

3339570

DECLARATION OF CONDOMINIUM

FOR

THE ORCHARD OF COUNTRY WOODS

(An Expandable Condominium Project)

118 SP

SECURITY TITLE CO.  
REF: TITLE CO.  
David Booth

SEP 20 10 53 AM '79

KATIE L. DIXON  
RECORDER  
SALT LAKE COUNTY,  
UTAH

SECURITY TITLE COMPANY  
193998  
Charlie

THIS DECLARATION is made and executed this 19th day of September, 1979, by PROSWOOD, INC., a Utah Corporation (hereinafter referred to as "Declarant").

R E C I T A L S:

A. Declarant is the record owner of that certain real property (the Land) more particularly described in Article II hereof.

B. Various improvements have been or will be made to the Land so as to enable its use and operation as a Condominium Project. The construction of all such improvements has been, or will be, performed in accordance with the information contained in the Record of Survey Map and in this Declaration.

C. Declarant desires, by filing this Declaration and the Record of Survey Map, to submit the Land and all improvements now or hereafter constructed thereon to the provisions of the Act as a Condominium Project to be known as "The Orchard of Country Woods Condominium Project".

D. Declarant intends to sell and convey to various purchasers the fee title to the individual Units now or hereafter (through expansion) contained in the Project, together with the undivided ownership interests in the Common Areas and Facilities appurtenant to such Units, subject to the covenants, restrictions, and limitations herein set forth.

E. This Project is intended as an expandable condominium. Declarant anticipates that the Project created by this Declaration will be but the initial part of a larger Project which ultimately may come into existence.

NOW, THEREFORE, for the foregoing purposes, Declarant hereby makes the following Declaration:

I. DEFINITIONS

When used in this Declaration (including in that portion hereof headed "Recitals," Exhibit "A", Exhibit "B", Exhibit "C" and in the By-Laws attached hereto as Exhibit "D") the following terms shall have the meaning indicated. Any term used herein which is defined by the Act shall, to the extent permitted by the context hereof, have the meaning ascribed by the Act.

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1. Act shall mean and refer to the Utah Condominium Ownership Act (Sections 57-8-1 through 57-8-36, Utah Code Annotated, 1953), as amended and expanded by Laws of Utah 1975, Chapter 173, Sections 1 through 20.

2. Declaration shall mean and refer to this instrument as the same may hereafter be modified, amended, supplemented or expanded in accordance with law and the provisions hereof (and in particular, in accordance with the provisions of Article III Section 21 concerning amendments or supplements to this Declaration which are to occur in conjunction with each addition to the Project of a portion of the Additional Land).

3. Declarant shall mean and refer to Prowswood, Inc., a Utah corporation, and/or any successor and assigns to said Corporation which, either by the operation of law, or through a voluntary conveyance, transfer, or assignment, comes to stand in the same relation to the Project and/or to the Additional Land (or a portion thereof) as did its predecessor.

4. Record of Survey Map, Survey Map or Map shall mean and refer to the Record of Survey Map filed herewith executed and acknowledged by Declarant, consisting of four pages, and prepared and certified to by Dean Bain Mortensen, a duly registered Utah Land Surveyor, as the same may hereafter be modified, amended, supplemented, or expanded in accordance with law and the provisions of Article III, Section 21, concerning amendments and supplements to the Map which are to occur in conjunction with each addition to the Project of a portion of the Additional Land.

5. Property shall mean and refer to the Land and such portions of the Additional Land which are annexed to the Project as provided herein, 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.

6. Management Committee or Committee shall mean and refer to the Management Committee of the Orchard of Country Woods Condominium Project.

7. Common Areas and Facilities or Common Areas shall mean, refer to, and include:

(a) The real property and interests in real property which this Declaration submits to the terms of the Act, but excluding the Units.

(b) All Common Areas and Facilities designated as such in the Survey Map.

(c) All Limited Common Areas and Facilities.

(d) All foundations, roofs, columns, girders, beams, supports, and perimeter walls constituting a portion of or included in the improvements which comprise a part of the Project, and any stairs, stairways,

entrances, and exits which are designed for the use of more than one Unit.

(e) In general all apparatus, installations, and facilities included within the Project and existing for common use.

(f) The Project landscaping, fences, roads, sidewalks and open parking spaces.

(g) All portions of the Project not specifically included within the individual Units.

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

(i) All Common Areas as defined in the Act, whether or not enumerated herein.

8. Limited Common Areas and Facilities or Limited Common Area shall mean and refer to those Common Areas and Facilities designated herein or on the Map as reserved for the use of a certain Unit or Units to the exclusion of the other Units.

9. Condominium Unit or Unit means and refers to a separate physical part of the Property intended for independent use, consisting of rooms or spaces located in a Building. Units are shown in the Map by single cross-hatching. Mechanical equipment and appurtenances located within any one Unit or located without said Unit but designated and designed to serve only the Unit, such as appliances, electrical receptacles and outlets, air conditioners, and related apparatus, fixture and the like, shall be considered part of the Unit, as shall all decorated interiors, all surfaces of interior structural walls, floors and ceilings, windows and window frames, doors and door frames, and trim, consisting of inter alia and as appropriate, wallpaper, paint, flooring, carpeting and tile. All pipes, wires, conduits, or other public utility lines or installations constituting a part of the Unit and serving only the Unit, and any structural members or any other property of any kind, including fixtures and appliances within any Unit, which are removable without jeopardizing the soundness, safety, or usefulness of the remainder of the Building within which the Unit is situated shall be considered part of the Unit. A Unit shall not include pipes, wires, conduits, or other utility lines running through it which are used for or which serve more than one Unit, and shall not include any load-bearing walls or floors comprising a part of the Building in which the Unit is contained.

10. Building shall mean and refer to a structure containing or to contain Units.

11. Building Number shall mean and refer to the number

which designates a Building in the Exhibit "B" (the "Exhibit "B").

12. Unit Designation shall mean and refer to the number, letter, or combination thereof which designates a Unit on the Map and in Exhibit "B" attached hereto.

13. Unit Owner or Owner shall mean and refer to the owner of the fee in a Unit and the percentage of undivided interest in the Common Areas which is appurtenant thereto. The Declarant shall be deemed the owner of all unsold Units. In the event a Unit is the subject of an executory contract of sale, the contract purchaser shall, upon notice to the Committee by the purchaser, unless the seller and the purchaser have otherwise agreed and have informed the Committee in writing of such agreement, be considered the Unit Owner for purposes of voting and Committee membership.

14. Common Expenses shall mean and refer to all sums which are expended on behalf of all the Unit Owners and all sums which are required by the Management Committee to perform or exercise its functions, duties, or rights under the Act, this Declaration, the Management Agreement for operation of the Project, and such rules and regulations as the Management Committee may from time to time make and adopt. By way of illustration but not limitation, Common Expenses shall include: (i) expenses of administration, maintenance, operation, repair and replacement of those elements of the Common Areas that must be maintained and/or replaced on a periodic basis and reserves as may be from time to time established by the Committee; (ii) expenses agreed upon by the Association, or the Committee and lawfully assessed against the Unit Owners in accordance with the Declaration; (iii) expenses declared to be Common Expenses by the Act or by this Declaration or the By-laws; and (iv) any valid charge against the Project as a whole.

15. Association of Unit Owners or Association shall mean and refer to all of the Owners taken as, or acting as a group.

16. Condominium Project or Project shall mean and refer to the Orchard of Country Woods Condominium Project.

17. Land shall mean, and refer to, and consist of the real property which Article II of this Declaration submits to the terms of the Act, together with each and every portion of the Additional Land which is added (from and after the time such portion is added) to the Project in accordance with law and the provisions of this Declaration.

18. Additional Land shall mean, refer to, and consist of the real property situated in Salt Lake County, State of Utah, described in Exhibit "C" attached hereto and made a part hereof. A description of the Additional Land is set forth in this Declaration solely for purposes of identification. This Declaration

is not intended as and should not be deemed to constitute any lien, encumbrance, restriction, or limitation upon any portion of the Additional Land unless and until such portion is added to the Project in accordance with law and the provisions of this Declaration regarding expansion of the Project hereinafter set forth.

19. Mortgage shall mean and include both a first mortgage and a first deed of trust or other security instrument by which a Unit or any part thereof is encumbered.

20. Mortgagee shall mean and include both a mortgagee under a first mortgage on any Unit and a beneficiary under a first deed of trust on any Unit.

21. Supplementary Declaration shall mean and refer to any supplementary declaration of covenants, conditions and restrictions, or similar instrument, which extends the provisions of the Declaration to all or any portion within the Additional Land and contain such complementary or amended provisions for such additional property as are herein required by the Declaration.

22. Percentage Interest shall mean and refer to an undivided percentage interest of each Unit Owner in the Common Areas at any point in time as the same may be revised upon expansion of the Project as provided in the Declaration.

23. Par Value shall mean and refer to the number of points assigned to each Unit by the Declarant in the Declaration pursuant to the provisions of Section 57-8-3(27) of the Act.

24. FHLMC shall mean and refer to the Federal Home Loan Mortgage Corporation, a corporation of the United States of America.

## II. SUBMISSION

There is hereby submitted to the provisions of the Act, as the Land initially associated with the Project, the following described parcel of real property situated in Salt Lake County, State of Utah:

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

TOGETHER WITH all easements, rights-of-way, and

other appurtenances and rights incident to, appurtenant to, or accompanying the above-described parcel of real property.

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

RESERVING UNTO DECLARANT, however, such easements and rights of ingress and egress over, across, through, and under the above-described Land and any improvements now or hereafter constructed thereon as may be reasonably necessary for Declarant or for any assignee or successor of Declarant (in a manner which is reasonable and not inconsistent with the provisions of this Declaration): (i) To construct and complete each of the Buildings and all of the other improvements described in this Declaration or in the Map recorded concurrently herewith, and to do all things reasonably necessary or proper in connection therewith; (ii) To construct and complete on the Additional Land or any portion thereof such improvements as Declarant or said assignee or successor shall determine to build in its sole discretion (and whether or not the Additional Land or said portion has been or thereafter will be added to the Project); (iii) To improve portions of the Land with such other or additional improvements, facilities, or landscaping designed for the use and enjoyment of all the Owners as Declarant or as such assignee or successor may reasonably determine to be appropriate. If, pursuant, to the foregoing reservations, the above described Land or any improvement thereon is traversed or partially occupied by a permanent improvement or utility line, a perpetual easement for such improvement or utility line shall exist. With the exception of

such perpetual easements, the reservations hereby effected shall, unless sooner terminated in accordance with their terms, expire seven years after the date on which this Declaration is filed for record in the office of the County Recorder of Salt Lake County, Utah.

### III. COVENANTS, CONDITIONS, AND RESTRICTIONS

The foregoing submission of the Land is made upon and under the following covenants, conditions and restrictions:

1. Descriptions of Improvements on Land. The improvements contained in the Project are now or will be located upon the Land. The major improvements contained in the Project (other than improvements located on or otherwise associated with portions of the Additional Land) include seventeen (17) Buildings (which contain 136 Units, 136 parking spaces and 136 storage rooms), concrete sidewalks or walkways, a swimming pool, two tennis courts and social center. The location and configuration of said improvements are shown on the Map. The Project (excluding that portion thereof located on or otherwise associated with the Additional Land) also contains other improvements such as outdoor lighting, landscaping, and fencing, all of which are to be of the type and in the location reasonably determined to be appropriate by Declarant. The Map shows the basement with parking spaces and storage rooms as Limited Common Areas, the number of stories, and the number of Units which are included in each of the Buildings initially included in the Project. Said Buildings are composed of the following building materials: wood frame with load and non-load bearing walls studded with wood; basement walls and floors of concrete; two by four (2X4) stud walls; two by ten (2x10) floor joists, prefabricated wood truss roof with asphalt shingles; floor surface of gypcrete over plywood sub-floor; interior walls of gypsum board and exterior walls of frame with cedar and stucco trim.
2. Description and Legal Status of Units. The Map shows the Unit designation not located within the Additional Land, its location, dimensions from which its Size may be determined and the Common Areas to which it has immediate access. All Units are residential Units. All Units shall be capable of being independently owned, encumbered, and conveyed.
3. Contents of Exhibit "B". Exhibit "B" to this Declaration contains the following information with respect to each Unit contained in the Project (other than within the boundaries of the Additional Land); (i) The Unit Designation; (ii) the Par Value of the Unit; and (iii) The Percentage Interest which is initially appurtenant to the Unit.
4. Common Areas; Limited Common Areas; Maintenance.
  - (a) The Common Areas contained in the Project are described and identified in Article I of this Declaration. Neither the Percentage Interest nor 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 in the instrument of transfer, the Percentage Interest and such right of

exclusive use shall automatically accompany the transfer of the Unit to which they relate. The Limited Common Areas, which are included or to be included in the Project (other than Limited Common Areas located on or otherwise associated with portions of the Additional Land) consists of all of the following which are designated as such on the Map: (i) balcony attached or adjacent to each Unit; (ii) 136 capital lettered enclosed parking spaces located on the basement level of each Building shown on the Map; and (iii) the 136 storage spaces located in the basement of each Building and shown on the Map. The exclusive use of each balcony is reserved to the Unit to which it adjoins. Each Unit has one enclosed parking space designated by the same capital letter by which the Unit itself is designated. Each Unit also has one storage room appurtenant thereto as a Limited Common Area which is directly accessible through the door adjacent to its appurtenant parking space.

(b) The use of the Common Areas shall be limited to the Owners in residence and to their tenants in residence, and to their guests, invitees and licensees. The use of each of the Limited Common Areas shall be restricted to the Owner of the Unit to which it is appurtenant, to his tenants in residence, and to his guests, invitees and licensees. The use of the Common Areas and Limited Common Areas shall be governed by the Declaration and the rules and regulations as initially established by Declarant and as adopted and amended from time to time by the Management Committee.

(c) Each Unit Owner shall keep his balcony and storage space in a clean and orderly condition but shall not otherwise maintain the same. Except as herein otherwise provided, the Committee shall provide for such maintenance and operation of the Common and Limited Common Areas as may be reasonably required to make them appropriately usable in connection with the Units and to keep them clean, functional and attractive and in good condition and repair.

5. Computation of Percentage Interest. The percentage of undivided ownership interest in the Common Areas which, at any point in time, is appurtenant to a Unit shall be equal to the ratio between the Par Value of such Unit and the aggregate Par Value of all Units then included in the Project. The Percentage Interest which is initially appurtenant to each Unit currently contained in the Project has been computed in the aforesaid manner. To avoid a perpetual series of digits, and to obtain the total of 100% the last digit has been adjusted, and rounded up or down to a value that is most nearly correct. From time to time in the future and under the circumstances described in Section 21 of this Article III, the Percentage Interest appurtenant to each Unit theretofore contained in the Project may be recomputed and redetermined, but always through use of the formula described at the outset of this Section 5. The Maximum-minimum Percentage Interest of each Unit Owner in the Common Areas shall be as set forth in Section 21.

6. Unit Maintenance. Each Owner shall at his own cost and expense maintain, repair, paint, re-paint, tile, wax, paper or otherwise refinish and decorate the interior surfaces

of the walls, ceilings, floors, windows and doors forming the boundaries of his Unit and all walls, ceiling, 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 cooler, lighting fixtures, refrigerator, disposal equipment, range, or other appliances or fixtures that may be in, or connected with, his Unit. Each Unit shall be maintained so as not to detract from the appearance of the Project and so as not to affect adversely the value or use of any other Unit. The Committee shall have no obligation regarding care or maintenance which is required to be accomplished by Unit Owners.

7. Association Membership. Membership in the Association shall be automatic, shall be appurtenant to the Unit in which the Owner has the necessary interest and shall not be separated from the Unit to which it appertains.

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

9. Access for Repair of Common Areas. Some of the Common Areas are or may be located within the Units or may be conveniently accessible only through the Units. The Owners of the other Units shall have the irrevocable right, to be exercised by the Committee as its agent, to have access to each Unit and to all Common Areas from time to time during such reasonable hours as may be necessary for the maintenance, repair or replacement of any of the Common Areas located therein or accessible therefrom or for making emergency repairs therein necessary to prevent damage to the Common Areas or to another Unit or Units. The Committee shall also have such rights independent of the agency relationship. Damage to the interior of any part of a 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 the responsibility of the Association; provided, that if such damage is the result of negligence of the Owner of a Unit, then such Owner shall be financially responsible for all such damage. Such damage shall be repaired and the property shall be restored substantially to the same condition as existed prior to damage. Amounts owing by

Owners pursuant hereto shall be collected by the Committee by assessment.

10. Right of Ingress, Egress. Each Owner shall have the right to ingress and egress over, upon and across the Common Areas necessary for access to his Unit, and to the Limited Common Areas designated for use in connection with his Unit, and such rights shall be appurtenant to and pass with the title to each Unit.

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

12. Easement for Utility Services. There is hereby created a blanket easement upon, across, over and under the Land, as the same may be expanded as provided herein, for ingress, egress, intallation, replacing, repairing and maintaining all utilities, including but not limited to, water, sewers, gas, telephones, electricity, and other utility services.

13. Use of Units and Common Areas.

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

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

(c) Nothing shall be done or kept in any Unit or in the Common Areas or any part thereof which would result in the cancellation of the insurance on the Project or any part thereof or increase of the rate of the insurance on the Project or any part thereof or increase of the rate of the insurance on the Project or any part thereof over what the Committee, but for such activity, would pay, without the prior written consent of the Committee. Nothing shall be done or kept in any Unit or in the Common Areas or any part thereof which would be a violation of any statute, rule, ordinance, regulation, permit or other validly imposed requirement of any governmental body. No damage to, or waste of, the Common Areas or any part thereof shall be committed by any Owner or any invitee of any Owner, and each Owner shall indemnify and hold the Committee and the Owners harmless against all loss resulting from any such damage or waste caused by him or his invitees; provided, however, that any invitee of the Declarant shall not under any circumstances be deemed to be an invitee of any other Owner. No noxious,

destructive or offensive activity shall be carried on in any Unit or in the Common Areas or any part thereof, nor shall anything be done therein which may be or may become an annoyance or nuisance to any other Owner or to any person at any time lawfully residing in the Project.

(d) No Owner shall violate the rules and regulations regarding use of the Units and of the Common Areas as adopted from time to time by the Management Committee.

(e) No structural alterations to any Unit shall be made by any Owner without the prior written consent of the Committee.

(f) No signs whatsoever shall be erected or maintained in the Common Areas without the prior written consent of the Committee, except: (i) Such signs as may be required by legal proceedings, and (ii) Such signs as Declarant may erect or maintain incident to sale of Units.

(g) Notwithstanding anything contained herein to the contrary, until the Declarant has completed and sold all of the Units, neither the Unit Owners who have purchased Units from the Declarant nor the Association nor the Committee shall interfere with the completion of improvements and sale of all remaining Units. The Declarant reserves the right to use any Units owned by Declarant as models, management offices or sales offices until such time as Declarant conveys title thereto to Unit Owners. Declarant reserves the right to relocate the same from time to time within the Project; upon relocation or sale of a model, management office or sales office, the furnishings thereof may be removed. Declarant further reserves the right to maintain on the Project such advertising signs, which may be placed in any location on the Project and may be relocated or removed, all at the sole discretion of Declarant. The reservation of this easement to facilitate sales is expressly made applicable to the Additional Land.

14. Status and General Authority of Committee. Notwithstanding anything herein contained to the contrary, the Condominium Project shall be managed, operated, and maintained by the Management Committee exclusively as agent of, and in the name of, the Association and any act performed by the Management Committee pursuant to this Declaration or the By-Laws, as the same may be amended from time to time, shall be deemed to be performed by the Committee for and on behalf of the Association as its agent. The Management Committee shall have, and is hereby granted, the following authority and powers:

(a) The authority, without the vote or 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 and Facilities.

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

(c) The power to sue and be sued.

(d) The authority to enter into contracts which in any way concern the Project, so long as any vote or consent of the Unit Owners necessitated by the subject matter of the agreement has been obtained.

(e) The power and authority to convey or transfer any interest in real property authorized by the Owners having an interest therein.

(f) The power and authority to purchase, 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.

(g) The authority to license persons not otherwise entitled to use any of the recreational areas and facilities to use the same from time to time as the Committee deems appropriate upon payment of fees prescribed by it to help defray the cost of maintenance thereof.

(h) The power and authority to borrow money, provided that no indebtedness for borrowed funds shall exceed at any given time the sum of \$5,000.00 without the prior vote or approval of the Association at a meeting duly called and convened at which a quorum is present.

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

(j) The power and authority to perform any other acts and to enter into any other transactions which may be reasonably necessary for the Management Committee to perform its functions as agent of the Association.

Any instrument executed by the Management Committee that recites facts which, if true, would establish the Committee's power and authority to accomplish through such instrument what is purported to be accomplished thereby, shall conclusively establish said power and authority in favor of any person who in good faith and for value relies upon said instrument.

15. Manager. The Committee may carry out any of its functions which are capable of delegation through a Manager. Any Manager retained for such purposes must be an individual or entity experienced and qualified in the field of property management. The Manager so engaged shall be responsible for managing

the Project for the benefit of the Unit Owners and shall, to the extent permitted by law and the terms of the agreement with the Committee, be authorized to perform any of the functions or acts required or permitted to be performed by the Management Committee itself.

16. Composition of Management Committee. The Committee shall be composed of five members. At the first annual meeting of the Association at which Committee Members are elected, three Committee members shall be elected for two-year terms and two members for three-year terms. At each annual meeting of the Association thereafter any vacant seat on the Committee shall be filled with a member elected for a three-year term. Only Unit Owners and officers and agents of Owners other than individuals shall be eligible for Committee membership. At each annual meeting the Percentage Interest appurtenant to a Unit may be voted in favor of as many candidates for Committee membership as there are seats on the Committee to be filled; provided, however, that until the happening of the event hereinafter described in this Section 16 Declarant alone shall be entitled to select all or any portion of the five Committee members.

The event referred to in the first paragraph of this Section 16, shall be the first to occur of the following:

(a) Units to which an aggregate of at least three-fourths (3/4) of the Percentage Interest then appertain have been conveyed by Declarant, or all Additional Land has been added to the Project, whichever last occurs; or

(b) The expiration of seven (7) years after the date on which this Declaration is filed for record in the office of the County Recorder of Salt Lake County, Utah.

17. Agreement to Pay Assessment. Declarant, for each Unit owned by it within the Project, hereby covenants, and each Owner of any Unit by the acceptance of a deed therefor, whether or not it be so expressed in the deed, or by entering into a sale and purchase contract, shall be deemed to covenant and agree with each other and with the Association to pay to the Association annual assessments made by the Association 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 in this Article.

(a) Amount of Total Annual Assessments. The total annual assessments against all Units shall be based upon advance estimates of cash requirements by the Committee to provide for the payment of all estimated expenses growing out of or connected with the maintenance and operation of the Common Areas, which estimates may include, among other things expenses of management, taxes and special assessments, (until the Units are separately assessed as provided herein), premiums for all

insurance which the Committee is required or permitted to maintain pursuant hereto, repairs and maintenance of the Common Areas that must be replaced on a periodic basis, wages for Committee employees, legal and accounting fees, any deficit remaining from a previous period; the creation of a reasonable contingency reserve, surplus and/or sinking fund; and any other expenses and liabilities which may be incurred by the Association for the benefit of the Owners under or by reason of this Declaration.

(b) Apportionment of Annual Assessments.

Expenses attributable to the Common Areas and to the Project as a whole shall be apportioned among all Owners in proportion to their respective Percentage Interests in the Common Areas.

(c) Notice of Annual Assessments and Time for Payment Thereof. 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. Such assessment shall be due and payable in monthly installments on the first day of each and every month of each year; provided, however, that the first annual assessment shall be for the balance of the calendar year remaining after the date fixed by the Committee as the date of commencement of the Project. Such assessment shall be due and payable within thirty (30) days after written notice of the amount thereof shall have been given to the respective Owner of a Unit. Each monthly assessment shall bear interest at the rate of thirteen percent (13%) per annum from the date it becomes due and payable if not paid within thirty (30) days after such date. Moreover, the Committee may impose a late payment service charge equal to ten dollars (\$10.00) for each delinquent monthly assessment. Failure of the Committee to give timely notice of any assessment as provided herein shall not affect the liability of the Owner of a Unit for such assessment, but the date when payment shall become due in such case shall be deferred to a date thirty (30) days after such notice shall have been given. Assessments shall commence as to Units sold from the date of closing of sale, and as to all unsold Units no later than sixty (60) days from the date of closing of first Unit sold.

Each time a legal title to a Unit (including a Unit located within the boundaries of the Additional Land) passes from one person to another, within thirty (30) days after the effective date of such title transaction the new Unit Owner shall pay to the Committee, in addition to any other required amounts, the sum of \$50.00 or such other reasonable sum as the Committee deems proper. The provisions for payment of assessments shall apply to the collection of such sum. The sums received by the Committee pursuant to this paragraph shall be held by it as a contingency reserve and shall be used at such times and for such purposes as the Committee may determine.

(d) Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Committee may levy in any assessment year a special assessment, payable over such a period as the 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 Project or any part thereof, or for any other expense incurred or to be incurred as provided in this Declaration. This Section shall not be construed as an independent source of authority for the Committee to incur expenses, but shall be construed to prescribe the manner of assessing for expenses authorized by other Sections hereof. Any amounts assessed pursuant hereto shall be assessed to Owners in proportion to their respective Percentage Interests in the Common Areas. Notice in writing of the amount of such special assessments and the time for payment thereof shall be given promptly to the Owners, and no payment shall be due less than thirty (30) days after such notice shall have been given. A special assessment shall bear interest at the rate of thirteen percent (13%) per annum from the date it becomes due and payable if not paid within thirty (30) days after such date. Notwithstanding anything to the contrary herein contained, additions or capital improvements to the Project which cost no more than \$3,000.00 may be authorized by the Management Committee alone. Additions or capital improvements the cost of which will exceed such amount must, prior to being constructed, be authorized by at least a majority vote of the Percentage Interests at a meeting duly called and convened at which a quorum is present. Any addition or capital improvement which would materially alter the nature of the Project must, regardless of its cost and prior to being constructed, be authorized by a vote of Unit Owners in person or by proxy of not less than 67% of the Percentage Interest at a meeting of the Association, special or annual, duly called and convened at which a quorum is present.

(e) Lien for Assessments. All sums assessed to any Unit pursuant to this Declaration, together with interest thereon as provided herein, shall be secured by a lien on such Unit in favor of the Association. Such lien shall be superior to all other liens and encumbrances on such Unit, except only for: (a) valid tax and special assessments liens on the Unit in favor of any governmental assessing authority; and (b) a lien for all sums unpaid on a first Mortgage, or on any Mortgage to Declarant, duly recorded in the Official Records of Salt Lake County, Utah, including all unpaid obligatory advances to be made pursuant to such Mortgage and all amounts advanced pursuant to such Mortgage and secured by the lien thereof in accordance with the terms of such instrument. All other lienors acquiring liens on any Unit after this Declaration shall have been recorded in said records shall be deemed to consent that such liens shall be inferior to future liens for assessments, as provided herein, whether or not such consent be specifically set forth in the instruments creating such liens.

To evidence a lien for sums assessed hereunder, the Committee may prepare a written notice of lien setting forth the amount of the assessment, the date due, the amount remaining unpaid, the name of the Owner of the Unit and a description of the Unit. Such a notice shall be signed by the Committee and may be recorded in the office of the County Recorder of Salt Lake County, Utah. No notice of lien shall be recorded until there is a delinquency in payment of the assessment. Such lien may be enforced by judicial foreclosure by the Committee in the same manner in which mortgages on real property may be foreclosed in Utah. In any such foreclosure, the Owner shall be required to pay the costs and expenses of such proceeding, the costs and expenses of filing the notice of lien and all court costs and reasonable attorneys' fees. All such costs, expenses and fees shall be secured by the lien being foreclosed. The Owner shall also be required to pay to the Committee any assessments against the Unit which shall become due during the period of foreclosure. In the event of foreclosure, after the institution of the action the Unit Owner shall pay a reasonable rental for his use of the Unit and the Committee shall, without regard to the value of the Unit, be entitled to the appointment of a receiver to collect any rentals due from the Owner or any other person. The Committee shall have the right and power to bid an amount equal to its then existing lien at the foreclosure sale or other legal sale and 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 Committee and recorded in the Office of the County Recorder of Salt Lake County, Utah, upon payment of all sums 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 hereunder, and upon such payment such encumbrancer shall be subrogated to all rights of the Committee with respect to such lien, including priority.

The Committee shall report to any encumbrancer of a Unit any unpaid assessments remaining unpaid for thirty days after the same shall have become due; provided, however, that such encumbrancer first shall have furnished to the Committee written notice of such encumbrance.

(f) Personal Obligation of Owner. The amount of any annual or special assessment against any Unit shall be the personal obligation of the Owner thereof to the Association. Suit to recover a money judgment for such personal obligation shall be maintainable by the Committee without foreclosing or waiving the lien securing the same. No Owner may avoid or diminish any personal obligation by waiver of the use and

enjoyment of any of the Common Areas or by abandonment of his Unit.

(g) Statement of Account. Upon payment of a reasonable fee not to exceed ten dollars (\$10.00), or such other amount as may in the future be allowed by the Act, and upon written request of any Owner or any Mortgagee, prospective Mortgagee or prospective purchaser of a Unit, the Committee shall issue a written statement setting forth the amount of the unpaid assessments, if any, with respect to such Unit; amount of the current yearly assessment and the date that such assessment becomes or became due; credit for advanced payments or prepaid items, including, but not limited to, an Owner's share of prepaid insurance premiums; and such statement shall be conclusive upon the Committee in favor of persons who rely thereon in good faith. Unless such request for a statement of account shall be complied with within twenty (20) days, all unpaid assessments which became due prior to the date of making such request shall be subordinate to the lien of a Mortgagee which acquired its interest subsequent to requesting such statement. Where a prospective purchaser makes such request, both the lien for such unpaid assessments and the personal obligations of the purchaser shall be released automatically if the statement is not furnished within the twenty (20) day period provided herein and thereafter an additional written request is made by such purchaser and is not complied with within ten (10) days, and the purchaser subsequently acquires the Unit.

(h) Personal Liability of Purchaser for Assessments. Subject to the provisions of subparagraph (g) 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.

18. Transition of Project Management. Notwithstanding anything to the contrary contained in this Declaration, Declarant may at any time relinquish its reserved right to select the members of the Committee and to transfer the management of the Project to the Committee elected by Unit Owners. If and when Declarant elects so to do, Declarant shall notify Owners in writing the effective date of such transfer (Transfer Date) at least 45 days prior thereto. Thereupon, Unit Owners shall call a meeting to elect the members of the Management Committee to take office as of the Transfer Date. Declarant covenants to cooperate with Unit Owners in effecting orderly transition of management. Moreover, Declarant shall cause all obligations for Common Expenses of the Committee prior to the Transfer Date to be paid in full on or before such date. Accordingly, it is intended that the cash position of the Committee as of the Transfer Date will be zero.

19. Insurance. The Management Committee shall secure and at all times maintain the following insurance coverages:

(a) A multi-peril policy or policies of fire and other hazard insurance covering the entire Project (both Units and Common Areas), with extended coverage and all other coverage in the kinds and amounts commonly required by private institutional mortgages investors for projects similar in construction, location and use on a replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value (based upon replacement cost). Each such policy shall contain the standard mortgagee clause which must be endorsed to provide that any proceeds shall be paid to the Association for the use and benefit of mortgagees as their interests may appear. The assured shall be the Association as a trustee for the Unit Owners, or their authorized representative. Such insurance must provide protection against at least the following: loss by fire and other hazards covered by the standard extended coverage.

(b) A comprehensive policy of public liability insurance covering all of the Common Areas insuring the Association, the Committee, the Manager, and the Unit Owners against any liability incident to the ownership, use, or operation of the Common Areas and public ways of the Project or of any Unit which may arise among themselves, to the public, or to any invitees, or tenants of the Project, or of the Unit Owners. Limits of liability under such insurance shall be not less than One Million Dollars (\$1,000,000.00) covering all claims for personal property injury and/or property damage arising out of a single occurrence, including protection against water damage liability, liability for nonowned and hired automobile and liability for property of others. Such insurance policy shall contain a "severability of interest" endorsement which shall preclude the insurer from denying the claim of a Unit Owner because of negligent acts of the Association or other Unit Owners. The scope of coverage must include all other coverage in the kinds and amounts required by private institutional mortgage investors for similar projects in location, construction and use.

(c) The Association shall maintain fidelity coverage to protect against dishonest acts on the part of Committee Members, Manager (including, but not limited to, employees of professional managers) employees, or volunteers responsible for handling funds belonging to or administered by the Association. The fidelity bond or insurance must name the Association as the obligee and shall be written in an amount sufficient to provide protection which in no event shall be less than 150% of the insured's estimated annual operating expenses and reserves unless a greater amount is required by majority of the Mortgagees, or their designees. In connection with such coverage an appropriate endorsement to the policy to cover any persons who serve without compensation shall be added

if the policy would not otherwise cover volunteers. All fidelity bond coverage shall provide that they may not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least 30 days' prior written notice to the servicer on behalf of Mortgagees.

(d) The Project is not located in an area identified by the Secretary of Housing and Urban Development as an area having special flood hazards. In the event that at some future time the Project should be declared to be in such flood area, a blanket policy of flood insurance on the Project shall be maintained in the amount of the aggregate of the outstanding principal balances of the mortgage loans on the Units comprising the Project or the maximum limit of coverage available under the National Flood Insurance Act of 1968, as amended, whichever is less. The name of the insured under each required policy must be in form and substance as that required by FHLMC at any given time.

The following additional provisions shall apply with respect to insurance:

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

(b) All insurance policies shall be written by a company holding a financial rating of Class VI or better as designated in Best's Insurance Reports. Each insurer must be specifically licensed to transact business within the State of Utah. Policies are unacceptable where (i) under the terms of the carrier's charter, by-laws or policy, contributions or assessments may be made against the Borrower, the Mortgagee, or FHLMC; or (ii) by the terms of the carrier's charter, by-laws or policy, loss payments are contingent upon action by the carrier's board of directors, policy holders, or members; or (iii) the policy includes any limiting clauses (other than insurance conditions) which could prevent the Mortgagee, FHLMC, or the borrower from collecting insurance proceeds.

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

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

(e) Each policy of insurance obtained by the Committee shall provide: a standard mortgagee clause commonly accepted by private institutional mortgage investors in the Area in which the Project is located; a waiver (if available) of the insurer's

subrogation rights with respect to the Committee, the Manager, the Unit Owners, and their respective servants, agents, and guests; that it cannot be cancelled, suspended or invalidated due to the conduct of any member, officer, or employee of the Committee or of the Manager without a prior written demand that the defect be cured; that any "no other insurance" clause therein shall not apply with respect to insurance held individually by the Unit Owners; and that a mortgagee clause endorsement which must provide that the insurance carrier shall notify in writing any and all insureds, including the servicers on behalf of Mortgagees or FHLMC thereof at least thirty (30) days in advance of the effective date of any substantial modification or cancellation of the policy.

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

(g) Insurance coverage required by this Section 19 must not be prejudiced by (i) any act or neglect of the Unit Owners when such act or neglect is not within the control of the Association, or (ii) any failure of the Association to comply with any warranty or condition regarding any portion of the Project over which the Association has no control.

(h) All policies of property insurance must provide that notwithstanding any provision affording the insurer the right to elect to restore damage in lieu of a cash settlement, such option shall not be exercisable without the prior written approval of the Association (or any insurance trustee) or when in conflict with the provisions of any insurance trust agreement to which the insurance may be a party, or any requirement of law.

(i) The foregoing provisions of Section 19 shall not be construed to limit the power or authority of the Committee or Association to obtain and maintain insurance coverage, in addition to any insurance coverage required hereunder, in such amounts and in such forms as the Committee or Association may deem proper from time to time.

(j) The Association shall maintain such other coverages of such kinds and amounts as FHLMC may from time to time require.

20. Damage to Project. In the event of damage of or destruction of part or all of the improvements in the Condominium

Project, the following procedures shall apply:

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

(b) If less than 75% of the Project's improvements are destroyed or substantially damaged, and if proceeds of the insurance maintained by the Committee are not alone sufficient to accomplish repair or reconstruction, restoration shall be carried out and all the Unit Owners shall be assessed for any deficiency on the basis of their respective Percentage Interest.

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

(d) If 75% or more of the Project's improvements are destroyed or substantially damaged, if proceeds of the insurance maintained by the Committee are insufficient to accomplish restoration, and if the Unit Owners do not, within 100 days after the destruction or damage and by a vote of at least 75%, elect to repair or reconstruct the affected improvements, the Management Committee shall promptly record with the Salt Lake County Recorder a notice setting forth such facts. Upon the recording of such notice the provisions of the Act shall apply and shall govern the rights of all parties having an interest in the Project or any of the Units.

Any reconstruction or repair which is required to be carried out by this Paragraph 20 regarding the extent of damage to or destruction of Project improvements shall be made by three MAI appraisers selected by the Management Committee. The decision of any two such appraisers shall be conclusive.

21. (a) Reservation of Option to Expand. Declarant hereby reserves the option until the seventh (7th) anniversary of the recording of this Declaration to expand the Project from time to time (within the limits herein mentioned) in compliance with Sections 57-8-13.6 of the Act, as the same may be amended from time to time, without the consent of any Unit Owner or Mortgagee. The option to expand may be terminated prior to such anniversary only upon the filing by Declarant of an amendment to this Declaration which by the provisions of such Amendment terminates the right to expand. Declarant expressly reserves the right to add any or all portions of the Additional Land at any time, at different

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times, in any order, without limitation; provided, however, that the Additional Land shall not exceed the area described on Exhibit "B" hereto.

(b) Supplemental Declarations and Supplemental Maps. Such expansion may be accomplished by the filing for record by Declarant in the County Recorder of Salt Lake County, Utah, no later than seven (7) years from the date of this Declaration, a supplement or supplements (or Amendment or Amendments) to this Declaration containing a legal description of the site or sites for a new Building or Buildings, together with a supplemental Map containing the same information with respect to the new improvements, including but not limited to, Units, as was required on the original Map with respect to the initial Project. The expansion may be accomplished in stages by successive supplements or in one supplemental expansion.

(c) Expansion of Definitions. In the event of such expansion the definitions used in this Declaration automatically shall be expanded to encompass and refer to the Project as so expanded. E.g., "Property" shall mean the real property described hereinabove plus any additional real property within the Additional Land added by a Supplemental (or Amended) Declaration or by Supplemental (or Amended) Declarations, and reference to this Declaration shall mean this Declaration as so supplemented or amended. Upon recordation of the supplements or amendments contemplated above, the revised schedule of Percentage Interests contained therein shall automatically become effective for all purposes and shall completely supercede any similar schedule which was contained in any Declaration, supplement or amendment previously recorded in connection with the Project or any portion of the Additional Land. And upon the recordation of such supplements or amendments they shall automatically supplement this Declaration, the Map, and any supplements previously recorded. At any point in time, the Declaration and Map for the project shall consist of this Declaration and the Map initially effective hereunder, as amended and expanded by all supplements or amendments theretofore recorded pursuant to the terms hereof.

(d) Assurances. Declarant makes no assurance as to the location of Buildings or other improvements on the Additional Land. Assuming that the entirety of the Additional Land is added to the Project, the maximum number of Units which may be created on the Additional Land is ninety six (96). At any given time the total number of Units created on such portion(s) of the Additional Land as has theretofore been added to the Project divided by the total acreage of such portion(s) shall be no greater than ninety-six (96) divided by the total acreage of the entirety of the Additional Land. Units to be constructed on the Additional Land will be compatible in quality, materials and architectural style with the Units initially submitted to the provisions of the Act. Units on Additional Land will be substantially identical or similar to those within the initial Project and no Unit will be constructed on Additional Land which will not be substantially identical to the Units depicted on the Map. Declarant expressly reserves the right to create Limited Common Areas on the Additional Land and to designate Common Areas therein which may be subsequently assigned as Limited Common Areas. Declarant makes no assurances as to type, size, location, or maximum number of such Common Areas or Limited Common Areas. The allocation of Percentage Interest on Units in the

Additional Land shall be computed as required by Section 57-8-13.10 of the Act on the formula set forth in Section 5 of Article III of this Declaration. In the event the Declarant shall not add any portion of the Additional Land, Declarant shall nevertheless have the right to construct on all or any portion thereof any Building(s) on the Additional Land and operate the same without restriction. There will be no Unit that may be created on the Additional Land or any portion thereof the use of which will not be restricted exclusively to residential purposes, subject, however, to the matters set forth in Section 13(g) of this Article III. Declarant makes assurances that improvements, if any, that will be made on the Additional Land, will be substantially similar in kind to the improvements mentioned in this Declaration.

(e) No Obligation to Expand. Notwithstanding anything to the contrary which may be contained herein, this Declaration is not intended, and shall not be construed so as, to impose upon Declarant any obligation respecting, or to restrict Declarant in any way with regard to: (i) the submission of any portion of the Additional Land to the provisions of the Act as a Land or Lands; (ii) the creation, construction, or addition to the Project of any additional property; (iii) the carrying out in any particular way or within any particular time of any development which may be undertaken except as herein mentioned, or (iv) the taking of any particular action with respect to the Additional Land, the Project, or any Land.

(f) Assuming that the entirety of the Additional Land is added to the Project, the maximum Percentage Interest of each Unit shall be .7635% and the minimum Percentage Interest thereof shall be .3418%.

22. Certain Provisions Applicable to Declarant. Notwithstanding any other provisions herein contained, for so long as Declarant continues to own any of the Units the following provisions shall be deemed to be in full force and effect, none of which shall be construed so as to relieve the Declarant from any obligations as Unit Owner to pay assessments, except as herein otherwise provided, as to each Unit owned by Declarant in accordance with the Declaration.

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

(b) No amendment may be made to the Declaration without the written consent of Declarant so long as Declarant retains the ownership of five (5) or more Units; provided, however, that the obligation to

acquire said written consent of Declarant shall cease on a date seven (7) years from the date of recording of the final addition to the Project.

23. Amendment. Except as hereinafter provided, the vote of at least fifty-one percent (51%) of the Percentage Interest of the Unit Owners in person or represented by proxy at a meeting of the Association at which a quorum is present shall be required to amend the Declaration or the Map. Any amendment so authorized shall be accomplished through the recordation of an instrument executed by the Management Committee. In such instrument the Committee shall certify that the vote required by this Paragraph for amendment has occurred. The foregoing right of amendment shall be subject to the following paramount rights:

(a) Until all but five Units of the entire Project have been sold, Declarant shall have, and is hereby vested with, the right to unilaterally amend this Declaration or the Map. Such right shall obtain without regard to the subject matter of amendment, so long as the amendment involved is consistent with law and does not attempt to divest any vested property rights of any Owner or first Mortgagee.

(b) Notwithstanding anything to the contrary contained in the Declaration, including in the immediately preceding paragraph, neither the insurance provisions of Section 19, the rights of Mortgagee protection provisions of paragraph 26, nor the maximum-minimum Percentage Interest in the Common Areas provision of Section 21(f), shall be amended without the written approval of all institutional first Mortgagees.

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

25. Service of Process. Curt Dowdle, whose address is 4885 South 900 East, Salt Lake City, Utah 84117, Salt Lake City, Utah is the person to receive service of process in cases authorized by the Act. The Management Committee shall, however, have the right to appoint a successor 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 Salt Lake County, State of Utah. Provided, however, that the agent for service of process named in the Supplementary Declaration relating to the Land most recently added to the Project shall automatically replace any agent previously named by the Management Committee or any agent designated in any enabling declaration relating to a previously added Land.

26. Rights of Mortgagee. Notwithstanding anything to the contrary contained in the Declaration:

(a) An adequate reserve fund for repair, maintenance and replacement of those elements of the Common Areas that must be replaced on a periodic basis must be established and shall be funded by regular monthly payments rather than by special assessments.

(b) Any mortgage holder which comes into possession of the Unit pursuant to the remedies provided in the Mortgage or foreclosure of the Mortgage or deed (or assignment in lieu of foreclosure) shall be exempt from any "right of first refusal", or other provisions which may exist relating to sale or lease of the Units in the Project, and no right of first refusal shall impair the rights of any first mortgage to: (i) foreclose or take title to a Unit pursuant to the remedies provided in the Mortgage, or (ii) accept a deed (or assignment) in lieu of foreclosure in the event of default by a mortgagor, or (iii) interfere with a subsequent sale or lease of the Unit so acquired by the Mortgagee.

(c) In the event of damage to or destruction of any Unit, which loss exceeds \$1,000.00, or any part of the Common Areas, which loss exceeds \$10,000.00, the institutional holder of any first mortgage on a Unit shall be entitled to timely written notice to 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 Owner of any insurance proceeds regardless of the amount of loss. Upon request of any first mortgagee of the Association must provide a letter to said first Mortgagee wherein the Association agrees to notify the first Mortgagee or any organization it designates at the address indicated by the Mortgagee whenever (i) damage to a Unit covered by the first Mortgagee's Mortgage exceeds \$1,000.00, or (ii) damage to the Common Areas and related facilities exceeds \$10,000.00.

(d) If any Unit or portion thereof or 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. No Unit Owner or other party shall have priority over such institutional holder regardless of the amount of the condemnation award with respect to the distribution to such Unit Owner of the proceeds of any award or settlement.

(e) 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. 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.

(f) Each holder of a first mortgage lien on a Unit who obtains title to a Unit by virtue of remedies provided in the Mortgage, including but not limited to, foreclosure of the mortgage, or by deed of assignment in lieu of foreclosure, or any purchaser at a foreclosure sale, shall take the Unit free of unpaid charges and shall not be liable for any unpaid claims or assessments and charges against the Unit which accrue prior to the acquisition of title of such Unit Mortgagee.

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

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

(i) Unless 100% of the institutional holders of first Mortgages (based on one vote for each Mortgage owned) of Units have given their prior written approval, neither the Management Committee, Declarant, Owners, nor the Association shall:

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

(2) Change the Percentage Interests or obligations of any Unit for (i) purposes of levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards or for (ii) determining the pro-rata share of ownership of each Unit in the appurtenant Common Areas, except as necessary to allow the expansion of the Project as provided in the Declaration.

(3) Partition or subdivide any Unit or of the Common Areas.

(4) Make any material amendment to the Declaration or to the By-Laws of the Association, including, but not limited to, any amendment which would change the Percentage Interests of the Unit Owners in the Common Areas, except as may be necessary incident to the expansion of the Project as provided in the Declaration.

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

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

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

(j) Any institutional holder of a Mortgage (or trust deed) of a Unit in the Project will, upon request, be entitled to examine the books and records of the Project during normal business hours.

(k) Whenever there is a change of ownership of a Unit, the Committee shall require that the new Unit Owner furnish the Committee with the name of the holder of any Mortgage (or trust deed) affecting such Unit. The Management Committee or Manager shall maintain a current roster of Unit Owners and of the holders of Mortgages (or trust deed) affecting Units in the Project.

(l) Any agreement for professional management which may be entered into by the Committee or the Association shall provide for a term not exceeding three (3) years and shall also provide that either party, with or without cause, and without payment of any termination fee, may terminate such agreement upon not in excess of ninety (90) days written notice.

(m) At least eighty percent (80%) of the Units in the Project shall be sold to individuals for use as their primary year-around residences.

27. Duty of Owner to Pay Taxes on Unit Owned. It is understood that under the Act each Unit (and its Percentage 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, except for certain personal properties thereof. Accordingly, each Unit Owner will pay and discharge any and all taxes and assessments which may be assessed against him on his Unit.

28. Covenants to Run With Land; Compliance. This Declaration and all the provisions hereof shall constitute covenants running with the land or equitable servitudes, as the case may be, and shall be binding upon and shall 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.

29. Information Regarding Transferee of Unit. Any Unit Owner who sells, leases, or otherwise disposes of his Unit shall submit to the Committee pertinent information concerning the transferee or new occupant within one week of any transfer of title or possession on a form furnished by the Committee.

30. Liability and Indemnification of Management Committee. No member of the Management Committee shall be liable to the Unit Owners for any mistake of judgment, for negligence, or on other grounds, except for such member's own individual and willful misconduct or bad faith. The Unit Owners shall indemnify and hold harmless each member of the Management Committee from and against all liability to third parties arising out of any contract made by the Management Committee on behalf of the Owners, unless such contract was made in bad faith or contrary to the provisions of the Act or this Declaration. The liability of any Unit Owner arising out of any contract made by the Management Committee or out of the indemnification provision set forth in the foregoing portion of this Section 30 shall be limited to the total liability concerned multiplied by such Owner's undivided ownership interest in the Common Areas.

31. Invalidity. The invalidity of any provisions of this Declaration, or any portion thereof, shall not be deemed to impair or affect in any manner the validity, enforceability, or effect of the remainder of this Declaration and, in such event, all of the other provisions of this Declaration shall continue in full force and effect as if such invalid provision had never been included herein.

32. 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.

33. Gender. The use of the masculine gender in this Declaration shall be deemed to refer to the feminine gender and the use of the singular shall be deemed to refer to the plural, and vice versa, whenever the context so requires.

34. 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, limit, extend, or otherwise affect the content, meaning or intent of this Declaration or any paragraph or provision hereof.

35. Conflicts. This Declaration is set forth to comply with the requirements of the Act. In the event of any conflict between this Declaration and the provisions of the Act, the provisions of the latter shall control.

36. Effect of Recorded Instruments. At any point in time, the Declaration and the Map concerning each phase which

is then a part of the Project shall constitute but constituent parts of a single Declaration and Map affecting the Project. Accordingly, in the event the provisions of the separate instruments conflict irreconcilably, the terms of that instrument which is last recorded shall control.

37. Effective Date. This Declaration shall take effect upon recording in the office of the County Recorder of Salt Lake County, Utah.

EXECUTED on the day and year first above written.

PROWSWOOD, INC.

By *Robert W. Wood*  
ROBERT W. WOOD,  
Its Executive Vice President

ATTEST:

*Mas Yano*  
MAS YANO  
Its Secretary

STATE OF UTAH                    )  
  : ss.  
County of Salt Lake            )

On the 19<sup>th</sup> day of September, 1979, personally appeared before me ROBERT W. WOOD and MAS YANO, who being by me duly sworn did say, each for himself, that he, the said ROBERT W. WOOD is the Executive Vice-President, and he, the said MAS YANO is the Secretary of Prowswood, Inc. and that the within and foregoing instrument was signed in behalf of said corporation by authority of a resolution of its Board of Directors and said Robert W. Wood and Mas Yano each duly acknowledged to me that said Corporation executed the same.

*Richard L. Hansen*  
NOTARY PUBLIC  
Residing at Salt Lake City, Utah



My Commission Expires:

3/06/83

EXHIBIT "A"

The Orchard of Country Woods Condominium Project

(Land Initially Submitted to the Act)

The following described parcel of real property situated  
in Salt Lake County, State of Utah:

Begin at a point S 89°59'31" W 931.05 feet,  
S 0°01'30" E 1419.00 feet along the monument line  
of 900 East Street, East 1315.12 feet, S 11°35'08"  
W 51.89 feet, S 2°00'00" W 174.78 feet, S 14°53'18" E  
217.19 feet and S 30°11'46" E 59.00 feet from the  
Center of Section 20, Township 2 South, Range 1 East,  
Salt Lake Base and Meridian and running thence  
N 62°20'00" E 124.04 feet to a point on a 564.00  
foot radius curve to the right (radius point bears  
N 65°03'44" E) thence Northerly along the arc of said  
curve 220.70 feet through a central angle of 22°25'15"  
to the point of tangency with a 104.00 foot radius  
curve to the right, thence Northeasterly along the arc  
of said curve 176.67 feet through a central angle of  
97°20'01", thence S 85°11'00" E 95.00 feet to the  
point of tangency with a 84.00 foot radius curve to  
the right, thence Southeasterly along the arc of said  
curve 115.04 feet through a central angle of 78°28'00"  
to the point of tangency with a 206.00 foot radius  
curve to the left, thence Southeasterly along arc of  
said curve 246.04 feet through a central angle of  
68°26'00" to the point of tangency with a 299.00 foot  
radius curve to the right, thence Southeasterly along  
the arc of said curve 76.80 feet through a central  
angle of 14°43'00" to the point of tangency with a  
94.00 foot radius curve to the right, thence Southerly  
along the arc of said curve 111.32 feet through a  
central angle of 67°51'00", thence N 78°52'00" E  
186.18 feet to the centerline of Little Cottonwood  
Creek and the Westerly line of Creekside Estates,  
thence S 33°20'30" E 89.81 feet to the Northerly  
right-of-way line of Fort Union Boulevard and a point  
on a 1214.92 foot radius curve to the left, (radius  
point bears S 23°41'02" E) thence Westerly along the  
arc of said curve 317.23 feet through a central angle  
of 14°57'38" to a point of tangency and a right-of-way  
monument, thence continuing along said right-of-way  
S 51°21'20" W 360.59 feet, thence N 37°14'52" W  
289.90 feet, thence N 30°11'46" W 229.19 feet to the  
point of beginning.

Contains 7.4717 Acres

SUBJECT TO A 15 FOOT ACCESS ROAD FOR INGRESS AND EGRESS  
IN FAVOR OF SALT LAKE COUNTY FLOOD CONTROL, THE CENTER-  
LINE OF WHICH IS DESCRIBED AS FOLLOWS:

Begin at a point on the North line of Fort Union Boulevard, said point being S 89°59'31" W 931.05 feet, S 0°01'30" E 1419.00 feet along the monument line of 900 East Street, East 2155.87 feet and South 560.44 feet from the Center of Section 20, Township 2 South, Range 1 East, Salt Lake Base and Meridian, and running thence N 34°30'00" E 32.00 feet to the point of tangency with an 82.50 foot radius curve to the left, thence Northerly along the arc of said curve 75 feet more or less to the centerline of Little Cottonwood Creek.

RESERVING UNTO PROWSOOD, INC., A UTAH CORPORATION, A PERPETUAL 25 FOOT EASEMENT FOR INGRESS AND EGRESS, THE CENTERLINE OF WHICH IS DESCRIBED AS FOLLOWS:

Beginning at a point on the North line of Fort Union Boulevard, said point being S 89°59'31" W 931.05 feet, S 0°01'30" E 1419.00 feet along the monument line of 900 East Street, East 2023.59 feet and South 640.08 feet from the Center of Section 20, Township 2 South, Range 1 East, Salt Lake Base and Meridian, and running thence N 35°28'26" W 125.02 feet to a point on a 80.00 foot radius curve to the right (radius point bears N 37°55'24" W) thence Westerly along the arc of said curve 4.50 feet, thence S 55°18'00" W 110.53 feet to the point of tangency with a 244.11 foot radius curve to the right, thence along the arc of said curve 116.24 feet through a central angle of 27°17'00" to the point of tangency with a 115.00 foot radius curve the right, thence along the arc of said curve 92.27 feet through a central angle of 45°58'08" to the point of tangency with a 550.00 foot radius curve to the right, thence along the arc of said curve 469.70 feet through a central angle of 48°55'51" to the point of tangency with a 90.00 foot radius curve to the right, thence along the arc of said curve 83.28 feet through a central angle of 53°01'01", thence N 39°30" W 14.00 feet.

EXHIBIT "B"

The Orchards of Country Woods Condominium Project  
(An Expandable Condominium Project)

<u>Building No.</u>	<u>Unit Designation</u>	<u>Par Value</u>	<u>Percentage Interest</u>
1	A	702	.6836%
1	B	"	"
1	C	"	"
1	D	"	"
1	E	"	"
1	F	"	"
1	G	"	"
1	H	"	"
2	A	784	.7635%
2	B	"	"
2	C	"	"
2	D	"	"
2	E	"	"
2	F	"	"
2	G	"	"
2	H	"	"
3	A	"	.7635%
3	B	"	"
3	C	"	"
3	D	"	"
3	E	"	"
3	F	"	"
3	G	"	"
3	H	"	"
4	A	"	.7635%
4	B	"	"
4	C	"	"
4	D	"	"
4	E	"	"
4	F	"	"
4	G	"	"
4	H	"	"
5	A	702	.6836%
5	B	"	"
5	C	"	"
5	D	"	"
5	E	"	"
5	F	"	"
5	G	"	"
5	H	"	"
6	A	784	.7635%
6	B	"	"
6	C	"	"
6	D	"	"
6	E	"	"
6	F	"	"
6	G	"	"
6	H	"	"

EXHIBIT "B"

(Continued)

<u>Building No.</u>	<u>Unit Designation</u>	<u>Par Value</u>	<u>Percentage Interest</u>
7	A	702	.6836%
7	B	"	"
7	C	"	"
7	D	"	"
7	E	"	"
7	F	"	"
7	G	"	"
7	H	"	"
8	A	784	.7635%
8	B	"	"
8	C	"	"
8	D	"	"
8	E	"	"
8	F	"	"
8	G	"	"
8	H	"	"
9	A	784	.7635%
9	B	"	"
9	C	"	"
9	D	"	"
9	E	"	"
9	F	"	"
9	G	"	"
9	H	"	"
10	A	784	.7635%
10	B	"	"
10	C	"	"
10	D	"	"
10	E	"	"
10	F	"	"
10	G	"	"
10	H	"	"
11	A	784	.7635%
11	B	"	"
11	C	"	"
11	D	"	"
11	E	"	"
11	F	"	"
11	G	"	"
11	H	"	"
12	A	702	.6836%
12	B	"	"
12	C	"	"
12	D	"	"
12	E	"	"
12	F	"	"
12	G	"	"
12	H	"	"

EXHIBIT "B"

(Continued)

<u>Building No.</u>	<u>Unit Designation</u>	<u>Par Value</u>	<u>Percentage Interest</u>
13	A	784	.7635%
13	B	"	"
13	C	"	"
13	D	"	"
13	E	"	"
13	F	"	"
13	G	"	"
13	H	"	"
26	A	702	.6836%
26	B	"	"
26	C	"	"
26	D	"	"
26	E	"	"
26	F	"	"
26	G	"	"
26	H	"	"
27	A	702	.6836%
27	B	"	"
27	C	"	"
27	D	"	"
27	E	"	"
27	F	"	"
27	G	"	"
27	H	"	"
28	A	784	.7635%
28	B	"	"
28	C	"	"
28	D	"	"
28	E	"	"
28	F	"	"
28	G	"	"
28	H	"	"
29	A	784	.7634%
29	B	"	"
29	C	"	"
29	D	"	"
29	E	"	"
29	F	"	"
29	G	"	"
29	H	"	"

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100%

EXHIBIT "C"  
OF  
THE ORCHARD OF COUNTRY WOODS CONDOMINIUM PROJECT  
(Additional Land)

The following described real property situated in the  
County of Salt Lake, State of Utah:

Begin at a point South 89°59'31" West, 931.05 feet, South 0°01'30" East, 1419.00 feet along the monument line of 900 East Street, East 1315.12 feet, South 11°35'08" West, 51.89 feet, South 2°00'00" West, 174.78 feet, South 14°53'18" East, 217.19 feet and South 30°11'46" East, 59.00 feet from the center of Section 20, Township 2 South, Range 1 East, Salt Lake Base and Meridian; and running thence North 62°20'00" East, 124.04 feet to a point on a 564.00 foot radius curve to the right (radius point bears North 65°03'44" East); thence Northerly along the arc of said curve 220.70 feet through a central angle of 22°25'15" to the point of tangency with a 104.00 foot radius curve to the right, thence Northeasterly along the arc of said curve 176.67 feet through a central angle of 97°20'01", thence South 85°11'00" East, 95.00 feet to the point of tangency with a 84.00 foot radius curve to the right, thence Southeasterly along the arc of said curve 115.04 feet through a central angle of 78°28'00" to the point of tangency with a 206.00 foot radius curve to the left, thence Southeasterly along arc of said curve 246.04 feet through a central angle of 68°26'00" to the point of tangency with a 299.00 foot radius curve to the right, thence Southeasterly along the arc of said curve 76.80 feet through a central angle of 14°43'00" to the point of tangency with a 94.00 foot radius curve to the right, thence Southerly along the arc of said curve 111.32 feet through a central angle of 67°51'00", thence North 78°52'00" East, 186.18 feet to the centerline of Little Cottonwood Creek and the Westerly line of Creekside Estates, thence along the Westerly line of said Creekside Estates, the following 4 courses: North 33°20'30" West, 145.50 feet; North 44°26' West, 354.28 feet; North 61°34' West, 143.40 feet; North 28°00' West, 9.67 feet; thence leaving said Creekside Estates West 310.18 feet; thence South 59.99 feet; thence South 18°12'53" East, 24.75 feet; thence South 25.00 feet; thence West 111.00 feet; thence South 2°00'00" West, 117.08 feet; thence South 14°53'18" East, 217.19 feet; thence South 30°11'46" East, 59.00 feet to the point of beginning.

Contains 4.1238 Acres

EXHIBIT "D"

BY-LAWS

OF

THE ORCHARD OF COUNTRY WOODS CONDOMINIUM PROJECT

ARTICLE I

PLAN OF UNIT OWNERSHIP

1. Condominium Submission. The Land located in Salt Lake County, Utah, has been submitted to the provisions of the Act by the Declaration recorded in the Office of the County Recorder of Salt Lake County, Utah, to which these By-Laws are annexed.

2. Office. The office of the Project and of the Management Committee shall be located at the Project or at such other place as may be designated from time to time by the Management Committee (hereinafter sometimes called the "Committee").

3. By-Laws Applicability. All present and future Owners, tenants, future tenants, their guests, licensees, servants, agents, employees and any other person or persons who shall be permitted to use the facilities of the Project, shall be subject to these By-Laws. Acquisition, rental or occupancy of any of the Units in the Project shall constitute an acknowledgment that such Owner, tenant or occupant has accepted and ratified these By-Laws, the provisions of the Declaration and the rules and regulations promulgated from time to time by the Management Committee and will comply with them.

ARTICLE II

ASSOCIATION

1. Composition. All of the Unit Owners, acting as a group in accordance with the Act, the Declaration and these By-Laws, shall constitute the Association. Except as to those matters which the Act or the Declaration specifically requires to be performed by the vote of the Unit Owners, the Administration of the Project shall be performed by the Committee.

2. Voting. The total number of votes in the Association shall be 100% and each Unit shall be entitled to the number of votes proportionate to the Percentage Interest assigned to such Unit as it may exist at any given time but subject to revision upon expansion of the Project as provided in Section 21 of Article III of the Declaration. Since Unit Owner may be more than one person, if only one of such persons is present at a meeting of the Association that person shall be entitled to cast the votes appertaining to that Unit. But if more than one of such persons is present, the vote appertaining

to that Unit shall be cast only in accordance with the agreement of a majority of them, and such consent shall be conclusively presumed if any one of them purports to cast the vote appertaining to that Unit without protest being made forthwith by any of the others to the person presiding over the meeting. Since a person need not be a natural person, the word "person" shall be deemed for the purposes of this Section to include, without limitation, any natural person having authority to execute deeds on behalf of any person, excluding natural persons, which is, either alone or in conjunction with another person or persons, a Unit Owner. Except where a greater number is required by the Act, the Declaration, or these By-Laws, a majority of the votes of Unit Owners present in person or represented by proxy in good standing and entitled to vote is required to adopt decisions at any meeting of the Association. If the Declarant owns or holds title to one or more Units, the Declarant shall have the right at any meeting of the Association to cast the votes to which such Unit is entitled.

3. Place of Meeting. Meetings of the Association shall be held at the principal office of the Project or at such other suitable place as may be designated by the Committee and stated in the notice of the meeting.

4. Annual Meeting. The first annual meeting of the Association shall be held at 7:30 p.m. on the first Tuesday in December, 1980, and on the first Tuesday in December of each succeeding year. When such day is a legal holiday, the meeting shall occur on the first business day thereafter. The place of meeting shall be at a location in Salt Lake County, Utah specified in the notice of meeting. At least ten but not more than 30 days before the date of the annual meeting a written notice thereof shall be personally delivered or mailed postage prepaid to each person who appears as an Owner, at the latest address for such person appearing, in the records of the Committee at the time of delivery or mailing. Such notice shall state the time, place, and general purpose of the meeting.

5. Special Meetings. It shall be the duty of the President to call a special meeting of the Association if so directed by resolution of the Committee or, after all of the Committee has been elected by Unit Owners other than Declarant, upon a petition signed and presented to the Secretary by Owners having not less than 20% of the votes of all Owners. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

6. Notice of Meeting. It shall be the duty of the Secretary to mail, by United States mail, postage prepaid, a notice of (a) each annual meeting of the Owners, at least twenty (20) days in advance of such meeting and (b) each special meeting of the Owners at least ten (10) days in advance

of such meeting, stating the purpose thereof as well as the time and place where it is to be held, to each Owner of record, at the address of their respective Units and at such other address as each Owner may have designated by notice in writing to the Secretary. The mailing of a notice of meeting in the manner provided in this Section shall be considered service of notice.

7. Voting Requirements. An Owner shall be deemed to be "good standing" and "entitled to vote" at any annual meeting or at any special meeting of the Association if, and only if, he shall have fully paid all due installments of assessments made or levied against him and his Unit by the Committee as hereinafter provided, together with all interest, costs, attorney's fees, penalties and other expenses, if any, properly chargeable to him and against his Unit, at least three (3) days prior to the date fixed for such annual or special meeting.

8. Proxies. The votes appertaining to any Unit may be cast pursuant to a proxy or proxies duly executed by or on behalf of the Unit Owner, or, in cases where the Unit Owner is more than one person, by or on behalf of all such persons. No such proxy shall be revocable except by actual notice to the person presiding over the meeting, by the Unit Owner or by any of such persons, that it be revoked. Any proxy shall be void if it is not dated, if it purports to be revocable without notice as aforesaid. The proxy of any person shall be void if not signed by a person having authority, at the time of the execution thereof, to execute deeds on behalf of that person. Any proxy shall terminate automatically upon the adjournment of the first meeting held on or after the date of that proxy, and must be filed with the Secretary not less than three (3) days before the meeting.

9. Quorum. Except as may otherwise be provided herein or by statute, fifty-one percent (51%) of the Percentage Interest shall constitute a quorum for the adoption of decisions. If, however, such quorum shall not be present or represented at any meeting, the Owners entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting and reschedule for a time no earlier than 48 hours, and no later than thirty (30) days after the time set for the original meeting. No notice of such rescheduled meeting shall be required except an announcement thereof at the original meeting. A quorum for the transaction of business at the rescheduled meeting shall be thirty percent (30%) of the Percentage Interest.

10. Order of Business. The order of business at all meetings of the Association shall be as follows: (a) roll call; (b) proof of notice of meeting; (c) reading of minutes of preceding meeting; (d) reports of officers; (e) report of special committees, if any; (f) election of inspectors of election, if applicable; (g) election of Committee Members, if applicable; (h) unfinished business; and (i) new business.

11. Title to Unit. Title to Units may be taken in the name of natural person or in the names of two or more natural persons, or in the name of a corporation, partnership, association or other entity capable of holding title to real property, or any combination thereof.

12. Conduct of Meeting. The Chairman shall, or in his absence the Vice-Chairman preside over all meetings of the Association and the Secretary shall keep the minutes of the meeting and record in a Minute Book all resolutions adopted by the meeting as well as a record of all transactions occurring thereat.

### ARTICLE III

#### MANAGEMENT COMMITTEE

1. Powers and Duties. The affairs and business of the Association shall be managed by the Committee which shall have all of the powers and duties necessary for the administration of the affairs of the Association in accordance with the provisions of the Declaration and may do all such acts and things as are not by the Act or by these By-Laws directed to be exercised and done by the Association. The Committee shall have the power from time to time to adopt any rules and regulations deemed necessary for the enjoyment of the Project provided such rules and regulations shall not be in conflict with the Act, the Declaration or these By-Laws. The Committee shall delegate to one of its members the authority to act on behalf of the Committee on all matters relating to the duties of the Manager, if any, which might arise between meetings of the Committee. Subject to any limitations or provisions contained in the Declaration, the Committee shall be responsible for the following:

(a) Preparation of an annual budget, in which there shall be established the contribution of each Owner to the Common Expenses;

(b) Making assessments against Owners to defray the costs and expenses of the Condominium, establishing the means and methods of collecting such assessments from the Owners, and establishing the period of the installment payment of the annual assessment for Common Expenses. Unless otherwise determined by the Committee, the annual assessment against each Owner for his proportionate share of the Common Expenses shall be payable in equal monthly installments, each such installment to be due and payable in advance on the first day of each month for said month.

(c) Providing for the operation, care, upkeep, replacement, maintenance and surveillance of all of the Common Areas and services of the Project.

(d) Designating, hiring and dismissing the personnel necessary for the maintenance, operation, repair and

replacement of the Common Areas, and providing services for the Property, and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies and material to be used by such personnel in the performance of their duties, which supplies and equipment shall be deemed the common property of the Owners.

(e) Collecting the assessments against the Owners, depositing the proceeds thereof in a bank depository which it shall approve, and using the proceeds to carry out the administration of the Property.

(f) Making and amending rules and regulations respecting the use of the Property.

(g) Opening of bank accounts on behalf of the Project and designating the signatories required therefor.

(h) Making, or contracting for the making of, repairs, additions, and improvements to, or alterations of, the Property and repairs to, and restoration of, the Property, in accordance with the Declaration and other provisions of these By-Laws, after damage or destruction by fire or other casualty.

(i) Enforcing by legal means the provisions of the Declaration, these By-Laws and rules and regulations for the use of the Property adopted by it, and bringing any proceedings which may be instituted on behalf of the Owners.

(j) Obtaining and carrying insurance against casualties and liabilities, as provided in the Declaration, and paying the premium cost thereof.

(k) Paying the cost of all services rendered to the Project and not billed to Owners of individual Units.

(l) Keeping books with detailed accounts of the receipts and expenditures affecting the Property, and the administration of the Project, specifying the maintenance and repair expenses of the Common Areas and any other expenses incurred. The said books and vouchers accrediting the entries thereupon shall be available for examination by the Owners, their duly authorized agents or attorneys, during general business hours on working days at the times and in the manner that shall be set and announced by the Committee for the general knowledge of the Owners. All books and records shall be kept in accordance with generally accepted accounting practices, and the same, upon resolution of the Association, shall be audited at least once a year by an outside auditor employed by the Committee who shall not be a resident of the Project, or an Owner therein. The cost of such audit shall be a Common Expense. A copy of the annual audit report shall be supplied to any first mortgagee of any Unit in the Project who requests the same in writing from the Secretary.

(m) To do such other things and acts not inconsistent with the Act, the Declaration or the By-Laws or by a resolution of the Association.

2. Composition of Management Committee. The Committee shall be composed of five members. At the first annual meeting of the Association three Committee members shall be elected for two-year terms and two members for three-year terms. At each annual meeting of the Association thereafter any vacant seat on the Committee shall be filled with a member elected for a three-year term. Only Unit Owners and officers and agents of Owners other than individuals shall be eligible for Committee membership. At each annual meeting the Percentage Interest appurtenant to a Unit may be voted in favor of as many candidates for Committee membership as there are seats on the Committee to be filled; provided, however, that until the happening of the event hereinafter described in this Section 2 Declarant alone shall be entitled to select all or any portion of the five Committee Members.

The event referred to in the first paragraph of this Section 2, shall be the first to occur of the following:

(a) Units to which an aggregate of at least three-fourths (3/4) of the Percentage Interest then appertain have been conveyed by Declarant, or all Additional Land has been added to the Project, whichever last occurs; or

(b) The expiration of seven (7) years after the date on which this Declaration is filed for record in the office of the County Recorder of Salt Lake County, Utah.

3. Election and Term of Office of the Committee. At the first annual meeting of the Association, subject to the provisions of Section 2 of this Article III, five (5) members of the Committee shall be elected. The term of office of the Committee members shall be as set forth in Section 2 of this Article III. At the expiration of the initial term of office of such respective member, each successor shall be elected at subsequent annual meetings of the Association to serve a term of three (3) years. The Committee members shall hold office until their respective successors have been elected and hold their first meeting.

4. Organization Meeting. The first meeting of the members of the Committee following the annual meeting of the Association shall be held within ten (10) days after the annual meeting at such place as shall be fixed by the Committee at the meeting at which such Committeemen were elected, and no notice shall be necessary to the newly elected Committee Members in order legally to constitute such meeting provided that majority of the whole Committee shall be present thereat.

5. Regular Meetings. Regular meetings of the Committee may be held at such time and place as shall be determined, from time to time, by a majority of the Committee, but at least six (6) such meetings shall be held during each fiscal year after the first annual meeting of the Association. Notice of regular meetings of the Committee shall be given to each member, personally, by mail or by telephone, at least three (3) business days prior to the day named for such meeting.

6. Special Meetings. Special meetings of the Committee may be called by the Chairman on three (3) business days' notice to each member. Such notice shall be given personally, by mail or by telephone, and such notice shall state the time, place and purpose of the meeting. Special meetings of the Committee shall be called by the Chairman or Secretary in like manner and on like notice on the written request of at least two (2) Committeemen.

7. Waiver of Notice. Before or at any meeting of the Committee, any Committeeman may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Committeeman at any meeting of the Committee shall be a waiver of notice by him of the time and place thereof. If all the Committeemen are present at any meeting of the Committee, no notice shall be required and any business may be transacted at such meeting.

8. Committee's Quorum. At all meetings of the Committee, a majority of the Committeemen shall constitute a quorum for the transaction of business, and the acts of the majority of the Committeemen present at a meeting at which a quorum is present shall be the acts of the Committee. If, at any meeting of the Committee, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

9. Vacancies. Vacancies in the Committee caused by any reason other than removal of a Committeeman by a vote of the Association shall be filled by vote of the majority of the remaining Committeemen, at a special meeting of the Committee held for that purpose promptly after the occurrence of any such vacancy, even though the Committeemen present at such meeting may constitute less than a quorum of the Committee; and each person so elected shall be a Committeeman for the remainder of the term of the Committeeman so replaced and until a successor is elected at the next annual meeting of the Association; provided, however, that the vacancy of any Committeeman designated by the Declarant pursuant to a right of the Declarant to make such designation shall be filled by the Declarant.

10. Removal of Committeemen. A Committeeman may be removed with or without cause, and his successor elected, at any duly called regular or special meeting of the Association

at which a quorum is present, by an affirmative vote of a majority of the votes represented and voting. Any Committeeman whose removal has been proposed by the Owners shall be given at least ten (10) days' notice of the calling of the meeting and the purpose thereof and an opportunity to be heard at the meeting. Notwithstanding anything in this Section to the contrary, no person selected and designated by the Declarant as a member of the Committee may be removed without the consent of the Declarant and in such event the Declarant shall select and designate his successor.

11. Compensation. No Committeeman shall receive any compensation from the Condominium for acting as such.

12. Conduct of Meetings. The Chairman shall preside over all meetings of the Committee and the Secretary shall keep a Minute Book of the Committee recording therein all resolutions adopted by the Committee and a record of all transactions and proceedings occurring at such meetings.

13. Report of Committee. The Committee shall present at each annual meeting, and when called for by vote of the Association at any special meeting of the Association, a full and clear statement of the business and condition of the Condominium.

14. Fidelity Bonds. The Committee shall require that all officers, agents (including professional Manager and its employees) and employees of the Association handling or responsible for funds furnish adequate fidelity bonds. The premiums on such bonds shall constitute a Common Expense. The Committee shall provide fidelity insurance coverage as required by the Declaration.

#### ARTICLE IV

##### OFFICERS

1. Designation. The principal officers of the Condominium shall be a Chairman, a Vice Chairman, a Secretary and a Treasurer, all of whom shall be elected by the Committee. The Committee may appoint assistant secretaries and such other officers as in its judgment may be necessary. With the exception of the Chairman, no officer need be a member of the Committee. Two or more offices may be held by the same person, except that the Chairman shall not hold any other office.

2. Election of Officers. The officers of the Condominium shall be elected annually by the Committee at the organization meeting of each Committee and shall hold office at the pleasure of the Committee. Any vacancy in an office shall be filled by the Committee at a regular meeting or special meeting called for such purpose.

3. Removal of Officers. The officers shall hold office until their respective successors are chosen and qualify in their stead. Any officer elected or appointed by the Committee may be removed at any time by the affirmative vote of a majority of the whole Committee, and his successor may be elected at any regular meeting of the Committee, or at any special meeting of the Committee called for such purpose.

4. Chairman. The Chairman shall be the chief executive officer; he shall preside at meetings of the Association and the Committee and shall be an ex officio member of all committees; he shall have general and active management of the business of the Condominium and shall see that all orders and resolutions of the Committee are carried into effect. He shall have all of the general powers and duties which are usually vested in or incident to the office of president of a stock corporation organized under the laws of the State of Utah.

5. Vice Chairman. The Vice Chairman shall, in the absence or disability of the Chairman, perform the duties and exercise the powers of the Chairman, and shall perform such other duties as the Committee or the Chairman shall prescribe. If neither the Chairman nor the Vice Chairman is able to act, the Committee shall appoint a member of the Committee to do so on an interim basis.

6. Secretary. The Secretary shall attend all sessions of the Committee and all meetings of the Association and record all votes and the minutes of all proceedings in a book to be kept by him for that purpose and shall perform like duties for committees when required. He shall give, or cause to be given, notice of all meetings of the Association, the Committee and committees and shall perform such other duties as may be prescribed by the Committee. The Secretary shall compile and keep current at the principal office of the Condominium, a complete list of the Owners and their last known post office addresses. This list shall be open to inspection by all Owners and other persons lawfully entitled to inspect the same, at reasonable hours during regular business days. The Secretary shall also keep current and retain custody of the Minute Book of the Association, containing the minutes of all annual and special meetings of the Association and all sessions of the Committee including resolutions.

7. Treasurer. The Treasurer shall have the custody of all funds and securities that are not under the control of the Managing Agent, and, with the assistance of the Managing Agent, shall keep full and accurate records of receipts and disbursements, shall prepare all required financial data, and shall deposit all moneys and other valuable effects in such depositories as may be designated by the Committee. He shall disburse funds as ordered by the Committee taking proper vouchers for such disbursements, and shall render to the Chairman and Committeemen, at the regular meetings of the Committee,

or whenever they may require it, an account of all of his transactions as Treasurer and of the financial condition of the Project.

8. Agreement, Contracts, Deeds, Checks, etc. All agreements, contracts, deeds, leases, checks and other instruments of the Project for expenditures or obligations shall be executed by any two officers of the Committee or by such other person or persons as may be designated by the Committee.

9. Compensation of Officers. No officer shall receive any compensation from the Committee for acting as such.

#### ARTICLE V

##### FISCAL YEAR

The fiscal year of the Association shall consist of the twelve month period commencing on January 1 of each year and terminating on December 31 of the same year, except that the first fiscal year shall begin at the date of organization and terminate on December 31. The fiscal year herein established shall be subject to change by the Committee should it be deemed advisable or in the best interests of the Association.

#### ARTICLE VI

##### AMENDMENT TO BY-LAWS

1. Amendments. Except as otherwise provided in this Section, these By-Laws may be modified or amended either (i) by a vote of at least fifty-one percent (51%) of the Percentage Interest at any regular or special meeting at which a quorum is present, provided that Notice of the proposed amendment shall have been given to each Owner simultaneously with the notice of such meeting, or (ii) pursuant to a written instrument duly executed by at least fifty-one percent (51%) of the Percentage Interest, provided, however, that (a) Section 2 of Article III, insofar as it relates to the selection of members of the Committee by the Declarant, (b) Section 2 of Article II, insofar as it provides that the Declarant, so long as it is the Owner of one or more Units, may vote the votes appurtenant thereto, and (c) this Section 1 of Article VI, may not be amended without the consent in writing of the Declarant, so long as the Declarant shall own five or more Units. Furthermore, notwithstanding the foregoing, so long as the Declarant is the Owner of one or more Units, no amendment to the By-Laws or rules and regulations may be adopted which could interfere with the construction, display, sale, lease, or other disposition of such Unit or Units.

2. Recording. A modification or amendment of these By-Laws shall become effective only if such modification or

amendment is recorded in the office of the County Recorder of Salt Lake County, Utah.

3. Conflicts. No modification or amendment of these By-Laws may be adopted which shall be inconsistent with the provisions of the Act or with the provisions of the Declaration. A modification or amendment once adopted and recorded as provided for herein shall then constitute part of the official By-Laws of the Project and all Owners shall be bound to abide by such modification or amendment.

4. Approval of Mortgagees. The Declaration contains provisions concerning various rights, priorities, remedies and interests of the Mortgagees of Units. Such provisions in the Declaration are to be construed as covenants for the protection of the Mortgagees on which they may rely in making loans secured by mortgages on the Units. Accordingly, all Mortgagees shall be given thirty (30) days notice of all proposed amendments, and no amendment or modification of these By-Laws impairing or affecting the rights, priorities, remedies or interests of a Mortgagee (including the Mortgagee's use of a secondary mortgage market, i.e., the saleability of Mortgages to one of ultimate mortgage purchasing corporations) shall be adopted without the prior written consent of such Mortgagee. If there is more than one Mortgagee holding Mortgages on the Units, it shall be necessary for this purpose to obtain the written consent of all Mortgagees holding Mortgages

## ARTICLE VII

### NOTICE

1. Manner of Notice. All notices, demands, bills, statements or other communications provided for or required under these By-Laws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by U.S. Mail, first class postage prepaid, (i) if to an Owner, at the address of his Unit and at such other address as the Owner may have designated by notice in writing to the Secretary, or (ii) if to the Committee or the Manager, at the principal office of the Manager or at such other address as shall be designated by notice in writing to the Owners pursuant to this Section.

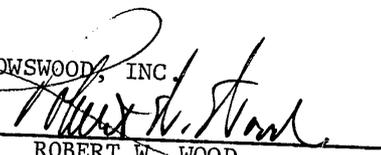
2. Waiver of Notice. Whenever any notice is required to be given under the provisions of the statutes, the Declaration or of these By-Laws, a waiver thereof, in writing, signed by the person or persons entitled to such notice, whether signed before or after the time stated therein, shall be deemed equivalent thereto, unless such waiver is ineffective under the provisions of the Act.

ARTICLE VIII

COMPLIANCE, CONFLICT, AND MISCELLANEOUS PROVISIONS

1. Compliance. These By-Laws are set forth in compliance with the requirements of the Act..
2. Conflict. These By-Laws are subordinate and subject to all provisions of the Declaration and to the provisions of the Act. All of the terms hereof, except where clearly repugnant to the context, shall have the same meaning as they are defined to have in the Declaration or the Act. In the event of any conflict between these By-Laws and the Declaration, the provisions of the Declaration shall control; and in the event of any conflict between the Declaration and the Act, the provisions of the Act shall control.
3. Severability. These By-Laws are set forth to comply with the requirements of the State of Utah. In case any of the By-Laws are in conflict with the provisions of any of its statutes, the provisions of the states will apply. If any provisions of these By-Laws or any section, sentence, clause phrase, or word, or the application thereof in any circumstance is held invalid, the validity of the remainder of these By-Laws, shall not be affected thereby and to this end, the provisions hereof are declared to be severable.
4. Waiver. No restriction, condition, obligation or provision of these By-Laws shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same.
5. Captions. The captions contained in these By-Laws are for convenience only and are not part of these By-Laws and are not intended in any way to limit or enlarge the terms and provisions of these By-Laws.
6. Gender, etc. Whenever in these By-Laws the context so requires, the singular number shall include the plural and the converse; and the use of any gender shall be deemed to include all genders.

Adopted and executed by Declarant as of the same date the Declaration was executed.

PROWSWOOD, INC.  
By   
ROBERT W. WOOD  
Executive Vice President

CONSENT OF MORTGAGEE

PRUDENTIAL FEDERAL SAVINGS & LOAN ASSOCIATION (the Mortgagee), a Corporation of the United States, hereby consents to the recordation by Prowswood, Inc., of the "Declaration of Condominium For the Orchard of Country Wood" dated September 19, 1979 and the related Record of Survey Map in the Official Records of Salt Lake County, Utah, provided, however, that such Consent shall not be deemed to render the Mortgagee a declarant or developer under the Act, this Declaration, or otherwise, or in any way to render the Mortgagee liable for any obligations of the Declarant or a developer.

DATED this 19<sup>th</sup> day of September, 1979.

PRUDENTIAL FEDERAL SAVINGS & LOAN ASSOCIATION

By Stephen P. Terry  
Stephen P. Terry  
Senior Vice President

ATTEST:

John B. Anderson  
Its Secretary

STATE OF UTAH                    )  
  : ss.  
County of Salt Lake            )

On this 19<sup>th</sup> day of SEPTEMBER, 1979, personally appeared before me STEPHEN P. TERRY and JOHN B. ANDERSON, who being by me duly sworn, did say that they are the Senior Vice President and Secretary, respectively, of Prudential Federal Savings & Loan Association, a corporation of the United States, and that the foregoing instrument was signed by them in behalf of said Corporation by authority of a resolution of its Board of Directors and they each duly acknowledged to me that the said Corporation executed the same and that the seal affixed is the seal of said Corporation.



Nicky L. Campbell  
NOTARY PUBLIC  
Residing at Salt Lake City, Utah

My Commission Expires:

1-4-82