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DECLARATION OF CONDOMINIUM

OF

LAKECREST ESTATES CONDOMINIUMS

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THIS DECLARATION is made as of the date hereinafter set forth by B. Paul Ferguson, Developer of LAKECREST ESTATES (hereinafter referred to as the "Declarant"), pursuant to the provisions of the Utah Condominium Ownership Act.

RECITALS:

A. Declarant is the owner of that certain tract of land, more particularly described in Article II hereof.

B. Declarant has constructed, or is in the process of constructing, upon said tract a Condominium Project, including certain 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 Map filed for record simultaneously herewith, prepared and certified by B. Paul Ferguson, Developer & owner of subject property.

C. Declarant desires, by filing this Declaration and the Record of Survey Map, to submit said tract and all improvements now or hereafter constructed hereon to the provisions of the Utah Condominium Ownership Act as a Condominium Project to be known as the LAKECREST ESTATES.

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.

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 in the Bylaws attached hereto as Exhibit "C") the terms used 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. Declaration shall mean and refer to this Declaration. This Declaration has been drafted to comply with the requirements of the Utah Condominium Ownership Act, Section 57, Chapter 8, Utah Code Annotated 1953. Any ambiguities, omissions, and/or conflicts shall be construed to comply with the provisions of said Act.

3. Map shall mean and refer to the Record of Survey Map filed herewith captioned LAKECREST ESTATES CONDOMINIUMS.

4. Property shall mean and refer to the Tract or Entire Tract described in Exhibit "B", 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.

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1 5. Common Areas or the Common Areas and Facilities shall mean
2 and refer to and include:
3 (a) The land on which the buildings and other improvements
4 are constructed and submitted by this Declaration to the terms of the Act.
5 (b) Those Common Areas and Facilities specifically set
6 forth and designated as such in the Map.
7 (c) That part of the Condominium Project not specifically
8 included in the respective Units as hereinafter defined.
9 (d) All Limited Common Areas and Facilities.
10 (e) All exterior walkways, streets, yards, gardens, fences,
11 open parking spaces, installation of central services such as power, light,
12 gas, all apparatus and installations existing for common use, such
13 recreational and community facilities as may be provided for.
14 (f) All other parts of the Project normally in common use
15 or necessary or convenient to its use, existence, maintenance, safety or
16 management.
17 (g) All Common Areas and Facilities as defined in the Act,
18 whether or not expressly listed herein.
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20 6. Condominium Unit or Units means and refers to one of the
21 living units intended for independent use as defined in the Act located
22 within any one Unit or located without said Unit but designated and designed
23 to serve only that Unit, such as appliances, electrical receptacles and
24 outlets, air conditioning compressors and other air conditioning apparatus,
25 fixtures and the like, shall be considered part of the Unit, as shall all
26 decorated interiors, all surfaces of interior structural walls, floors and
27 ceilings, windows and window frames, doors and door frames, and trim,
28 consisting of, inter alia and as appropriate, wallpaper, paint, flooring,
29 carpeting and tile. All pipes, wires, conduits, or other public utility
30 lines or installation constituting a part of the Unit or serving only the
31 Unit, and any structural members of any other property of any kind,
32 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.

7. 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.

8. 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.

9. 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 the Act, this Declaration, the Bylaws,
such rules, regulations and other determinations and agreements pertaining
to the Condominium Project as the Management Committee, the Unit Owners,
or the Association as hereinafter mentioned, may from time to time adopt.

10. Mortgage shall mean any mortgage, Deed of Trust, or other
security instrument by which a Unit or any part thereof is encumbered.

11. Mortgagee shall mean any person named as a Mortgagee or
beneficiary under or holder of a Deed of Trust.

12. 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 certain Unit or Units to the exclusion of
other Units. Limited Common Areas include driveways extending from the
streets to the garages.

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1 13. Unit Number shall mean and refer to the number, letter or
2 combination thereof which designates a Unit in the attached Exhibit "A"
and on the Map.

3 14. Unit Owner or Owner shall mean and refer to the Owner of
4 the Fee in a Unit and the Ownership of Undivided Interest in the Common
5 Areas which is appurtenant thereto. The Declarant shall be deemed to
6 be the Owners of all completed but unsold Units. In the event a Unit is
the subject of an executory 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.

7 15. The Tract or Entire Tract shall mean and refer to the
8 following described tract of land situated in Utah County, State of Utah,
together with all appurtenances thereto.

9 (See Exhibit "B" for Property Description)

10 This Tract constitutes the entire Condominium Project.

11 16. Condominium Project or Project shall mean and refer to the
12 LAKECREST ESTATES Condominium Project.

13 17. Management Body shall mean and refer to the person(s) who
14 execute the Declaration or on whose behalf the Declaration is executed.

15 ARTICLE II

16 SUBMISSION TO THE ACT

17 Declarant hereby submits to the Provisions of the Act the
18 following described real property situated in Utah County, State of Utah,
to wit:

19 (See Exhibit "B" for Property Description)

20 ARTICLE III

21 COVENANTS, CONDITIONS AND RESTRICTIONS

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

24 1. Description of Improvements. The improvements included
25 in the Project are now or will be located on the Tract above described,
26 and all of such improvements are described on the Map. The Map indicates
the number of Units which are to be contained in the buildings which
comprise a part of such improvements, the dimensions of the Units, and
other significant facts relating to such buildings and Common Areas.

27 The improvements consist of 6 buildings all one story with 30
28 units in total. The construction will consist of slump block and aluminum
siding. The common areas will consist of streets, sidewalks and landscaped
29 area throughout the project. There will be two-car garages attached to
each unit. The value of each unit should be in excess of \$72,000. There
30 are two types of units: A is a 1256 square feet 2 bedroom, 1½ bath. B is
a 1052 square feet, 2 bedroom, 1½ bath. Each has a full basement.

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1 2. Description and Legal Status of Units. The Map shows the
2 Unit Number of each Unit, its location, dimensions, from which its areas
3 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 letter and number.

4 3. Exhibit "A" Contents. Exhibit "A" attached to this
5 Declaration and made a part hereto furnishes the following information
6 with respect to each: (a) Unit-building designation; (b) par value of each
Unit based on points; and (c) its appurtenant Undivided Ownership Interest
in the Common Areas.

7 4. Common and Limited Common Areas. The Common Areas contained
8 in the Project are described and identified in Article I hereof and in the
9 Map. Neither the Ownership of Undivided Interest in the Common Areas nor
10 the right of exclusive use of a Limited Common Area shall be separated from
the Unit to which it appertains, and even though not specifically mentioned
11 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.

12 5. Determination of Interest in Common Areas. The proportionate
13 share of the Unit Owners in the Common Areas of the Project is based on the
14 par value that each of the Units bear to the total value of all the Units.
The proportionate ownership of the Common Areas shall be for all purposes,
including but not limited to, voting and assessment for Common Expenses.
The maximum interest for each of the Unit Owners in the Common Areas shall
be set forth in the aforesaid Exhibit "A".

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

18 7. No Separation. No part of a Unit or of the legal rights
19 comprising ownership of a Unit may be separated from any other part thereof
20 during the period of Condominium Ownership described herein, so that each
Unit, the Undivided Interest in the Common Areas appurtenant to such Unit,
21 and the exclusive right to use and occupy the Limited Common Areas
appurtenant to each Unit, shall always be conveyed, devised, encumbered,
22 and otherwise effect only together and may never be separated from one
another. Every gift, devise, bequest, transfer, encumbrance or other
23 disposition of a Unit or any part thereof, shall constitute a gift, devise,
bequest, transfer, encumbrance, or conveyance, respectively, of the entire
Unit, together with all appurtenant rights created by law or by this
Declaration.

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

26 9. Use of Common Areas and Limited Common Areas. Subject
27 to the limitations contained in the Declaration, any Unit Owner shall
28 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.

29 10. Unit Maintenance. Each Owner shall at his own cost and
30 expense maintain, repair, paint, re-paint, tile, wax, paper or otherwise
31 refinish and decorate the interior walls and trim the interior surfaces
of the walls, ceilings, floors, and windows and doors forming the boundaries
32 of his Unit and all walls, ceilings, floors, windows and doors within such
boundaries. In addition to decorating and keeping the interior of his
Unit in good repair and in a clean and sanitary condition, he shall be
responsible for the maintenance, repair or replacement of any plumbing
fixtures, water heater, heating equipment, air conditioner, lighting
fixtures, refrigerator, dishwasher, disposal equipment, range, or other
appliances or fixtures that may be in, or connected with his Unit.

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

3 12. Easement for Encroachment. If any part of the Common Areas
4 encroaches or shall hereafter encroach upon a Unit or Units, an easement
5 for such encroachment and for the maintenance for the same, shall and does
6 exist. If any part of a Unit encroaches or shall hereafter encroach upon
7 the Common Areas, or upon an adjoining Unit or Units, an easement for such
8 encroachment and for maintenance shall and does exist. Such encroachment
9 shall not be considered to be encumbrances either in the Common Areas or
the Units. Encroachment 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.

10 13. Access for Repair of Common Areas. Some of the Common Areas
11 are or may be located within the Units or may be conveniently accessible
12 only through the Units. The Owners of the other Units shall have the
13 irrevocable rights, to be exercised by the Committee as their agent, to
14 have access to each Unit and to all Common Areas from time to time during
15 such reasonable hours as may be necessary for the maintenance, repair or
16 replacement of any of the Common Areas located therein or accessible there-
17 from or for making emergency repairs therein necessary to prevent damage
18 to the Common Areas of another Unit or Units. The Committee shall also
19 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, 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
of Covenants, Conditions and Restrictions concerning the LAKECREST ESTATES
Condominium Project above referred to.

20 14. Right of Ingress, Egress, Lateral Support. Each Owner
21 shall have the right to ingress and egress over, upon and across the Common
22 Areas necessary for access to his Unit, and to the Limited Common Area
23 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.

24 15. Easement to Management Committee. The Management Committee
25 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.

26 16. Easement for Utility Services. There is hereby created a
27 blanket easement upon, across, over and under the Tract above described in
28 Article II for ingress, egress, installation, replacing, repairing and
maintaining all utilities, including but not limited to, water, sewers,
gas, telephones, electricity, and other utility services.

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

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Unit _____ shown in the Record of Survey
Map for _____ Condominiums
appearing in the Records of the County
of _____, in Book _____ Page _____ of Plats,
and as defined and described in the
Declaration of Condominium, appearing
in such Records in Book _____ Page _____
of Records. This conveyance is subject
to the provisions of the aforesaid
Declaration of _____ Condominiums.

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. Status and General Authority of Committee.

(a) Except as hereinafter provided, the Condominium Project
shall be managed, operated, and maintained by the Management Committee as
agent for the Unit Owners. The Committee shall, in connection with its
exercise of any of the powers hereinafter provided, constitute a legal
entity capable of dealing in the Committee's name. The Management Committee
shall have, and is hereby granted, the following authority and powers:

(1) The authority with the consent of the Unit Owners
or of any other person(s) to grant or create on such terms as it deems
advisable, utility and similar easements over, under, across, and through
the Common Areas.

(2) The authority to execute and record, on behalf of
all Unit Owners, any amendments to the Declaration or the Map which has been
approved by the vote or consent necessary to authorize such amendment.

(3) The power to sue and be sued.

(4) The authority to enter into contract relating to
the Common Areas and other matters over which it has jurisdiction, so long
as any vote or consent of the Unit Owners necessitated by the subject matter
of the agreement has been obtained.

(5) The power and authority to convey or transfer any
interest in real property, so long as the vote or consent necessary under
the circumstances have been obtained.

(6) The power and authority to purchase, or otherwise
acquire, and accept title to, any interest in real property so long as such
action has been authorized by any vote or consent which is necessary under
the circumstances.

(7) The power and authority to add any interest in real
property obtained pursuant to Subparagraph 6 above to the Project, so long
as such action has been authorized by the necessary vote or consent.

(8) The authority to promulgate such reasonable rules,
regulations, and procedures as may be necessary or desirable to aid the
Committee in carrying out its function or to insure that the Project is
maintained and used in a manner consistent with the interests of the Unit
Owners.

1 (9) The Power and authority to perform any other acts
2 and to enter into any other transactions, subject to the rights of the Home
3 Owners Association, which may be reasonably necessary for the Management
4 Committee to perform its functions as agent for the Unit Owners. Any
5 instrument executed by the Management Committee relating to the Common Areas
6 of the Project that recites facts which, if true, would establish the
7 Committee's power and authority to accomplish through such instrument what
8 is purported to be accomplished thereby, shall conclusively establish said
9 power and authority in favor of any person who in good faith and for value
10 relies upon said instrument.

11 (b) Composition of Committee, Election, Vacancy.

12 The Management Committee shall be composed of seven (7) members,
13 with three (3) Committee members elected for one year term; three (3)
14 members for two year term, and one member for three year term. Members shall
15 serve on the Committee until their successors are elected. Only Unit
16 Owners or spouses of Unit Owners and officers, directors, agents and
17 employees of Owners other than individuals shall be eligible for Committee
18 Membership. At the annual meeting each Unit Owner may vote his percentage
19 of Undivided Ownership Interest in favor of as many candidate or Committee
20 Memberships as there are seats on the Committee to be filled; provided,
21 however, that until the happening of two events, namely either title to
22 Units representing seventy-five percent (75%) of the votes of Unit Owners
23 shall have been conveyed by Declarants to the purchasers thereof, or the
24 expiration of five (5) years after the first conveyance of title to any Unit
25 purchase, whichever shall first occur, the Declarants alone shall have the
26 right (the Right) to select the Management Committee or act as the
27 Management Committee themselves. However, Declarants may waive the Right
28 at any time prior to the occurrence of either or both of the aforesaid events
29 by (i) notifying Unit Owners in writing of such waiver of the Right, and
30 (ii) filing for record in the Office of the Utah County Recorder a written
31 notice of waiver of the Right, whereupon Unit Owners shall promptly hold a
32 meeting to elect a new Management Committee, it being established hereby
that the control of the Unit Owners in the Management Committee shall
automatically vest thirty (30) days following the date such waiver is
recorded by Declarants. In the event a Committee seat which was filled by a
Declarant becomes vacant, Declarants have the right to select a replacement
member to sit on the Committee for the balance of the term associated with
the vacated seat. In all other cases of vacancy the remaining Committee
members shall elect a replacement to sit on the Committee until the expiration
of the term for which the member being replaced was elected.

23 (c) Rights and Duties. The Management Committee, subject
24 to the rights and duties of the Association, this Declaration, and By-Laws
25 regarding Project maintenance as provided herein shall be responsible for
26 the general management of the Project. It is understood that the Committee
27 has the obligation to maintain the Common Areas of LAKECREST ESTATES
28 Condominiums. However, and notwithstanding anything contained herein to
29 the contrary, in the event of the failure or refusal of the Committee to
30 maintain all the Common Areas of this Project as contemplated in this
31 Declaration, then the Association shall maintain the same.

28 (d) Right of Delegation to Manager. The Management Committee
29 may carry out any of its functions which are capable of delegation through
30 a manager. The Manager so engaged shall be responsible for managing the
31 Common Areas and shall, to the extent permitted by law and the terms of the
32 agreement with the Management Committee, be authorized to perform any of
the functions or acts required or permitted to be performed by the Management
Committee itself.

1 (e) Payment of Services, Etc. The Management Committee may
2 obtain and pay for the services of any person or entity to manage its
3 affairs, or any part thereof, to the extent it deems advisable, as well as
4 such other personnel as the Management Committee shall determine to be
5 necessary or desirable for the proper operation of its function in the
6 Project, whether such Committee or by any person or entity with whom it
contracts. The Management Committee may obtain and pay for the operation
of the Project or the enforcement of this Declaration. It is recognized
that the Committee may arrange with other persons to furnish snow removal,
ground maintenance and other common services to the Project whether such
personnel are furnished or employed directly by the Management Committee.

7 (f) Personal Property Ownership and Use. The Management
8 Committee may acquire and hold for the use and the benefit of all of the
9 Owners tangible and intangible personal property and may dispose of the
10 same by sale or otherwise, and the beneficial interest in any such property
11 shall be deemed to be owned by the Owners in the same proportion as their
12 respective interests in the Common Areas. Such interest shall not be
13 transferable except with the transfer of a Unit. A transfer of a Unit
14 shall transfer to the transferee ownership of the transferor's beneficial
interest in such property without any reference thereto, and such beneficial
interest may in no event be reserved, by the transferor of a Unit. Each
Owner may use such property in accordance with the purpose for which it is
intended, without hindering or encroaching upon the lawful rights of other
Owners. The transfer of title to a Unit under foreclosure shall entitle
the purchaser to the interest in such personal property associated with
the foreclosure.

15 (g) Rules and Regulations. The Management Committee may
16 make reasonable rules and regulations governing the operation and use of
17 the Common Areas and of other matters over which it has jurisdiction, which
18 rules and regulations shall be consistent with the rights and duties
19 established in this Declaration and Bylaws. The Management Committee may
20 suspend any Owner's voting rights at the meeting of Unit Owners during any
21 period or such periods during which such Owner fails to comply with such
rules and regulations, or with any other obligations of such Owners under
this Declaration. The Management Committee may also take judicial action
against any Owner to enforce compliance with such rules and regulations or
other obligations or to obtain damages for noncompliance, all to the extent
provided by law.

22 (h) Capital Improvements. There shall be no structural
23 alterations, capital additions to, or capital improvements of the Common
Areas requiring expenditure in excess of \$3,000.00 without the prior
approval of the Unit Owners holding a majority of the voting power.

24 (i) The Management Committee may exercise any other right
25 or privilege given to it expressly by this Declaration or by law and every
26 other right or privilege reasonably to be implied from the existence of
any right or privilege given to it herein or reasonably necessary to
effectuate any such right or privilege.

27 19. LAKECREST ESTATES CONDOMINIUM ASSOCIATION. The conveyance
28 of each Unit and its proportionate share of the Common Areas shall be
29 subject to the covenants, conditions, restrictions, easements, charges, and
30 liens as contained in the LAKECREST ESTATES Condominium Declaration and
any supplements or amendments thereto recorded in the office of the
County Recorder of Utah County, Utah, prior to the conveyance of any Unit.
31 The LAKECREST ESTATES Condominium Declaration provides, inter alia, that
32 all Unit Owners in the LAKECREST ESTATES Condominium shall, upon becoming
same, automatically become members of the LAKECREST ESTATES CONDOMINIUM
ASSOCIATION which shall elect the Management Committee to maintain and
administer certain facilities, maintain Common Areas in the Project, and

1 enforce the covenants and restrictions imposed in this Declaration and to
2 collect and disburse the assessments and charges created herein. The
3 LAKECREST ESTATES CONDOMINIUM ASSOCIATION has been established for the
4 benefit of the Units Owners of the LAKECREST ESTATES Condominium Project.

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20. Assessments

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

(b) Basis of Assessments. The total annual assessments against all Units shall be based upon advance estimates of cash requirements by the Management Committee to provide for the payment of all estimated expenses growing out of or connected with the maintenance and operation of the Common Areas and/or the Common Properties which estimates may include among other things, expenses of management, taxes and special assessments levied by governmental authorities until the Units are separately assessed as provided herein; premiums for all insurance which the Management Committee is required or permitted to maintain pursuant hereto; common lighting, water, repair and maintenance of the Common Areas, wages for employees of the Committee, legal and accounting fees, any deficit remaining from a previous period, creation of a reasonable contingency reserve, surplus and/or sinking fund, any other expenses and liabilities which may be incurred by the Committee for the benefit of the Owners or by reason of this Declaration.

(c) Apportionment of Expenses. Expenses attributable to the Common Areas and to the Project as a whole shall be apportioned among all Units in proportion to their respective Undivided Interest in the Common Areas assessable by the Management Committee provided, however, that for this purpose Declarant shall be deemed to own only the Undivided Interest in the Common Areas based upon Units which have been completed but not conveyed by Declarant.

(d) Method, Payment of Assessments, Etc. Annual assessments shall be made on a calendar year basis. The Committee shall give written notice to each Owner as to the amount of the annual assessment with respect to his Unit not less than thirty (30) days nor more than sixty (60) days prior to the beginning of the next calendar year, provided, however, that the first annual assessment shall be for the balance of the calendar year remaining after the day fixed by the Committee as the date of commencement of the assessment. Each annual assessment shall be due and bear interest at the rate of twelve (12) percent (12%) per annum from the date it becomes due and payable if not paid within thirty (30) days after such date. Such monthly assessment becomes payable upon the date the Unit Owner purchases his Unit, whether by conveyance of title or entering into a contract of sale and purchase, and thereafter each monthly payment shall be due and payable on the first day of each and every month in advance.

(e) Special Assessments. In addition to the annual assessments authorized hereunder, the Management Committee may levy in any assessment year special assessments, subject to the provisions of Paragraph 18(h) above, payable over such period as the Management Committee may determine, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of the Common Areas of the Project or any other part thereof, or for any other expenses incurred or to be incurred as provided in this Declaration. This paragraph shall not be construed as an independent source of authority for the Management Committee to incur expenses, but shall be construed to

1 prescribe the manner of assessing for expenses authorized by other
2 paragraphs hereof. Any amount assessed pursuant thereto shall be assessed
3 to Owners in proportion to their respective Undivided Interest in the Common
4 Areas. Declarant's interest in the Common Areas shall be determined on the
5 same basis set forth in Subparagraph (c) above. Notice in writing of the
6 amount of such special assessment and the time for payment thereof shall
7 be given promptly to the Owners, and no payment shall be due less than
8 thirty (30) days after such notice shall have been given. A special
9 assessment shall bear interest at the rate of twelve percent (12%) per annum
10 from the date it becomes due and payable if not paid within thirty (30) days
11 after such dates.

12 (f) Liens for Unpaid Assessments. All sums assessed to
13 any Unit pursuant to this section, together with interest thereon as
14 provided herein, shall be secured by a lien on such Unit in favor of the
15 Management Committee. Such lien shall be superior to all other liens and
16 encumbrances on such Unit, except only for:

17 (1) governmental assessment authority; and

18 (2) encumbrances on the interest of the Unit Owner
19 recorded prior to the date notice of the lien provided for herein is recorded,
20 which by law would be a lien prior to subsequently recorded encumbrances.

21 All other lienors acquiring liens on any Unit after this
22 Declaration shall have been recorded shall be deemed to consent that such
23 liens shall be inferior to future liens for assessments, as provided herein,
24 whether or not such consent be specifically set forth in the instrument
25 creating such liens.

26 To evidence a lien for sums assessed pursuant to this
27 Section, the Management Committee may prepare a written notice of lien
28 setting forth the amount of the assessment, the due date, the amount
29 remaining unpaid, the name of the Owner of the Unit, and a description of
30 the Unit. Such notice shall be signed by the Management Committee and may
31 be recorded in the Office of the County Recorder of Utah County, Utah. No
32 notice of lien shall be recorded until there is a delinquency in payment
of the assessment. Such lien may be enforced by foreclosure by the
Management Committee in the same manner in which mortgage or trust deed on
real property may be foreclosed in Utah. In any such foreclosure, the
Owner shall be required to pay the cost and expenses of such proceeding,
the cost and expenses of filing the notice of lien, and all reasonable
attorney's fees. All such costs, expenses and fees shall be secured by
the lien being foreclosed. The lien shall also secure, and the Owner shall
also be required to pay to Management Committee any assessments against the
Unit which shall become due during the period of foreclosure. The Manage-
ment Committee shall have the right and the power to bid an amount equal to
its then existing lien at the foreclosure sale or other legal sale to
acquire, hold, convey, lease, rent, encumber, use and otherwise deal with
the same as the Owner thereof.

A release of notice of lien shall be executed by the
Management Committee and recorded in the Office of the County Recorder of
Utah County, Utah, upon payment of all sums and secured by a lien which has
been made the subject of a recorded notice of lien.

Any encumbrancer holding a lien on a Unit may pay, but
shall not be required to pay, any amounts secured by the lien created by
this Section, and upon such payments such encumbrancer shall be subrogated
to all rights of the Management Committee with respect to such lien,
including priority.

1 The Management Committee shall report to any encumbrancer
2 of a Unit any unpaid assessments remaining unpaid for longer than thirty (30)
3 days after the same shall have become due; provided, however, that such
4 encumbrancer first shall have furnished to the Management Committee written
5 notice of such encumbrance.

6 (g) Personal Obligation Assessments. The amount of any annual
7 or special assessment against any Unit shall be the personal obligation
8 of the Owner thereof to the Management Committee. Suit to recover a money
9 judgment for such personal obligation shall be maintainable by the Manage-
10 ment Committee without foreclosing or waiving the lien securing the same.
11 No Owner may avoid or diminish any personal obligation by waiver of the use
12 and enjoyment of any of the Common Areas or by abandonment of his Unit.

13 (h) Information Concerning Unpaid Assessments. Upon payments
14 of a reasonable fee not to exceed Ten Dollars (\$10.00) and upon written
15 request of any Owner of mortgagee, prospective mortgagee or prospective
16 purchaser of a Unit, the Management Committee shall issue a written statement
17 setting forth the amount of the unpaid assessments, if any, with respect
18 to such Unit; the amount of the current yearly assessment and the portion
19 thereof which has theretofore been paid; credit for advance payments of
20 prepaid items, including but not limited to, an Owner's share of prepaid
21 insurance premiums, and such statement shall be conclusive upon such
22 Management Committee in favor of persons who rely thereon in good faith.
23 Unless such request for a statement of account shall be complied with
24 within ten (10) days, all unpaid assessments which became due prior to
25 the lien of the mortgagee which become due prior to the date of making
26 such request shall be subordinate to the lien of the mortgagee which
27 acquired its interest subsequent to requesting such statement. Where a
28 prospective purchaser makes such request, both the lien for such unpaid
29 assessments and the personal obligation of the purchaser shall be released
30 automatically if the statement is not furnished within the ten (10) day
31 period provided herein and thereafter an additional written request is
32 made by such purchaser and is not complied with within ten (10) days, and
the purchaser subsequently acquires the Unit.

 (i) Purchaser's Obligation. Subject to the provisions of
Subparagraph (h), a purchaser of a Unit shall be jointly and severally
liable with the seller for all unpaid assessments against the Unit up
to the time of the grant or conveyance, without prejudice to the
purchaser's right to recover from the seller the amount paid by the
purchaser for such assessments.

 (j) Collection by the Committee. It is recognized that the
Committee under this Declaration will maintain the Common Areas of the Project
except as otherwise contained therein. It is further recognized that the
Management Committee of the Project is authorized to levy assessments
for the purposes of performing functions it is authorized to perform within
the Project. With respect to the Units in the Project, the Management
Committee shall be authorized to collect from the Unit Owners and enforce
liability for the payment of assessments levied pursuant to this
Declaration.

21. Use of Condominium.

 (a) Single Family Housing Use. Each of the Units in the Project
is intended to be used for single family residential housing and is
restricted to such use.

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

11 (c) Miscellaneous Restrictions. Nothing shall be done or
12 kept in any Unit or in the Common Areas or any part thereof which would
13 result in the cancellation of the insurance of the Project or any part thereof
14 or increase of the rate of the insurance on the project or any part thereof
15 over what the Management Committee, but for such activity, would pay,
16 without the prior written consent of the Management Committee. Nothing
17 shall be done or kept in any Unit or in the Common Areas or any part
18 thereof which would be a violation of any statute, rule, ordinance, regulation,
19 permit or other validly imposed requirements of any governmental body.
20 No damage to, or waste of, the Common Areas or any part thereof shall be
21 committed by any Owner or any invitee of any Owner, and each Owner shall
22 indemnify and hold the Management Committee and the other Owners harmless
23 against all loss resulting from any such damage or waste caused by him or
24 his invitees; provided, however, that any invitee of the Declarant shall
25 not under any circumstances be deemed to be an invitee of any other Owner.
26 No noxious, destructive or offensive activity shall be carried on in any
27 Unit or in the Common Areas or any part thereof, nor shall anything be done
28 therein which may be or may become an annoyance or nuisance to any other
29 Owner or to any person at any time lawfully residing in the Project.

30 (d) Animals. No livestock or poultry of any kind shall be
31 raised, bred, or kept in any Unit or in the Common Areas, except that house-
32 hold pets may be kept in Units, subject to strict observances of rules and
regulations adopted by the Management Committee.

1 (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.

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

3 (g) Declarant's Right to Sell Units. Notwithstanding anything
contained herein to the contrary, until the Declarants have completed and
sold all of the Units, neither the Unit Owners who have purchased Units
from the Declarants nor the Management Bodies or either of them, shall
interfere with the completion of the contemplated improvements and sale of
the remaining Units. The Declarants 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, the recreational facilities and the display of signs.

22. Insurance Bond. The Management Committee shall secure or
caused to be secured and maintained at all times the following insurance
and bond coverage.

30 (a) A policy or policies of fire and casualty insurance with
31 extended coverage endorsement, for the full insurable replacement value of
32 the entire Project. Such policy or policies shall be made payable to the
Committee and all persons holding an interest in the Project or any of the
Units, as their interests may appear.

1 (b) An appropriate fidelity bond coverage for any person
2 or entity handling funds of the Management Committee, including, but not
3 limited to, employees of the professional managers, the amount of such
4 coverage to be 150% of the estimated annual operating expenses/reserves
5 of the Project as determined by the Management Committee, unless a greater
6 amount is required by the Mortgagee or its designees.

7 (c) A policy or policies insuring the Committee, the
8 Manager, and the Unit Owners against any liability incident to the ownership,
9 use or operation of the Project or of any Unit which may arise among them-
10 selves, to the public, and to any invitees or tenants of the Project or
11 of the Unit Owners. Limits of liability under such insurance shall not be
12 less than \$300,000.00 for any person injured, \$1,000,000.00 for all persons
13 injured in any one accident, and \$1,000,000.00 for property damage resulting
14 from one occurrence. Such policies shall be issued on a comprehensive
15 liability basis and shall provide a cross liability endorsement pursuant to
16 which the rights of the names insureds as between themselves are not
17 prejudiced.

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

20 (1) In addition to the insurance described above, the
21 Committee shall secure and at all times maintain insurance against such
22 risks as are or hereafter may be customarily insured against in connection
23 with condominium projects similar to the Project in construction, nature
24 and use.

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

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

30 (4) Each policy of insurance obtained by the Committee
31 shall, if possible, provide: A waiver of the insurer's subrogation rights
32 with respect to the Committee, the Manager, the Unit Owners, and their
33 respective servants, agents, and guests; that it cannot be cancelled,
34 suspended, or invalidated due to the conduct of any member, officer, or
35 employee of the Committee or of the Manager without prior written demand
36 that the defect be cured; that any "no other insurance" clause therein
37 shall not apply with respect to insurance held individually by the Unit
38 Owners.

39 (5) Any Unit Owner may obtain additional insurance at
40 his own expense, so long as such additional insurance does not have the
41 effect of decreasing the amount which may realized under any policy
42 maintained by the Committee. Any Unit Owner who individually obtains
43 insurance covering any portion of the Project shall supply the Committee
44 with a copy of his policy within thirty (30) days after he acquires such
45 insurance.

46 (6) Notwithstanding anything herein contained to the
47 contrary, insurance coverages must be in such amounts and meet other
48 requirements of the Federal National Mortgage Association and the Veterans
49 Administration.

50 23. Damage to Project. In the event the damage to or destruction
51 of part or all of the improvements in the Condominium Project, the
52 following procedures shall apply:

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

5 (b) If less than 75 percent or more of the Project's
6 improvements are destroyed or substantially damaged, if proceeds of the
7 insurance maintained by the Committee are not alone sufficient to accomplish
8 repair or reconstruction, restoration shall be carried out and upon approval
9 of at least 50 percent of the affected Unit Owners, all affected Owners
10 shall be assessed for any deficiency on the basis of their respective
11 percentages of Undivided Interest in the Common Areas and Facilities.

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

19 (d) If 75 percent or more of the Project's improvements
20 are destroyed or substantially damaged, if proceeds of the insurance
21 maintained by the Committee are insufficient to accomplish restoration,
22 and if the Unit Owners do not, within 100 days after the destruction or
23 damage and by a vote of at least 75 percent, elect to repair or reconstruct
24 the affected improvements, the Management Committee shall promptly notify
25 the Veterans Administration and obtain approval thereof, and the Management
26 Committee shall promptly record with the Utah County Recorder a notice
27 setting forth such facts. Upon the recording of such notice, the provisions
28 of Subsection (1) through (4) of Section 57-8-31, Utah Code Annotated (1953)
29 shall apply and govern the rights of all parties having an interest in the
30 project or any of the Units.

31 Any reconstruction or repair which is required to be carried
32 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 improvement, shall be made by three (3) MAI appraisers
selected by the Management Committee. The decision of any (2) such
appraisers shall be conclusive.

24. Amendments. Except as provided below, the vote of at least
2/3 of the Undivided Ownership Interest in the Common Areas and Facilities
shall be required to amend this Declaration or the Record of Survey Map.
Any amendment so authorized shall be accomplished through the recordation
of any instrument executed by the Management Committee. In such instrument
the Committee shall certify that the vote required by this Paragraph for
Amendment has occurred.

(a) Until Units representing 75% of the Undivided Ownership
Interest in the Project have been sold, Declarants shall have and are hereby
vested with, the right to amend this Declaration or the Record of Survey
Map. Such right shall obtain without regard to the subject matter of
amendment, so long as the amendment involved is consistent with law.

25. Consent Equivalent to Vote. In those cases in which the
Act or this Declaration required the vote of a stated percentage of the
Project's Undivided Ownership Interest for the authorization of 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.

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26. Service of Process. Service of Process shall be received by B. Paul Ferguson, 63 North 400 West, Orem, Utah 84057, 225-4564. He shall serve as agent for service of process in cases authorized by the Act. The Management Committee shall, however, have 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 Utah County, State of Utah.

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

(a) An adequate reserve fund for replacement of the Common Areas must be established and shall be funded by regular monthly payments rather than by special assessments.

(b) There shall be established a working capital fund for the initial months of operation of the Project equal to a minimum amount of two months estimated Common Area charge for each Unit.

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

(d) Any management agreement for the Project shall be terminable by the Management Committee for cause upon thirty (30) days written notice thereof, and the term of any such agreement shall not exceed one year, renewable by agreement of the parties for successive one year periods.

(e) In the event of 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 damage or destruction. No Unit Owner or other party shall be entitled to priority over such institutional holder with respect to the distribution to such Unit or any insurance proceeds.

(f) If any Unit or portion thereof of the Common Areas or any portion thereof is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, the institutional holder of any first mortgage of a Unit shall be entitled to timely written notice of any such proceeding or proposed acquisition and no Unit Owner 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.

(g) With the exception of a lender in possession of a Unit following a default in a first mortgage, a foreclosure proceeding or any deed or other arrangement in lieu of foreclosure, no Unit Owner shall be permitted to lease his Unit for transient or hotel purposes or for less than thirty (30) days. No Unit Owner may lease less than the entire Unit. Any lease agreement shall provide that the terms of the lease shall be subject in all respects to the provisions of the Declaration and By-Laws 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.

(h) Each holder of a 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, except for claims for a pro-rata share of such assessments or charges resulting from a pro-rata reallocation of such assessments or charges to all Units in the Project, including the mortgaged Unit.

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1 (i) Any holder of the mortgage is entitled to written
2 notification from the Management Committee of any default by the mortgagor
3 of such Unit in the performance of such mortgagor's obligation under the
Declaration which is not cured within thirty (30) days.

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

7 (k) Unless at least 75% of the first mortgagees (based on
8 one vote for each mortgage owned) of Units have given their prior written
approval, neither the Management Committee nor the Association of Unit
Owners shall:

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

12 (2) Change the pro-rata interest on obligations of any
13 Unit for (i) purposes of levying assessments or charges or allocating
distributions of hazard insurance proceeds or condemnation awards and for
14 (ii) determining the pro-rata share of ownership of each Unit in the
appurtenant Common Areas.

15 (3) Partition or subdivide Unit.

16 (4) Make any material amendment to the Declaration or
17 to the By-Laws of the Management Committee, including but not limited to,
any amendment which would change the percentage interest of the Unit
Owners in the Common Area except as provided in Paragraph 24.

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

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

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

26 (l) Mortgage protection, notwithstanding all other provisions
27 hereto: (a) the liens created hereunder upon any Unit shall be subject
and subordinate to and shall not affect the rights of the holder of the
28 indebtedness secured by any recorded first mortgage (meaning a mortgage or
trust deed with first priority over other such mortgages) upon such interest
29 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
30 pursuant to paragraph (h) hereof of the interest of the purchaser at such
foreclosure sale to secure all assessments, whether regular or special,
31 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
32 and be enforced in the same manner as provided herein; (b) no amendment to
this paragraph shall affect the rights of the holder of any such mortgage
recorded prior to the recordation of such amendment that is not joined in
the execution thereof; (c) by subordination agreement executed by a majority
of the Management Committee, the benefits of (a) and (b) may be extended to
mortgages not otherwise entitled thereto.

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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 taxation of each taxing authority and the special district(s) for all 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 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 and the administrative rules and regulations, 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. Indemnification of Management Committee. Each member of the Management Committee shall be indemnified and held harmless by the Unit Owners against all costs, expenses, and liabilities whatsoever (excluding fraudulent and/or criminal actions) including, without limitation, attorney's fees, reasonably incurred by him in connection with any proceeding to which he may become involved by reason of his being or having been a member of said Committee.

(a) Notwithstanding any provision of this Declaration to the contrary, any proceeding, suit or action as may be deemed necessary to recover a money judgment respecting any assessments levied or fixed by the Management Committee shall be maintained on behalf of Association at the instance and suit of the Management Committee. Further, in the event of any conflict between the duties and/or rights of either Management Body appearing to have been created or in fact resulting pursuant to the terms of this Declaration notwithstanding anything to the contrary, the duties and/or rights of the Management Committee shall be considered superior.

(b) Covenants to Run with Land: Compliance. This Declaration and all the provisions hereof shall constitute covenants to run with them; 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, heirs, devisees, personal representatives, successors, and assigns. Each Owner or occupant of a Unit shall comply with, and all interests in all Units shall be subject to, the terms of the Act, the terms of this Declaration, the By-Laws, 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 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 to, and agrees to, be bound by each and every provision of this Declaration.

(c) Waiver. 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; the plural, the singular; and the use of any gender shall include all genders.

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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 word in any other circumstances shall not be affected thereby.

33. Topical Headings. The headings appearing at the beginning of the paragraphs 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 paragraph or provision hereof.

34. Effective Date. This Declaration shall take effect upon recording in the Office of the County Recorder of Utah County, Utah.

35. All amenities (i.e., parking, recreation and service areas) are a part of the Project and are covered by the mortgage at least to the same extent as are the common elements.

Notwithstanding any provisions to the contrary of any paragraph of the DECLARATION OF CONDOMINIUM OF LAKECREST ESTATES or any paragraph of the BY-LAWS OF LAKECREST ESTATES CONDOMINIUM ASSOCIATION, the Management Committee is and shall be the sole and only body that shall have the power to assess the homeowners the fees and costs of management.

IN WITNESS WHEREOF, the undersigned, being the Declarant has caused this instrument to be executed and its seal to be affixed hereto on the 9 day of ~~DECEMBER~~ 1982.


LAKECREST ESTATES CONDOMINIUMS
"Declarant"

By: B. Paul Ferguson
B. Paul Ferguson
By: Colleen Ferguson
Colleen Ferguson

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NOTARIAL VERIFICATION

On this 9th day of Dec., 1982,
personally appearing before me B. Paul Ferguson Robin Al Stokes
who being duly sworn, did say that he is B. Paul Ferguson
, and that the foregoing instrument was
signed by him in his capacity as Owner

Robin A. Stokes
NOTARY PUBLIC


Residing at: Orem, UTAH
My Commission Expires: 6-2-85

EXHIBIT "A"

<u>Unit Number</u>	<u>Par Value</u>	<u>Appurtenant Undivided Interest in Common Areas</u>
1	3.33	.333
2	3.33	.333
3	3.33	.333
4	3.33	.333
5	3.33	.333
6	3.33	.333
7	3.33	.333
8	3.33	.333
9	3.33	.333
10	3.33	.333
11	3.33	.333
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27	3.33	.333
28	3.33	.333
29	3.33	.333
30	<u>3.33</u>	<u>.333</u>
	100.00	100%

EXHIBIT "B"

LEGAL DESCRIPTION OF PROPERTY

Commencing at a point located S 00° 37' 00" E along the 1/4 section line 1881.73 feet and west 44.71 feet from the N 1/4 corner of section 15, township 6 south, range 2 east, Salt Lake base and meridian thence as follows: S 00° 47' 07" E 50.00 feet; thence S 89° 22' 45" W 283.32 feet; Thence S 00° 37' 15" E 352.27 feet; thence S 80° 04' 26" W 448.23 feet; thence N 00° 49' 58" W 358.69 feet; thence N 89° 35' 21" E 11.39 feet; thence N 00° 24' 39" W 50.00 feet, thence N 89° 54' 03" E 438.14 feet; thence N 89° 22' 45" E 283.03 feet to the point to beginning

Area = 4.491 acres

Basis of bearing = S 00 37' 00" E along the 1/4 section line.

EXHIBIT "C"

BYLAWS

OF

THE LAKECREST ESTATES CONDOMINIUM ASSOCIATION

ARTICLE I

PLAN OF OWNERSHIP

Section One: Ownership. The Project located on the Property legally described as:

(See Exhibit "B" for Property Description)

is known as LAKECREST ESTATES and is located in Utah County, State of Utah. Said Property is hereby submitted to the provisions of the Utah Code Annotated 57-8-1 et seq. (1953).

Section Two: Bylaws Applicability. The provisions of these Bylaws are applicable to the Project. (The term therefore "Project" as used herein shall include the land.)

Section Three: Personal Application. All present or future Owners, tenants, future tenants, or their employees, or any other person that might use the facilities of the Project in any manner are subject to the regulations set forth in these Bylaws.

The mere acquisition or rental of any of the family Units of the Project or the mere act of occupancy of any of the family Units will signify that these Bylaws are accepted, ratified, and will be complied with.

ARTICLE II

VOTING, MAJORITY OF OWNERS, QUORUM, PROXIES

Section One: Voting: Voting shall be on a percentage basis and the percentage of the vote to which the Owner is entitled is the percentage assigned to the family Unit or Units in the Declaration.

Section Two: Majority of Owners. As used in these Bylaws the term "majority of Owners" shall mean those Owners holding sixty-six percent (66%) of the votes in accordance with the percentage assigned in the Declaration.

Section Three: Quorum. Except as otherwise provided in these Bylaws, the presence in person or by proxy of a "majority of Owners" as defined in the preceding paragraph of this Article shall constitute a quorum.

Section Four: Proxies. Votes may be cast in person or by Proxy. Proxies must be filed with the Secretary before the appointed time of each meeting.

ARTICLE III

ADMINISTRATION

Section One: Association Responsibilities. The Owners of the Units will constitute the LAKECREST ESTATES Condominium Association, hereinafter referred to as the Association, who will have the responsibility of approving the annual budget and special assessments as presented by the Management Committee as set forth in the Declaration, and electing the Members of the Management Committee who will administer the Project, establish and collect monthly assessments and arrange for the operation, maintenance and management of the Project on behalf of the Association.

1 Section Two: Place of Meeting. Meeting of the Association
2 shall be held at such suitable place convenient to the Owners as may be
designated by the Management Committee.

3 Section Three: Annual Meetings. The first annual meeting of
4 Association shall be held on December 1, 1983. Thereafter, annual meetings
shall be held on the third Thursday of December of each succeeding year.
5 At such meetings there shall be elected by ballot a Management Committee
in accordance with the requirements of Section Five of Article IV of these
6 Bylaws. The Owners may also transact such other business of Association
as may properly come before them.

7 Section Four: Special Meetings. It shall be the duty of the
8 President to call a special meeting of the Owners as directed by resolution
of the Management Committee or on a petition signed by at least thirty-three
9 percent (33%) of the Owners and having been presented to the Secretary,
or at the request of the Federal Housing Commissioner or his duly authorized
10 representative. No business shall be transacted at a special meeting
except as stated in the notice unless by consent of 4/5 of the Owners present,
11 either in person or by proxy.

12 Section Five: Notice of Meetings. It shall be the duty of
the Secretary to mail a notice of each annual or special meeting stating
13 the purpose thereof as well as the time and place of the meeting, to each
Owner of record, at least five (5) but not more than ten (10) days prior
14 to such meeting. The mailing of notice in the manner provided in this
section shall be considered notice served.

15 Section Six: Adjourned Meetings. If any meeting of Owners
16 cannot be organized because a quorum has not attended, the Owners who
are present either in person or by proxy may adjourn the meeting to a time
17 not less than 48 hours from the time the original meeting was called.

18 Section Seven: Order of Business. The order of business at
all Association meetings shall be as follows:

- 19 a. Roll call
- 20 b. Proof of notice of meeting or waiver
of notice
- 21 c. Reading of minutes of preceding meeting
- 22 d. Reports of Officers
- 23 e. Report of Federal Housing Administration
or Veterans Administration Representative,
if present
- 24 f. Report of Committees
- 25 g. Election of Inspectors of Election
- 26 h. Election of Management Committee Members
- 27 i. Unfinished Business
- 28 j. New Business

ARTICLE IV

MANAGEMENT COMMITTEE

29 Section One: Number and Qualifications. Association's affairs
shall be governed by a Management Committee composed of seven (7) Members,
30 all of whom must be Owners of Units in the Project.

31 Section Two: Powers and Duties. The Management Committee shall
have the powers and duties necessary for the administration of Association's
32 affairs and may do all such acts and things as are not by law or by these
Bylaws directed to be exercised and done by the Owners.

 Section Three: Other Duties. In addition to duties imposed by
these Bylaws, or by resolutions of the Association, the Management Committee
shall be responsible for the following:

1 a. Care, upkeep and surveillance of the Project and
2 Common Areas and Facilities.

3 b. Collection of monthly assessments for the Owners.

4 c. Designation and dismissal of the personnel necessary
5 for the maintenance and operation of the Project, the Common Areas and
6 Facilities, and the Limited Common Areas and Facilities.

7 Section Four: Management Agent. The Management Committee may
8 employ for Association a management agent at a compensation established
9 by the Committee to perform such duties and services as the Committee shall
10 authorize, including, but not limited to, the duties listed in Section
11 Three of this Article.

12 Section Five: Election and Term of Office. At the first annual
13 meeting of Association the term of office of three (3) Committee Members
14 shall be fixed for one (1) year. The term of office of three (3) Members
15 shall be fixed at two (2) years, and the term of office of one Member shall
16 be fixed at three (3) years. At the expiration of the initial term of
17 office of each respective Committee Member, his successor shall be elected
18 to serve a term of three (3) years. The Members shall hold office until
19 their successors have been elected and hold their first meeting.

20 Section Six: Vacancies. Vacancies in the Management Committee
21 caused by any reason other than the removal of a Member by a vote of the
22 Association shall be filled by vote of a quorum of the remaining Members
23 of the Committee, and each person so elected shall be a Member until a
24 successor is elected at the next annual meeting of the Association.

25 Section Seven: Removal of Committee Members. At any regular
26 or special meeting duly called, any one or more of the Members may be
27 removed with or without cause by a majority of the Owners, and a successor
28 may then and there be elected to fill the vacancy thus created. Any
29 Committee Member whose removal has been proposed by the Owners shall be
30 given an opportunity to be heard at the meeting.

31 Section Eight: Organization Meeting. The first meeting of the
32 newly elected Management Committee shall be held within ten (10) days of
election at such place as shall be fixed by the Members at the meeting at
which such Committee Members were elected, and no notice shall be necessary
to the newly elected Members in order legally to constitute such meeting,
provided a majority of the whole Committee shall be present.

23 Section Nine: Regular Meetings. Regular meetings of the
24 Management Committee may be held at such time and place as shall be
25 determined from time to time, by a majority of the Members but at least
26 two (2) such meetings shall be held during each fiscal year. Notice of
27 regular meetings of the Management Committee shall be given to each Member,
28 personally or by mail, telephone or telegraph at least three (3) days prior
29 to the day named for such meeting.

30 Section Ten: Special Meetings. Special meetings of the
31 Management Committee may be called by the President on three (3) days
32 notice to each Member, given personally, by mail, telephone or telegraph,
which notice shall state the time, place (as hereinabove provided) and
purpose of the meeting. Special meetings of the Management Committee shall
be called by the President or Secretary in like manner and on like notice
on the written request of at least three (3) Committee Members.

31 Section Eleven: Waiver of Notice. Before or at any meeting of
32 the Management Committee, any Member may, in writing, waive notice of such
meeting and such Waiver shall be deemed equivalent to the giving of such
notice. Attendance by a Member at any meeting of the Committee shall be a
waiver of notice by him of the time and place thereof. If all Committee
Members are present at any meeting of the Committee, no notice shall be
required and any business may be transacted at such meeting.

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ARTICLE VI

OBLIGATION OF OWNERS

Section One: Assessments. All Owners are obligated to pay monthly assessments imposed by the Management Committee to meet all Project communal expenses, which may include a liability insurance policy premium and an insurance premium for a policy to cover repair and reconstruction work in case of hurricane, fire, earthquake or other hazard. The assessments shall be made pro rata according to the value of the Unit owned, as stipulated in the Declaration. Such assessments shall include monthly payments to a general operating reserve and a reserve fund for replacements. Assessments shall be subject to change.

Each Unit Owner shall pay his or her own utility costs which are individually metered in the Project.

Section Two: Maintenance and Repair.

a. Every Owner must perform promptly all maintenance and repair work within his own Unit which, if omitted, would affect the Project in its entirety or in a part belonging to other Owners, being expressly responsible for the damages and liabilities that his failure to do so may engender.

b. All the repairs of internal installations of the Unit, such as water, light, gas, power, sewage, telephones, air conditioning, sanitary installations, doors, windows, lamps and all other accessories belonging to a Unit shall be at the Owner's expense.

c. An Owner shall reimburse the Management Committee for any expenditure incurred in repairing or replacing any Common Area or Facility damaged through his fault and such expenditure shall be added to and become an assessment to which the lot of such Owner is subject.

d. Each Unit Owner is responsible for the interior maintenance of his Unit.

e. Exterior Maintenance. In addition to maintenance upon the Common Areas, the Management Committee shall provide exterior maintenance upon each Unit which is subject to assessment hereunder, as follows: paint, repair, replacement and care of roofs, gutters, downspouts, exterior building surfaces, trees, shrubs, grass, walks, and other exterior improvements. Such exterior maintenance shall not include glass surfaces. In the event that the need for maintenance or repair of a Unit or the improvements thereon is caused through the willful or negligent acts of the family, guests or invitees of the Owner of the Unit needing such maintenance and repair, the cost of such exterior maintenance shall be added to and become a part of the assessment to which such Unit is subject.

Section Three: Use of Individual Units - Internal Changes.

a. All Units shall be utilized for residential purposes only.

b. An Owner shall not make structural modifications or alteration in or to the outside of his Unit or installations located out buildings without previously notifying the Management Committee in writing. The Management Committee shall have the obligation to answer within twenty (20) days, and failure to do so within the stipulated time shall mean that there is no objection to the proposed modification.

Section Four: Use of Common Areas and Facilities.

a. The Common Areas may be scheduled with the Secretary of the Management Committee for use by guests for purposes such as family reunions, etc. All such use by guests must be scheduled with the Secretary.

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1 During times when the Common Areas are not scheduled they are available to
2 Members of the Association on a first come first served basis.

3 b. Owners and guests using the Common Areas are responsible
4 for cleaning up any litter as a result of such use.

5 Section Five: Right of Entry.

6 a. An Owner shall grant the right of entry to the
7 Management Committee or to any other person authorized by the Management
8 Committee in case of emergency originating in or threatening his Unit,
9 whether the Owner is present at the time or not.

10 b. An Owner shall permit other Owners, or their representat-
11 tives, when so required, to enter his Unit for the purpose of installing,
12 altering, or repairing mechanical or electrical services, provided that
13 the requests for such entry are made in advance and that such entry is at
14 a time convenient to the Owner. In case of emergency, such right of entry
15 shall be immediate.

16 Section Six: Rules of Conduct.

17 a. No resident of the Project shall post any advertisements
18 or posters of any kind in or on the Project except as authorized by the
19 Management Committee, in which event any and all such signs shall be
20 displayed in a tasteful manner.

21 b. Residents shall exercise care in making noises or
22 using musical instruments, radios, television, and amplifiers that may
23 disturb other residents. Keeping domestic animals shall be in accordance
24 with municipal sanitary regulations.

25 c. Hanging of garments, rugs and the like from the
26 windows or from any of the facades of the Project is prohibited.

27 d. Dusting and shaking out of rugs and the like from
28 windows, or by beating on the exterior part of the Project is prohibited.

29 e. Throwing of garbage or trash outside of the installations
30 provided for such disposal in the service area is prohibited.

31 f. No Owner, resident, or lessee shall install wiring for
32 electrical or telephone installation, television and antennae, machines,
air conditioning units, or the like, on the exterior of the Project or that
protrude through the walls or the roof of the Project except as authorized
by the Management Committee.

ARTICLE VII

METHOD OF AMENDING BYLAWS

These Bylaws may be amended by the Association in a duly
constituted meeting for such purpose, and no amendment shall take effect
unless approved by Owners representing at least seventy-five percent (75%)
of the total value of all Units in the Project as shown in the Declaration.

ARTICLE VIII

MORTGAGES

Notice to the Management Committee. An Owner who mortgages
his Unit shall notify the Management Committee of the name and address of
his mortgagee, and the Management Committee shall maintain such information
in a book entitled "Mortgage of Unit".

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ARTICLE IX

COMPLIANCE

These Bylaws are set forth to comply with the requirements of the Utah Code Annotated. In case there is any conflict between these Bylaws and the Utah Code Annotated, the provisions of the Utah Code Annotated will supersede and apply.

Adopted and executed by the Declarant as of the date the Declaration is dated.

31630

RECORDED AT THE REQUEST OF

Dream City

1982 DEC 17 PM 1:54

UTAH COUNTY RECORDER
DEPUTY *ba* 11/15/82
PH. *ms*
MFC

Dream, Utah

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