 778,800.00. The value of the property, as defined by the Utah Condominium Ownership Act is \$ 928,800.00.

10. Voting - Common Expenses: The percentage of ownership in the common areas and facilities shall be for all purposes, including voting; and the common expenses.

11. Use: The buildings and apartments therein are intended and restricted for the use of single family residences.

12. Service of Process: The person to receive service of process in the cases contemplated by the Act is:

NAME: John M. Schumann

RESIDENCE ADDRESS: 621 11th Avenue, Salt Lake City, Utah.

PLACE OF BUSINESS: 1935 Main Street, Salt Lake City, Utah.

13. Rebuild, Repair, Restore or Sell: Whether to rebuild, repair, restore or sell the property in the event of damage or destruction of all or part of the property shall be determined by the approval and consent of unit owners representing not less than 3/4ths of the votes in accordance with the percentages assigned herein at any regular meeting of the owners or at a special meeting called for such purpose.

14. Easements and Encroachments: In the event any portion of the common areas and facilities encroaches upon any of the units, a valid easement shall exist for such encroachment, and for the maintenance of the same, so long as such encroachment exists. In the event the condominium project is partially or totally destroyed, and then rebuilt, minor encroachments shall be permitted, as required, upon the apartments and easements for such encroachments and for the maintenance of same for such period of time as may

be reasonably required for the reconstruction or repair of said premises.

15. Amendments: The apartment owners shall have the right to amend this declaration and/or the Record of Survey Map upon the approval and consent of 3/4ths of the votes of unit owners in accordance with the percentages assigned herein, as set forth in the Utah Condominium Act, which consent and approval shall be by duly executed and recorded instruments.

16. Voting at Meetings of Unit Owners: At any meeting of owners, each shall be entitled to the number of votes in accordance with his ownership interest in the common areas and facilities as provided hereinabove. Any owner may attend and vote at such meeting in person or by agent duly appointed in writing signed by the owner and filed with the management committee. Where there is more than one record owner, any or all such persons may attend any meeting of the owners, but they must act unanimously in order to cast the votes in which they are entitled.

17. Meetings of Unit Owners - Quorum: The presence at any meeting of owners of a majority of the total votes shall constitute a quorum.

18. Annual Meeting of Unit Owners: The annual meeting of unit owners shall be held the first Monday in August, at the project, or at such other time not more than 30 days before or after such date, as may be designated by written notice of the management committee delivered to the owners not less than ten (10) days prior to the date fixed for said meeting. At the annual meeting, elections shall be had to fill vacancies on the management committee, a financial report shall be given and such other business conducted as may be properly presented.

19. Special Meetings of the Unit Owners: Special meetings of the unit owners may be called at any time by written notice signed by a majority of the management committee, or by the owners

having 1/3rd of the total votes, delivered not less than 15 days prior to the date fixed for said meeting. Such meeting shall be held on the project and the notice thereof shall state the date, time and matters to be considered.

20. Notices: Any notice permitted or required to be delivered as provided herein may be delivered either personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered 24 hours after a copy of the same has been deposited in the United States mail, postage prepaid, addressed to each such person at the address given by such person to the management committee or manager for the purpose of service of such notice or to the unit of such person if no address has been given to the manager. Such address may be changed from time to time by notice in writing to the management committee or manager.

21. Management Committee - General: The business and property of THE TOWNES shall be managed by a management committee consisting initially of three persons who have ownership in units in said project, to be elected by the owners at the annual meeting of the owners. Each member of the management committee shall serve a three year term and until successors are elected and qualified; provided however, that at the first annual meeting of owners to be held on the first Monday in August, 1973, one member shall be elected for a one year term, one for a two year term, and one other member for a term of three years. Such management committee shall have all the powers, duties and responsibilities as are now or may hereafter be provided by law, this Declaration and/or any amendments subsequently filed thereto; provided however, that the management committee may engage or contract for the services of a manager or management group or firm and fix and pay a reasonable fee or compensation therefor.

Within 30 days after all the apartment units are sold, if the same occurs prior to the first Monday in August, 1973, a special meeting of owners shall be held for the purpose of selecting an interim management committee to serve until the first annual

meeting.

Declarant shall act as the management committee until the election of the interim management committee or until the first annual meeting of owners, whichever occurs first.

22. Operation and Maintenance: The committee shall be responsible for the control, operation and management of the project, in accordance with the provisions of the Utah Condominium Ownership Act, this Declaration and such administrative, management and operational rules and regulations as the committee may adopt from time to time as herein provided, and all agreements and determinations lawfully made and entered into by the committee. The committee shall, in this connection, provide for the proper and reasonable control, operation and management of the project and of the maintenance and repair of the common areas and facilities appurtenant thereto.

23. Committee Vacancies: In a case of any vacancy in the management committee, the remaining members thereof may elect a successor to hold office until the next meeting of the unit owners.

24. Officers: The management committee shall appoint or elect from among its membership a chairman, vice-chairman, and a secretary-treasurer. The chairman of the committee, or in his absence, the vice-chairman, shall preside at all meetings of the committee and at all meetings of the unit owners. The secretary-treasurer shall take and keep minutes of all meetings. He shall perform such other services as the committee may impose upon him, and shall receive such compensation as the committee may fix or approve, if any. He shall have the custody and control of the funds of the committee, subject to the action of the committee, and shall, when requested by the chairman so to do, report the state of finances of the committee at each annual meeting of the unit owners and at any meeting of the committee. He shall perform such other services as the committee may require of him and shall be bonded if required by the management committee.

25. Regular Meetings: A regular meeting of the committee shall be held after the adjournment of each annual unit owners' meeting, at a place which the committee shall determine. Regular meetings, other than the annual meeting, shall be held at regular intervals and at such places and at such times as the committee may from time to time by resolution provide. No special notice need be given of regular meetings of the committee.

26. Special Meetings: Special meetings shall be held whenever called by the chairman, vice-chairman, or by a majority of the committee. Either written or oral notice of such special meeting shall be given not less than 24 hours in advance of said meeting; provided, however, that by unanimous consent of the committee, special meetings may be held without call or notice of any time or place.

27. Quorum - Management Committee: A quorum for the transaction of business at any meeting of the committee shall consist of a majority of the committee then in office.

28. Special Committees: The management committee by resolution, may designate one or more special committees, each committee to consist of two (2) or more persons who have ownership in apartments, which, to the extent provided in said resolution, shall have and may exercise the powers in said resolution set forth. Such special committee or committees shall have such name or names as may be determined from time to time by the management committee. Such special committees shall keep regular minutes of their proceedings and report the same to the management committee when required. The chairman of the management committee may appoint persons to fill vacancies on each of said special committees occasioned by death, resignation, removal or inability to act for any extended period of time.

29. Administrative Rules and Regulations: The committee shall have the power to adopt and establish by resolution, such building management, and operational rules as the committee may deem necessary for the maintenance, operation, management and control of the project, and the committee may, from time to time

by resolution, alter, amend and repeal such rules. When a copy of any amendment or alteration or provision for repeal of any rule or rules has been furnished to the owners, such amendment, alteration and provision shall be taken to be a part of such rules. Unit owners shall at all times obey such rules and see that they are faithfully observed by those persons over whom they have or may exercise control and supervision, it being understood that such rules shall apply and be binding upon all unit owners and/or occupants of the project.

30. Right of Entry: The committee and its duly authorized agents shall have the right to enter any and all of the said apartments in case of an emergency originating in or threatening such apartment or any other part of the project, whether the owner or occupant thereof is present at the time or not. The committee and its duly authorized agents shall also have the right to enter into any and all of said apartments at all reasonable times as required for the purpose of making necessary repairs upon the common areas and facilities of the project, for the purpose of performing emergency installations, alterations, or repairs to the mechanical or electrical devices or installations located therein or thereon, provided, however, such emergency installations, alterations, or repairs are necessary to prevent damage or threatened damage to other apartments in the project; and provided further, that the apartment owner affected by such entry shall first be notified thereof if available, and if time permits.

31. Limitation on Use of Units and Common Area: The units and common area shall be occupied and used as follows:

(a) No owner shall occupy or use his unit, or permit the same or any part thereof to be occupied or used for any purpose other than as a private residence for the owner and the owners' family or the owners' lessees or guests.

(b) There shall be no obstruction of the common area.

Nothing shall be stored in the common area without the prior consent of the management committee.

(c) Nothing shall be done or kept in any unit or in the common area without the prior written consent of the management committee, which will increase the rate of insurance on the common area. No owner shall permit anything to be done or kept in his unit or in the common area which will result in the cancellation of insurance on any unit or any part of the common area, or which would be in violation of any law. No waste will be committed in the common area.

(d) No sign of any kind shall be displayed to the public view on or from any unit or the common area, without the prior consent of the management committee.

(e) No animals, livestock or poultry of any kind shall be raised, bred, or kept in any unit or in the common area, except that dogs, cats or other household pets may be kept in units, subject to rules and regulations adopted by the management committee.

(f) No noxious or offensive activity shall be carried on in any unit or in the common area, nor shall anything be done therein which may be or become an annoyance or nuisance to the other owners.

(g) Nothing shall be altered or constructed in or removed from the common area, except upon the written consent of the management committee.

(h) There shall be no violation of rules for the use of the common area adopted by the management committee and furnished in writing to the owners, and the management committee is authorized to adopt such rules.

(i) None of the rights and obligations of the owners created herein, or by the deed creating the condominiums shall be altered in any way by encroachments due to settlement or shifting of structures or any other cause. There shall be valid easements for

the maintenance of said encroachments so long as they shall exist; provided however, that in no event shall a valid easement for encroachment be created in favor of an owner or owners if said encroachment occurred due to the wilful conduct of said owner or owners.

32. Maintenance of Units: Each unit owner at his expense shall keep the interior of his unit and its equipment and appurtenances in good order, condition and repair and in a clean and sanitary condition, and shall do all redecorating, painting and varnishing which may at any time be necessary to maintain the good appearance of his unit. Except to the extent that the management committee is protected by insurance against such injury, the owner shall repair all injury or damages to the building or buildings caused by the act, negligence or carelessness of the owner or that of any lessee or sub-lessee or any member of the owner's family or of the family of any lessee or sub-lessee or any agent, employee or guest of the owner or his lessee or sub-lessee, and all such repairs, redecorating, painting and varnishing shall be of a quality and kind equal to the original work. In addition to decorating and keeping the interior of the unit in good repair, the owner shall be responsible for the maintenance or replacement of any plumbing fixtures, refrigerators, air conditioning and heating equipment, dishwashers, disposals, ranges, etc., that may be in or connected with the unit.

No radio or television antenna or aerial shall be installed on the outside of any building contained within the project without prior written consent of the committee.

33. Sale or Lease: In the event any owner of a condominium shall wish to resell or lease the same, and shall have received a bona fide offer therefor from a prospective purchaser or tenant, the remaining owners shall be given written notice thereof together with an executed copy of such offer and the terms thereof.

Such notice and copy shall be given to the management committee for all of the owners. The remaining owners through the management committee or a person named by the committee, shall have the right to purchase or lease the subject condominium upon the same terms and conditions as set forth in the offer therefor, provided written notice of such election to purchase or lease is given to the selling or leasing owner, and a matching down payment or deposit is provided to the selling or leasing owner during the ten day period immediately following the delivery of the notice of the bona fide offer and copy thereof to purchase or lease.

In the event any owner shall attempt to sell or lease his condominium without affording to the other owners the right of first refusal herein provided, such sale or lease shall be wholly null and void and shall confer no title or interest whatsoever upon the intended purchaser or lessee.

The subleasing or subrenting of said interest shall be subject to the same limitations as are applicable to the leasing or renting thereof. The liability of the owner under these covenants shall continue, notwithstanding the fact that he may have leased or rented said interest as provided herein.

In no case shall the right of first refusal reserved herein affect the right of an owner to subject his condominium to a trust deed, mortgage or other security instrument.

The failure of or refusal by the management committee to exercise the right to so purchase or lease shall not constitute or be deemed to be a waiver of such right to purchase or lease when an owner receives any subsequent bona fide offer from a prospective purchaser or tenant.

34. Mortgages Not Affected by Right of First Refusal; In the event of any default on the part of any owner under any first mortgage made in good faith and for value, which entitled the holder thereof to foreclose same, any sale under such foreclosure, including delivery of a deed to the first mortgagee in lieu of such foreclosure, shall be made free and clear of the provisions of paragraph 33, and the purchaser (or grantee under

such deed in lieu of foreclosure) of such condominium shall be thereupon and thereafter subject to the provisions of this Declaration. If the purchaser following such foreclosure sale (or grantee under deed given in lieu of such foreclosure) shall be the then holder of the first mortgage, or its nominee, and the said holder or nominee may thereafter sell and convey the condominium free and clear of the provisions of paragraph 33, but its grantee shall thereupon and thereafter be subject to all of the provisions hereof.

The transfer of a deceased joint tenant's interest to the surviving joint tenant or the transfer of a decedent's interest to a devisee by Will or his heirs at law under intestacy laws shall not be subject to the provisions of paragraph 33.

If an owner of a condominium can establish to the satisfaction of the management committee that a proposed transfer is not a sale or lease, then such transfer shall not be subject to the provisions of paragraph 33.

35. Certificate of Satisfaction of Right of First Refusal:
Upon written request of any prospective transferor, purchaser, tenant or an existing or prospective mortgagee of any condominium, the management committee shall forthwith, or where time is specified, at the end of the time, issue a written and acknowledged certificate in recordable form, evidencing that:

(a) With respect to a proposed lease or sale under paragraph 33, that proper notice was given by the selling or leasing owner and that the remaining owners did not elect to exercise their option to purchase or lease;

(b) With respect to a deed to a first mortgagee or its nominee in lieu of foreclosure, and a deed from such first mortgagee or its nominee, pursuant to paragraph 34, that the deeds were in fact given in lieu of foreclosure and were not subject to the provisions of paragraph 34;

(c) With respect to any contemplated transfer which is

not in fact a sale or lease, that the transfer is not or will not be subject to the provisions of paragraph 33;

Such a certificate shall be conclusive evidence of the facts contained therein.

36. Insurance: The management committee shall obtain and maintain at all times insurance of the type and kind as follows:

(a) Fire Insurance, with extended coverage endorsements, for the full insurable replacement value of the units and common areas, which said policy or policies shall provide for a separate loss payable endorsement in favor of the mortgagee or mortgagees of each unit, if any.

(b) A policy or policies insuring the management committee, the unit owners and the manager against any liability to the public or to the owners of units, owners of common areas, and their invitees or tenants, incident to the ownership and/or use of the condominium project, and including the personal liability exposure of the owners. Limits of liability under such insurance shall not be less than \$300,000.00 for each person or each accident; and shall be not less than \$1,000,000.00 for property damage for each occurrence. Such limits and coverage shall be reviewed at least annually by the management committee and increased at its discretion. Said policy or policies shall be issued on a comprehensive liability basis and shall provide cross-liability endorsement wherein the rights of named insureds under the policy or policies shall not be prejudiced as in respect to his, her or their action against another named insured.

(c) Workmen's Compensation insurance to the extent necessary to comply with any applicable laws.

(d) Insurance for such other risks of a similar or dissimilar nature, as are or shall hereafter customarily be covered with respect to other condominium projects similar in construction, design and use.

The said insurance shall be governed by the following provisions:

(1) All policies shall be written with a company licensed to do business in the State of Utah and holding a rating of "AAA" or better by Best's Insurance Reports.

(2) Exclusive authority to adjust losses under policies hereafter in force in the project shall be vested in the Management Committee or its authorized representatives.

(3) In no event shall the insurance coverage obtained and maintained by the Management Committee hereunder be brought into contribution with insurance purchased by individual owners or their mortgagees.

(4) Each owner may obtain additional insurance at his own expense; provided however, that no owner shall be entitled to exercise his right to maintain insurance coverage in such a way as to decrease the amount which the Management Committee, in behalf of all the owners, may realize under any insurance policy which the Management Committee may have in force on the project at any particular time.

(5) Each owner shall be required to notify the Management Committee of all improvements made by the owner to his unit, the value of which is in excess of \$1,000.00.

(6) Any owner who obtains individual insurance policies covering any portion of the project other than personal property belonging to such owner, shall be required to file a copy of the individual policy or policies with the Management Committee within thirty (30) days after purchase of such insurance.

(7) The Management Committee shall be required to make every effort to secure insurance policies that will provide for the following:

(a) A waiver of subrogation by the insurer as to

any claims against the Management Committee, the Manager, the owners and their respective servants, agents, and guests.

(b) That the master policy on the project cannot be cancelled, invalidated or suspended on account of the conduct of any one or more individual owners.

(c) That the master policy of the project cannot be cancelled, invalidated or suspended because of the conduct of any officer or employee of the Management Committee or Manager without prior demand in writing that the Management Committee or Manager cure the defect.

(d) That any "No other insurance" clause in the master policy exclude individual owners' policies from consideration.

(8) The annual insurance review which the Management Committee is required to conduct as provided above shall include an appraisal of the improvements in the project by a representative of the insurance carrier writing the master policy.

38. Taxes: It is acknowledged that under the Condominium Ownership Act, each of said units' percentage of the undivided interest in the common areas and facilities of the project are subject to separate assessment and taxation by each assessing unit and special district for all types of taxes authorized by law, and that as a result thereof no taxes will be assessed or payable against the project as such. Each member will, therefore, pay and discharge any and all taxes which may be assessed against any of said units of which he is the owner, against the percentage of undivided interests in the common areas and facilities of any such unit, and/or against any items of personal property located in or upon any unit of which he is the owner.

39. Payment of Expenses: Each unit owner shall pay the Management Committee his pro rata portion of the cash requirement deemed necessary by the committee to manage and operate THE TOWNES,

a CONDOMINIUM PROJECT, and the recreational areas and facilities, if any, upon the terms, at the times, and in the manner herein provided without any deduction because of any set-offs or claims which the owner may have against management, and if the owner shall fail to pay any installment within one (1) month from the time when the same becomes due, the owner shall pay interest thereon at the rate of 1.5% per month from the date when such installment shall become due to the date of the payment thereof.

The cash requirements above referred to for each year, or portion of the year, are hereby defined, and shall be deemed to be such aggregate sum as the management committee from time to time shall determine, in its judgment, is to be paid by all the owners of THE TOWNES, then in existence to enable the committee to pay all estimated expenses and outlays of the committee to the close of such year, growing out of or in connection with the maintenance and operation of such land and buildings and improvements, and recreational area and facilities, if any, which sum may include, among other things, the cost of management, special assessments, fire, casualty and public liability insurance premiums, common areas and facilities, recreational areas and facilities, if any, garbage collections, utilities, snow removal, wages, water and charges, legal and accounting fees, management fees, expenses and liabilities incurred by the management committee under or by reason of this Declaration, the payment of any deficit remaining from a previous period, the creation of a reasonable contingency or other reserve or surplus fund, as well as all other costs and expenses relating to THE TOWNES. The management committee may, from time to time, up to the close of the year for which such cash requirements have been so filed or determined, increase or diminish the amount previously fixed or determined for such year. The Committee may include in the cash requirements for any year any liabilities or items of expense which accrued or became payable in the previous year, or which might have been included in the

cash requirements for a previous year but were not included therein; and also any sums which the management committee may deem necessary or prudent to provide a reserve against liabilities or expenses then accrued or thereafter to accrue although not payable in that year.

The pro rata portion payable by the owner in and for each year or portion of year shall be a sum within the limits and on the conditions hereinabove provided, bearing to the aggregate amount of such cash requirements for such year or portion of year, determined as aforesaid, the same ratio as the owner owns an undivided interest in the common areas and facilities, and such assessments, together with any additional sums accruing under this Declaration shall be payable monthly in advance, or in such payments and installments as shall be required by the management committee, and at such times as shall be provided by the management committee.

The management committee shall have discretionary powers to prescribe the manner of maintaining the operation of THE TOWNES and to determine the cash requirements of the management committee to be paid as aforesaid by the owners under this Declaration. Every such reasonable determination by the committee, within the bounds of the Condominium Ownership Act, and this Declaration, shall be final and conclusive as to the owners, and any expenditures made by the committee within the bounds of the Condominium Ownership Act, and this Declaration, shall be, as against the owner, deemed necessary and properly made for such purpose.

If the owner shall at any time let or sublet the unit and shall default for a period of one (1) month in payment of any management assessments, the management committee may, at its option, so long as such default shall continue, demand and receive from any tenant or subtenant of the owner occupying the unit, the rent due or becoming due. Such payment of rent to the committee shall be sufficient payment and discharge of such tenant or subtenant as between such tenant or subtenant and the owner to

the extent of the amount so paid.

Each monthly assessment and each special assessment shall be separate, distinct and personal debts, and obligations of the owner against whom the same are assessed at the time the assessment is made, and shall be collectible as such. Suit to recover a money judgment for unpaid common expenses shall be maintainable without foreclosing or waiving the lien securing the same. The amount of any assessment, whether regular or special, assessed to the owner of any condominium plus interest at 1.5% per month and costs, including reasonable attorney's fees, shall become a lien upon such unit upon recordation of notice of easement as provided in Section 57-8-20 of the Utah Condominium Act. The said lien for nonpayment of common expenses shall have priority over all other liens and encumbrances, recorded or unrecorded, except only the following:

- (1) Tax and special assessment liens on the unit in favor of any assessment unit, and special district, and
- (2) Encumbrances on the owner's condominium (unit and common areas) recorded prior to the date such notice is recorded which by law would be a lien prior to subsequently recorded encumbrances.

A certificate executed and acknowledged by a majority of the management committee stating the indebtedness secured by the lien upon any condominium created hereunder, shall be conclusive upon the management committee and the owners as to the amount of such indebtedness on the date of the certificate, in favor of all persons who rely thereon in good faith, and such certificate shall be furnished to any owner or any encumbrancer or prospective encumbrancers of a condominium upon request at a reasonable fee, not to exceed Ten Dollars (\$10.00). Unless the request for a certificate of indebtedness shall be complied with within ten (10) days, all unpaid common expenses which become due prior to the

date of making of such request shall be subordinate to the lien held by the person making the request. Any encumbrancer holding a lien on the condominium may pay any unpaid common expenses payable with respect to such condominium and upon such payment such encumbrancer shall have a lien on such condominium for the amounts paid of the same ranks as the lien of his encumbrancer.

Upon payment of a delinquent assessment concerning which such a certificate has been so recorded, or other satisfaction thereof the management committee shall cause to be recorded in the same manner as the certificate of indebtedness a further certificate stating the satisfaction and the release of the lien thereof. Such lien for nonpayment of assessment may be enforced by sale by the management committee or by a bank or trust company or title insurance company authorized by the management committee, such sale to be conducted in accordance with the provisions of law applicable to the exercise of powers of sale or foreclosure in deeds of trust or mortgages or in any manner permitted by law. In any foreclosure or sale, the owner shall be required to pay the costs and expenses of such proceedings and reasonable attorney's fees.

In case of foreclosure, the owner shall be required to pay a reasonable rental for the condominium and the plaintiff in the foreclosure action shall be entitled to the appointment of a receiver to collect the rental without regard to the value of the mortgage security. The management committee or manager shall have the power to bid in the condominium at foreclosure or other sale and to hold, lease, mortgage and convey the condominium.

40. Mortgage Protection: Notwithstanding all other provisions hereof:

(a) The liens created hereunder upon any condominium 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 with first priority over other mortgages) upon such interest made in good faith and for value, provided that after the foreclosure of any such mortgage there may be a lien created pursuant to Paragraph 39 hereof on 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 affect and be enforced in the same manner as provided herein;

(b) No amendment to the paragraph shall affect the rights of the holder of any such mortgage recorded prior to recordation of such amendment who does not join in the execution thereof;

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

41. Interpretation: The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development and operation of a condominium project. Failure to enforce any provision hereof shall not constitute a waiver of the right to enforce said provision or any other provisions hereof.

42. Severability: The provisions hereof shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any one provision or portion thereof shall not affect the validity or enforceability of any other provision hereof.

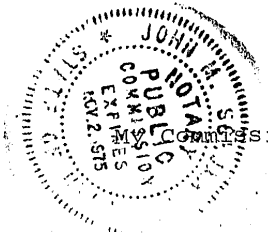
43. Effective Date: This Declaration shall take effect upon recording.

PARTNERSHIP NO. ONE

BY David H. Barber

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

On the 26th day of October, 1972, personally appeared before me David H. Barber, who acknowledged to me that he is one of the partners of PARTNERSHIP NO. ONE, and the said instrument was signed on behalf of said partnership and that said partnership executed the same.




NOTARY PUBLIC
Residing At: Salt Lake City, Utah

My Commission Expires: 11/02/75