

KATIE L. HUNN
RECORDER
SALT LAKE COUNTY
UTAH

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DECLARATION OF CONDOMINIUM

FOR 58⁰⁰

SECURITY TITLE CO.
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REF

PROSWOOD PLAZA

David Done
David Done

(A Utah Condominium Project)

THIS DECLARATION OF CONDOMINIUM is made and executed this 14th day of April, 1980, by PROSWOOD, INC., a Utah Corporation, hereinafter referred to as the "Declarant".

R E C I T A L S:

A. The Declarant is the fee 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 Map and in this Declaration.

C. The Declarant intends by recording this Declaration and the Map to submit the Land, the Building, and all other improvements situated in or upon the Land to the provisions of the Act as a Condominium Project and to impose upon the Land mutually beneficial restrictions under a general plan of improvement for the benefit of all Units within said Project and the Owners thereof.

D. This Project will provide a means for ownership in fee simple of individual Units and for co-ownership with others as tenants in common of Common Areas as herein defined.

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

I. DEFINITIONS.

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

1.1 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.

1.2 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.

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

1.4 Association shall mean Prowswood Plaza Owners Association, a Utah non-profit corporation, organized to be the Association referred to herein.

1.5 Board of Trustees or the Board, shall mean the governing board of the Association, appointed or elected in accordance with this Declaration and in accordance with the Articles of Incorporation and By-Laws of the Association.

1.6 Record of Survey Map or Map shall mean and refer to the Record of Survey Map filed herewith executed and acknowledged by the Declarant, consisting of four pages, and prepared and certified to by Robert B. Jones, a duly registered Utah Land Survey, as the same may hereafter be modified, amended, or supplemented in accordance with law including, but not by way of limitation, the provisions of Article VI concerning supplements to the Map which are to occur in conjunction with the conversion of the Convertible Spaces provided herein and shown on the Map.

1.7 Property shall mean and refer to the Land, the Building, all improvements and structures on the Land, all easements, rights and appurtenances belonging thereto, and all articles of personal property intended for use in connection therewith.

1.8 Building shall mean and refer to that certain three story building that has been erected on the Land, as such office building is shown on the Map.

1.9 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 provisions of the Act, but excluding individual Units.

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

(c) All Limited Common Areas and Facilities.

(d) All foundations, columns, girders, beams, supports, perimeter walls, roofs constituting a portion of or included in the improvements which comprise a part of the Project, and any halls, corridors, stairs, stairways, entrances, exits, restrooms, racquetball courts, lounge and snack bar room, exercise room, Building office, elevator and electrical equipment rooms, locker rooms and the elevator which are designed for the use of more than one Unit.

(e) All installations for and all equipment connected with the furnishing of Project utility services such

as electricity, heating, air conditioning, water, and sewer.

(f) All tanks, pumps, motor, fans, compressors, ducts, and in general all apparatus, installations and facilities included within the Project and existing for common use.

(g) The outdoor lighting, fences, landscaping, walkways, open parking spaces, and roads.

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

(i) All common areas and facilities as defined in the Act, whether or not enumerated herein.

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

1.10 Limited Common Areas shall mean and refer to those Common Areas designated herein (or in any Supplement hereto) or on the Map (or any supplement thereto) as reserved for the use of a certain Unit or Units to the exclusion of the other Units.

1.11 Land shall mean the land upon which the Project is situated, as particularly described in Article II of this Declaration.

1.12 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.

1.13 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.

1.14 Owner shall mean the person or persons, including the Declarant, owning in fee simple a Unit in the Project, as such ownership is shown by the records of the County Recorder of Salt Lake County, State of Utah. However, the term "Owner" shall not refer to any Mortgagee (unless such Mortgagee has acquired title for other than security purposes) but shall apply to any person or persons purchasing a Unit under contract provided that an executed copy of such contract is furnished to the Secretary of the Association.

1.15 Project shall mean the Land, the Building and all improvements submitted by this Declaration and the Map to the provisions of the Act.

1.16 Common Expenses shall mean and refer to all sums which are expended on behalf of all the Owners and all sums which are required by the Association to perform or exercise its functions, duties, or rights under the Act, this Declaration, the management agreement for the operation of the Project and such

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rules and regulations as the Association may from time to time make and adopt. By way of illustration, but not in limitation, Common Expenses shall include: (i) all charges for power and light, heating and air conditioning, subject, however, to the right and power of the Association to vary the charges assessed for electric power as provided in Section 9.3 of this Declaration; (ii) 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 Association; (iii) expenses agreed upon by the Association, or the Owners and lawfully assessed against the Owners in accordance with the Declaration; (iv) expenses declared to be Common Expenses by the Act, by this Declaration, or the By-Laws; and (v) any valid charge against the Project as a whole.

1.17 Condominium Unit or Unit shall mean and refer to a separate physical part of the Property intended for independent use, consisting of rooms or spaces located in the Building and the Percentage Interest appurtenant thereto. Units are shown on 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 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 among others, 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 a 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 located. Each Unit includes its appurtenant Percentage Interest.

1.18 Convertible Space shall mean a portion of the Building, which is designated on the Map, which may be converted into one or more Units or Common Areas, including, without limitation, Limited Common Areas, in accordance with the provisions of this Declaration.

1.19 Percentage Interest shall mean and refer to the undivided percentage interest of each Unit Owner in the Common Areas of the Project. The Percentage Interest which is appurtenant to a Unit shall be equal to the ratio between the Size of such Unit and the aggregate Size of all Units in the Project.

1.20 Manager shall mean and refer to the person, firm, or company, if any, designated from time to time by the Association to manage, in whole or in part, the business and affairs of the Association and the Project.

1.21 Size shall mean and refer to the area of floor space within a Unit, in square feet, and shall also mean and refer to the approximate area of floor space, in square feet, contained in Units created out of Convertible Spaces. Declarant's determination of the Size of a Unit, as set forth in this Declaration or in any amendment or supplement hereto pursuant to Article VI hereof shall be conclusive.

1.22 By-laws shall mean and refer to the By-laws of the Association. The initial By-laws shall be in the form set forth in Exhibit "C" and made a part thereof.

1.23 Storage Units shall mean and refer to Units 309 to 315, inclusive, located on the 3rd level of the Building to be used for storage purposes.

II. SUBMISSION TO THE ACT

There is hereby submitted to the provisions of the Act, subject to the covenants, conditions and restrictions herein contained, the following described 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 real property (the 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 real property 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 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 real property 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 real property and any

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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 Units in the Building 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 improve portions of the real property 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 real property 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 five 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. IMPROVEMENTS ON LAND

3.1 Description of Improvements. The improvements contained in the Project are now or will be located upon the Land. The major improvements contained in the Project include one three level condominium office building and uncovered parking spaces. The location and configuration of said improvements are shown on the Map. The Project also contains other improvements such as outdoor lighting, walkways, 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 number of stories and the number of Units (including Convertible Spaces) which are included in the Building. The Map shows the general parking area and also designates certain parking spaces as Limited Common Areas. The Building is composed of the following building materials: steel frame with non-load bearing walls of frame construction studded with wood; basement walls and floors of concrete; two by ten floor joists, prefabricated wood truss roof with asphalt shingles; interior walls of gypsum board and exterior walls of brick.

3.2 Description and Legal Status of Units. The Map shows the Unit designation, its location, dimensions from which its size may be determined and the Common Areas to which it has immediate access.

3.3 Contents of Exhibit "B". Exhibit "B" to this Declaration contains the following information with respect to each Unit contained in the Project; (i) the Unit Designation; (ii) Its Size; and (iii) the Percentage Interest which is

appurtenant to the Unit.

IV. NATURE AND INCIDENTS OF CONDOMINIUM OWNERSHIP

4.1 Estates of an Owner. The Project is hereby divided into Units, each consisting of a fee simple interest in a Unit and a Percentage Interest as set forth in the attached Exhibit "B". Such Percentage Interests are hereby declared to be appurtenant to the respective Units.

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

4.3 Inseparability. No part of a Unit or of the legal rights comprising ownership of a Unit may be separated from any other part thereof during the period of ownership prescribed herein, so that each Unit and the Percentage Interest appurtenant to such Unit shall always be conveyed, devised, encumbered, or otherwise affected only as a complete Unit. Every gift, devise, bequest, transfer, encumbrance, conveyance or other disposition of a Unit shall be presumed to be a gift, devise, bequest, transfer, encumbrance, or conveyance, respectively, of the entire Unit, together with all appurtenant right created by law or by this Declaration.

4.4 Computation of Percentage Interests. The Percentage Interest which is appurtenant to a Unit shall be equal to the ratio between the Size of such Unit and the aggregate Size of all Units in the Project. Declarant reserves the right to make minor adjustments in some or all of the Percentage Interests which result from the strict application thereof for the purpose, but only for the purpose, of assuring that the total Percentage Interest equals 100%. Percentage Interests shall be for all purposes, including, without limitation, voting and participation in Common Expenses.

4.5 Partition Not Permitted. The Common Areas shall be owned in common by all the Owners of Units, and no Owner may bring any action for partition thereof.

4.6 Owner's Rights to Common Areas. Subject to the limitations contained in this Declaration, any Owner shall have the non-exclusive right to use and enjoy the Common Areas and shall have the exclusive right to use and enjoy the Limited Common Areas designated herein for exclusive use by such Owner.

4.7 Owner's Rights With Respect to Interiors. Each Owner shall have the exclusive right at his sole cost and expense to maintain, repair, paint, repaint, tile, wax, paper, or otherwise refinish and decorate the interior surfaces of the walls, ceilings, floors, and doors forming the boundaries of his Unit and all walls, ceilings, floors and doors within such boundaries.

4.8 Easement for Access to Units. 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, if any, designated for use in connection with his Unit, and such rights shall be appurtenant to and pass with the title to each Unit.

4.9 Easement for Encroachments. 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 of the same shall and does exist. If any part of a Unit encroaches or shall hereafter encroach upon the Common Areas, or

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upon an adjoining Unit or Units, an easement for such encroachment and for the maintenance of the same shall and does exist. Encroachments referred to herein include, but are not limited to, encroachments caused by error in the original construction of the Building, by error in the Map, by settling, rising or shifting of the earth, or by change in position caused by repair or reconstruction of the Project or any part thereof.

4.10 Easement of Access for Repair, Maintenance and Emergencies. 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 other Units shall have the irrevocable right, to be exercised by the Association as their agent, to have access to each Unit and to all Common Areas from time to time during such reasonable hours as may be necessary for the maintenance, repair or replacement of any of the Common Areas located therein or accessible therefrom or for making emergency repairs therein necessary to prevent damage to the Common Areas or to another Unit or Units. The Association shall also have such right independent of any 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 Association or of Owners shall be an expense of all the Owners; provided, however, 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 Association by assessment pursuant to Article VIII below.

4.11 Owner's Right to Support. Each Owner shall have the right to the horizontal and lateral support of his Unit, and such rights shall be appurtenant to and pass with the title to each Unit.

4.12 Association's Right to Use of Common Areas. The Association shall have a non-exclusive easement to make such use of the Common Areas as may be necessary or appropriate to perform the duties and the functions which it is obligated or permitted to perform pursuant to this Declaration.

4.13 Easements Deemed Created. All conveyances of Units hereafter made, whether by the Declarant or otherwise, shall be construed to grant and reserve such reciprocal easements as shall give effect to Sections 4.7, 4.8, 4.9, 4.10 and 4.11, above even though no specific reference to such easements or to those Sections appears in any such conveyance.

V. UNITS AND LIMITED COMMON AREAS

5.1 Conveyancing. Any deed, lease, mortgage, deed of trust, sales contract or other instrument conveying or encumbering a Unit shall describe the interest or estate involved substantially as follows:

Unit No. _____ contained within the Prowswood Plaza Condominium Project as the same is identified in the Record of Survey Map recorded in Salt Lake County, Utah as Entry No. _____ in Book _____ at Page _____ (as said Record of Survey Map may have heretofore been amended or supplemented) and in the Declaration of Condominium of the Prowswood Plaza Condominium Project recorded in Salt Lake County, Utah as Entry No. _____ in Book _____ at Page _____ (as said Declaration may have heretofore been amended or supplemented). TOGETHER WITH the undivided ownership interest in said Project's Common Areas and Facilities which is appurtenant to said Unit.

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such description will be construed to describe the Unit, together with the appurtenant Percentage Interest in the Common Areas, and to incorporate all the rights incident to ownership of a Unit and all the limitations on such ownership as described in the Declaration, including all appurtenant Percentage Interests and all rights and limitations arising as a result of any conversion of the Convertible Space pursuant to Article VI of this Declaration.

5.2 Maintenance of Units. Each Owner shall keep the interior of his Unit, including without limitation, interior walls, doors, windows, ceilings, floors, and permanent fixtures and appurtenances thereto, in a clean and sanitary condition and in good state of repair. In the event that any such Unit shall develop an unclean or unsanitary condition or fall into a state of disrepair, and in the event that the Owner of such Unit shall fail to correct such condition or state of disrepair promptly following written notice from the Association, the Association shall have the right, at the expense of the Owner and without liability to the Owner for trespass or otherwise, to enter said Unit and correct or eliminate said unsanitary or unclean condition or state of disrepair; provided, however, that the Association shall in no event have the obligation to correct or eliminate any such condition or state of disrepair.

5.3 Separate Mortgages by Owners. Each Owner shall have the right separately to mortgage or otherwise encumber his Unit. No Owner shall attempt to or shall have the right to mortgage or otherwise encumber the Common Areas or any part thereof, except the Percentage Interest therein appurtenant to his Unit. Any Mortgage or other encumbrance of any Unit within the Project shall be subordinate to all of the provisions of this Declaration, and in the event of foreclosure the provisions of this Declaration shall be binding upon any Owner whose title is derived to foreclosure by private power of sale, judicial foreclosure, or otherwise.

5.4 Taxation of Units. Each Unit within the Project, including each unit an appurtenant Percentage Interest, shall be deemed to be a parcel and shall be assessed separately for all taxes, assessments, and other charges of any political subdivision or of any special improvement district or of any other taxing or assessing authority. For purposes of such assessment, the valuation of the Common Areas shall be apportioned among the Units in proportion to the Percentage Interests appurtenant to such Units. All such taxes, assessments, and other charges of each respective Unit shall be separately levied against the Owner thereof. No forfeiture or sale of any Unit for delinquent taxes, assessments, or other governmental charges shall divest or in any way affect the title to any other Unit.

5.5 Limited Common Areas. The Limited Common Areas of the Project (other than those associated with portions of the Convertible Spaces), all of which are appurtenant to Unit 101, consist of the following: (i) Two (2) parking spaces designated 1 and 2 shown on sheet 1 of the Map; (ii) the stairway on the West wing of the Building shown on sheet 4 of the Map; and (iii) two (2)

lockers designated 1 and 2 in the men's dressing room shown on sheet 2 of the Map. No amendment of this Section 5.5 shall occur without the written approval of the Declarant so long as Declarant owns a Unit in the Project.

5.6 Mechanic's Liens. No labor performed or material furnished for use in connection with any Unit with the consent or at the request of an Owner or his agent or subcontractor shall create any right to file a notice of mechanic's lien against the Unit of any other Owner not expressly consenting to or requesting the same or against any interest in the Common Areas, except the Percentage Interest therein appurtenant to the Unit of the Owner for whom such labor shall have been performed and such materials shall have been furnished.

VI. CONVERTIBLE SPACES

6.1 Convertible Spaces. Certain Units designated "Convertible Space" on the Map shall be Convertible Spaces, subject to the provisions of this Article VI.

6.2 Conversion of Convertible Spaces Permitted. Subject to the limitations hereinafter in this Article provided, the Declarant or the Owner of any Convertible Space may convert such Convertible Space, or any portion or portions thereof, into one or more Units or Common Areas, including without limitation, Limited Common Areas; according to the following procedure:

(a) Supplemental Map. The Declarant or the Owner of the Convertible Space concerned shall prepare and record in the Office of the County Recorder of Salt Lake County, State of Utah, a Supplemental Map pertaining to such Convertible Space, or the portion or portions thereof to be converted, and showing the location and dimensions (the verticle and horizontal boundaries) of each Unit created from the space, and the Unit designation of each Unit so created.

(b) Supplemental Declaration. Simultaneously with the recording of said Supplemental Map, the Declarant or the owner of the Convertible Space involved shall duly execute and record in the office of the County Recorder of Salt Lake County, State of Utah, a Supplemental Declaration setting forth the conversion made. The Supplemental Declaration shall include the following: (i) The designation of each Unit created from the Converted Space and (ii) the Percentage Interest allocated and appertaining to such Unit so created.

(c) Association Approval. Conversion of a Convertible Space or any portion thereof shall be effective without any approval of the Association.

6.3 Qualifications. Each conversion of a Convertible Space, or any portion thereof, shall be subject to the following qualifications:

(a) Percentage Interest. The Percentage Interest appertaining to a Convertible Space shall be allocated to, and shall appertain to, each Unit created out of such space in the same proportion as the size (approximate square feet of floor space) of each such Unit bears to the size (approximate square feet of floor space) of such Convertible Space. Following any conversion under this Article VI the total of the Percentage Interests appertaining to all Units and to all Convertible Spaces or portions thereof not then converted shall in all events equal one hundred percent (100%).

(b) Votes. The votes appertaining to each Unit created out of a Convertible Space shall be equal to the Percentage Interest allocated thereto as provided in 6.3(a) above.

(c) Nature of Unconverted Space. Any Convertible Space not converted in accordance with this Article VI, or any portion thereof not so converted, shall be deemed for all purposes to be a single Unit until and unless so converted.

(d) Amendment of this Article. This Article VI shall not be amended without the written consent of all record Owners of unconverted Convertible Space.

VII. THE ASSOCIATION

7.1 Membership. Every Owner shall be entitled and required to be a member of the Association. If title to a Unit is held by more than one person, the membership related to that Unit shall be shared by all such persons in the same proportionate interests and by the same type of tenancy in which the title to the Unit is held. An Owner shall be entitled to one membership for each Unit owned by him. Each such membership shall be appurtenant to the Unit upon which it is based and shall be transferred automatically by conveyance of that Unit. No person or entity other than an Owner may be a member of the Association, and the Articles of Incorporation or By-Laws of the Association shall so state and shall in addition state that the membership in the Association may not be transferred except in connection with the transfer of a Unit; provided, however, that the rights of membership may be assigned to a Mortgagee as further security for a loan secured by a lien on a Unit or by a deed of trust.

7.2 Board of Trustees. The Board of Trustees of the Association shall consist of five (5) members, provided, however, that until such time as the responsibility for electing the Trustees is turned over to the Owners in accordance with Utah Law (Section 57-8-16.5 Utah Code Annotated 1953), the Board of Trustees may consist of three members selected by the Declarant. In addition to individual Unit Owners, partners of partnerships owning Units and officers of corporations owning Units shall be eligible for membership on the Board.

7.3 Votes. The number of votes appurtenant to each respective Unit shall be equal to the Percentage Interest set forth in Exhibit "B" attached hereto as the same may be revised incident to any and all conversions of Convertible Spaces. The number of votes appurtenant to each Unit as set forth in said Exhibit "B" (subject to revisions resulting from conversions of Convertible Spaces) shall have a permanent character and shall not be altered without the unanimous written consent of all Owners

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expressed in a duly recorded amendment to this Declaration.

VIII. RIGHTS AND OBLIGATIONS OF THE ASSOCIATION

8.1 Common Areas. The Association, subject to the rights of the Owners set forth in Article IV hereof, shall be responsible for the exclusive management and control of the Common Areas and all improvements thereon (including furnishings and equipment related thereto) and shall keep the same in good, clean, attractive and sanitary condition, order and repair; provided, however, that each Owner of a Unit shall keep the Limited Common Areas (other than automobile parking stalls) designated for use in connection with his Unit, in a good, clean, sanitary and attractive condition. The Association shall be responsible for the maintenance and repair of all Common Areas. The cost of such management, operation, maintenance and repair by the Association shall be borne as provided in Article IX.

8.2 Miscellaneous Services. The Association may obtain and pay for the services of any person or entity to manage its affairs, or any part thereof, to the extent it deems advisable, as well as such other personell of the Association as it shall be determined to be necessary or desirable for the proper operation of the Project, whether such personnel are furnished or employed directly by the Association or by any person or entity with whom or which it contracts. The Association may obtain and pay for legal and accounting services necessary or desirable in connection with the operation of the Project or the enforcement of this Declaration. The Association may arrange with others to furnish trash collection, snow removal, ground maintenance, and other common services to each Unit. The cost of such services shall be borne as provided in Article IX.

8.3 Personal Property for Common Use. The Association may acquire and hold for the use and benefit of all of the Owners tangible and intangible personal property and may dispose of the same by sale or otherwise, and the beneficial interest in any such property shall be deemed to be owned by the Owners in the same proportion as the respective Percentage Interests. Such interest shall not be transferable except with the transfer of a Unit. A transfer of a Unit shall transfer to the transferee ownership of the transferor's beneficial interest in such property without any reference thereto. Each owner may use such property in accordance with the purpose for which it is intended, without hindering or encroaching upon the lawful rights of other Owners. The transfer of title to a Unit under foreclosure shall entitle the purchaser to the interest in such personal property associated with the foreclosed Unit.

8.4 Rules and Regulations. The Association may make reasonable rules and regulations governing the use of the Units and of the Common Areas, which rules and regulations shall be consistent with the rights and duties established in this Declaration. Such rules and regulations may include, without limitation: a requirement that draperies, shades, or other

interior window coverings, including the interior surfaces of any window or door glass used in Units shall present a uniform appearance of type and color from the exterior of the Building and that the Association shall have the right to reinspect and approve all proposed draperies, shades, or other interior window coverings to insure compliance with such rule before installation thereof in a Unit. The Association may suspend any owner's voting rights in the Association during any period or periods during which such Owner fails to comply with such rules and regulations, or with any other obligations of such Owner under this Declaration. The Association may also take judicial action against the Owner to enforce compliance with such rules, regulations or other obligations or to obtain damages for non-compliance, all to the extent permitted by law.

8.5 Granting Easements. The Association may, without a vote or consent of the Owners, or of any other person, grant or create on such terms as it deems advisable, utility and similar easements and rights-of-way over, under, across, and through the Common Areas.

8.6 Implied Rights. The Association may exercise any other right or privilege given to it expressly by this Declaration or By-Law, and every other right or privilege reasonably to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege.

IX. ASSESSMENTS

9.1 Agreement to Pay Assessment. Declarant, for each Unit owned by it within the Project, and for and as the owner of the Project and every part thereof, 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, 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.

9.2 Amount of Total Annual Assessments. The total annual assessments against all Units shall be based upon advance estimates of cash requirements by the Association to provide for the payment of all estimated expenses growing out of or connected with the maintenance and operation of the Common Areas or furnishing utility services (including power and light, heating and air conditioning) to the Units, which estimates may include, among other things, expenses of management, grounds maintenance, taxes and special assessments, until the Units are separately assessed as provided herein; premiums for all insurance which the Association is required or permitted to maintain pursuant hereto; common lighting and heating; water charges; trash collection;

snow removal; sewer service charges; repairs and maintenance; wages for Association 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.

9.3 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, subject, however, to the right and power of the Association from time to time to employ an independent consultant to compute the electric power consumption of each Unit and to charge each Unit Owner accordingly therefor.

9.4 Notice of Annual Assessments and Time for Payment Thereof. Annual assessments shall be made on a calendar year basis. The Association shall give written notice to each Owner as to the amount of the annual assessment with respect to his Unit not less than sixty (60) days nor more than thirty (30) days prior to the beginning of the next calendar year. Such assessment shall be due and payable in monthly installments on the 1st 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 Association 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 Condominium Unit. Each monthly assessment shall bear interest at the rate of eighteen percent (18%) per annum from the date it becomes due and payable if not paid within thirty (30) days after such date. Failure of the Association to give timely notice of any assessment as provided herein shall not affect the liability of the Owner of any 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.

9.5 Special Assessments for Capital Improvements. In addition to the annual assessments authorized by this Article, the Association may levy in any assessment year a special assessment, payable over such a period as the Association 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 Association to incur expenses, but shall be construed to prescribe the manner of assessing for expenses authorized by other Sections hereof which shall make specific reference to this Article. Any amounts assessed pursuant hereto shall be assessed to Owners in proportion to their respective Percentage Interest.

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 eighteen percent (18%) per annum from the date it becomes due and payable if not paid within thirty (30) days after such date.

9.6 Lien for Assessments. (a) All sums assessed to any Unit pursuant to this Article, 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 assessment 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, State of 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.

(b) To evidence a lien for sums assessed pursuant to this Article, the Association 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 Association 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 Association 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 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 Association any assessments against the Unit which shall become due during the period of foreclosure. The Association 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.

(c) A release of notice of lien shall be executed by the Association and recorded in the official records 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.

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

9.7 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 Association 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.

9.8 Statement of Account. Upon payment of a reasonable fee not to exceed Ten Dollars (\$10.00), or such other amount as the Act may allow, and upon written request of any Owner or any Mortgagee, prospective Mortgagee or prospective purchaser of a Unit, the Association shall issue a written statement setting forth the amount of the unpaid assessments, if any, with respect to such Unit; the 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 Association 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.

9.9 Personal Liability of Purchaser for Assessments. Subject to the provisions of Section 9.8 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.

X. INSURANCE

10.1 The Association shall secure and at all times maintain the following insurance coverages:

(a) Hazard Coverage. 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 mortgage 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

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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) Public Liability. A comprehensive policy of public liability insurance covering all of the Common Areas insuring the Association, the Board of Trustees, 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) Workmen's Compensation Insurance. The Association shall obtain and maintain workmen's compensation and employer's liability insurance and all other similar insurance with respect to employees of the Association in the amounts and in the forms now or hereafter required by law.

(d) Fidelity Insurance or Bond. The Association shall purchase, in such amounts and in such forms as it deems appropriate, fidelity insurance or a bond to cover against dishonesty of trustees, officers, and employees, destruction or disappearance of money or securities, and forgery.

10.2 The following additional provisions shall apply with respect to insurance.

(a) In addition to the insurance and bond coverage described above, the Association 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, con-

tributions or assessments may be made against the Borrower or the Mortgagee; 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 or the borrower from collecting insurance proceeds.

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

(d) Insurance secured and maintained by the Association 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 Association 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 Association, the Manager, the Trustees, 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 Association 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 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 Association. 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 Article X 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 Article X shall not be construed to limit the power or authority of the Association to obtain and maintain insurance coverage. In addition to any insurance coverage required hereunder, in such amounts and in such forms as the Association may deem proper from time to time.

(j) The Association shall have no responsibility regarding insurance on the personal property of Unit Owners.

XI. DAMAGE OR DESTRUCTION

11.1 In the event of damage of or destruction of part of all of the improvements in the Project, the following procedures shall apply:

(a) Insurance Proceeds Sufficient to Repair or Reconstruct. If proceeds of the insurance maintained by the Association are alone sufficient to repair or reconstruct the damage or destroyed improvement, such repair or reconstruction shall be carried out.

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

(c) Damage or Destruction Exceeds 75%. If 75% or more of the Project's improvements are destroyed or substantially damaged, if proceeds of the insurance maintained by the Association 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 subsection (b) above.

(d) Substantial Damage or Destruction but Owners Do Not Elect to Repair or Reconstruct. If 75% or more of the Project's improvements are

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destroyed or substantially damaged, if proceeds of the insurance maintained by the Association 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 Association 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.

11.2 Determination of Extent of Damage or Destruction. Any reconstruction or repair which is required to be carried out by this Article XI regarding the extent of damage to or destruction or Project improvements shall be made by three MAI appraisers selected by the Association. The decision of any two such appraisers shall be conclusive.

XII. OBSOLESCENCE

12.1 Adoption of a Plan. The Owners representing an aggregate voting interest of eighty percent (80%) or more of the Project may agree that the Project is obsolete and adopt a written plan for the renewal and reconstruction, which plan has the unanimous approval of all first Mortgagees of record at the time of the adoption of such plan. Written notice of adoption of such a plan shall be given to all Owners. Such plan shall be recorded in the official records of Salt Lake County, Utah.

12.2 Payment for Renewal and Reconstruction. The expenses of renewal or reconstruction shall be payable by all of the Owners as assessments against their respective Units. These assessments shall be levied in advance pursuant to ARTICLE IX hereof and shall be allocated and collected as provided in that Article. Further levies may be made in like manner if the amounts collected prove insufficient to complete the renewal and reconstruction.

12.3 Dissents from the Plan. An Owner not a party to such a plan for renewal or reconstruction may give written notice of dissent to the Association within fifteen (15) days after the recordation of such plan. The Association shall then give written advice of such dissents to all the Owners within five (5) days after the expiration of such fifteen (15) day period. Within fifteen (15) days of receipt of such notice from the Association the Owners representing an aggregate voting interest of more than twenty percent (20%) of the Project may cancel the plan by written instrument recorded in the official records of Salt Lake County, Utah. If the plan is not canceled then the Units of each dissenter shall be purchased according to the following procedures. If the Owner and the Association can agree on the fair market value thereof, then such sale and conveyance shall be completed within sixty (60) days thereafter. If the parties are unable to agree, the date when either party notifies

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the other that he or it is unable to agree with the other shall be the "commencing date" from which all periods of time mentioned herein shall be measured. Within ten (10) days following the commencing date, each party shall nominate a qualified appraiser by written nomination and shall give notice of such nomination, the appraiser nominated shall, within five (5) days after default by the other party, appoint and associate with him another qualified appraiser. If the two appraisers designated by the parties, or selected pursuant hereto in the event of default of one party, are unable to agree, they shall appoint another qualified appraiser to be umpire between them, if they can agree on such person. If they are unable to agree upon such umpire, then each appraiser previously appointed shall nominate two qualified appraisers, and from the names of the four persons so nominated one shall be drawn by lot by a judge of any court of record in Utah, and the person whose name is so drawn shall be the umpire. The nominations from among which the name of the umpire is to be drawn by lot shall be submitted within ten (10) days of the failure of the two appraisers to agree, which, in any event, shall not be later than twenty (20) days, following the appointment of the second appraiser. The decision of the appraisers as to the fair market value, or in the case of their disagreement, the decision of such umpire shall be final and binding. The expenses and fees of such appraisers shall be borne equally by the Association and the Owner. The sale shall be consummated within sixty (60) days after decision of the appraisers, and the Association as attorney in fact shall disburse the proceeds first to encumbrancers (including the Association) in the order of the priority of their liens and the balance remaining to the Unit Owner. The obligation of the Association to make such purchase shall be conditioned on the fair market value of the Unit exceeding the obligations secured by liens on such Unit, and upon the marketability of the title of the Owner. Owners shall furnish the Association an appropriate commitment for title insurance evidencing marketability of his title not less than fifteen (15) days prior to the date set for completion of the sale.

The Association, pursuant to ARTICLE IX hereof, may levy a special assessment sufficient to provide funds to pay for the Units of the dissenters, provided that such assessments shall not apply to any of the Owners who are among the dissenters and shall not be liens against the Units of such Owners.

12.4 Sale of Obsolete Units. The Owners representing an aggregate ownership interest of eighty percent (80%) or more of the Units may agree that the Units are obsolete and that the Project should be sold. Such an agreement must have the unanimous approval of every first Mortgagee of record at the time such agreement is made. In such instance the Association shall forthwith record a notice setting forth such fact or facts, and upon the recording of such notice by the Association the Project shall be sold by the Association as attorney in fact for all of the Owners free and clear of the provisions contained in this Declaration, the Map and the Bylaws of the Association. The sale proceeds shall be apportioned among the

Owners in proportion to the respective undivided interest in the Common Areas, and such apportioned proceeds shall be paid into separate accounts, each such account representing one Unit. Each such account shall remain in the name of the Association, and shall be further identified by the Unit designation and the name of the Owner. From each separate account the Association, as attorney in fact, shall use and disburse the total amount of such accounts without contribution from one account to the other, first to encumbrancers (including the Association) in the order of the priority of their liens and the balance remaining to each respective Owners.

12.5 Distribution of Excess. In the event amounts collected pursuant to Section 13.2 are in excess of the amounts required for renewal and reconstruction, the excess shall be returned to the Owners by the Association by a distribution to each Owner in an amount proportionate to the respective amount collected from each such Owner.

XIII. CONDEMNATION

13.1 Consequences of Condemnation. If at any time or times during the continuance of the condominium ownership pursuant to this Declaration, all or any part of the Project shall be taken or condemned by any public authority or sold or otherwise disposed of in lieu of or in avoidance thereof, the following provisions shall apply.

13.2 Proceeds. All compensation, damages, or other proceeds therefrom, the sum of which is hereinafter called the "Condemnation Award", shall be payable to the Association.

13.3 Complete Taking. In the event that the entire Project is taken or condemned, or sold or otherwise disposed of in lieu of or in avoidance thereof, the condominium ownership pursuant thereto shall terminate. The Condemnation Award shall be apportioned among the Owners in proportion to the respective Percentage Interest in the Common Areas, provided that if a standard different from the value of the Project as a whole is employed to measure the Condemnation Award in the negotiation, judicial decree, or otherwise, then in determining such shares the same standard shall be employed to the extent it is relevant and applicable.

On the basis of the principle set forth in the last preceding paragraph, the Association shall soon as practicable determine the share of the Condemnation Award to which each Owner is entitled. Such shares shall be paid into separate accounts and disbursed as soon as practicable in the same manner provided in Section 13.4 of this Declaration.

13.4 Partial Taking. In the event that less than the entire Project is taken or condemned, or sold or otherwise disposed of in lieu of or in avoidance thereof, the condominium ownership hereunder shall not terminate. Each Owner shall be

entitled to a share of the Condemnation Award to be determined in the following manner: (a) as soon as practicable the Association shall, reasonably and in good faith, allocate the Condemnation Award between compensation, damages, or other proceeds, and shall apportion the amounts so allocated to taking of or injury to the Common Areas shall be apportioned among Owners in proportion to their respective Percentage Interests in the Common Areas, (b) the total amount allocated to severance damages shall be apportioned to those Units which were not taken or condemned, (c) the respective amounts allocated to the taking of or injury to a particular Unit and/or improvements an Owner has made within his own Unit shall be apportioned to the particular Unit involved, and (d) the total amount allocated to consequential damages and any other takings or injuries shall be apportioned as the Association determines to be equitable in the circumstances. If an allocation of the Condemnation Award is already established in negotiation, judicial decree, or otherwise, then in allocating the Condemnation Award the Association shall employ such allocation to the extent it is relevant and applicable. Distribution of apportioned proceeds shall be made by checks payable jointly to the respective Owners and their respective Mortgagees.

13.5 Reorganization. In the event a partial taking results in the taking of a complete Unit, the Owner thereof automatically shall cease to be a member of the Association. Thereafter the Association shall reallocate the ownership, voting rights, and assessment ratio determined in accordance with this Declaration according to the same principles employed in this Declaration at its inception and shall submit such reallocation to the Owners of remaining Units for amendment of this Declaration as provided.

13.6 Reconstruction and Repair. Any reconstruction and repair necessitated by condemnation shall be governed by the procedures specified in Article XI, above.

XIV. USE OF UNITS AND COMMON AREAS

14.1 Unit Use Restrictions and Office Use. All Units, except Storage Units, within the Project shall be used exclusively for business or professional offices and for no other purposes. Such permitted uses may include, but not by way of limitation, accounting offices, insurance and other brokerage offices, various professional offices (except as hereinafter otherwise provided) and generally other business offices and related facilities. No Unit within the Project shall be used for any of the following purposes: restaurants, retail shops or stores, manufacturing, residential, dental or medical offices except that medical doctors and others whose practice is restricted to mental health are permitted in the Project. Storage Units are constructed for the purpose of storing files, records, supplies, equipment and the like. No item which is illegal or which may be inflammable, explosive or otherwise hazardous to health or property or which may tend to cause the insurance rate to increase shall be placed or stored in the Storage Units.

14.2 Use of Common Areas. There shall be no obstruction of the Common Areas by the Owners and/or their invitees

without the prior consent of the Association. The Association may by rules and regulations prohibit or limit the use of the Common Areas as may be reasonably necessary for the purpose of 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 Association, 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 Association.

14.3 Prohibition of Damage and Certain Activities. 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 over what the Association, but for such activity, would pay, without the prior written consent of the Association. 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 Association and other Owners harmless against all loss resulting from such damage or waste caused by him or his invitees; provided, however, that any invitee of the Declarant shall not be under any circumstances 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 occupying a Unit in the Project.

14.4 Rules and Regulations. No Owner shall violate the rules and regulations for the use of the Units and of the Common Areas as adopted from time to time by the Association.

14.5 Structural Alterations. No structural alterations to any Unit shall be made, and no plumbing, electrical or similar work within the Common Areas shall be done, by any Owner without the prior written consent of the Association.

14.6 Restriction on Signs. No signs, flags, or advertising devices of any nature shall be erected or maintained on any part of the Project without the prior written approval of the Association, except as may be necessary temporarily to caution or warn of danger. If the Association consents to the erection of any such signs or devices, the same shall be removed promptly at the request of the Association.

14.7 Animals. No pets or animals of any kind or nature whatsoever shall be permitted in any Unit, in the Common Areas or any other part of the Project.

14.8 No Overloading. No Owner shall bring anything into his Unit or permit anything to be done in his Unit that will cause damage to the Building. No Owner shall overload

a floor of his Unit. No Owner shall permit the use or operation in his Unit of any equipment or other device that will in any manner injure the Building or portions thereof.

14.9 Exemption of Declarant. The provisions of this Article VI shall not apply to any improvement or structure constructed on the Land by Declarant prior to the time that Units and appurtenant Percentage Interest are conveyed by Declarant to purchasers; and the Declarant shall have the right to use any Unit owned by it, and any part of the Common Areas reasonably necessary or appropriate, in furtherance of any construction, marketing, sales, management, promotional, or other activities designed to accomplish or facilitate improvement of the Common Areas or improvement and sale of Units owned by Declarant.

XV. MORTGAGEE PROTECTION

From and after the time a Mortgagee makes written request to the Association therefor, the Association shall notify such Mortgagee in writing in the event that the Owner of the Unit encumbered by the Mortgage held by such Mortgagee neglects for a period of thirty (30) or more days to cure any failure on his part to perform any of his obligations under this Declaration.

The lien or claim against a Unit for unpaid assessments or charges levied by the Association pursuant to this Declaration or the Act shall be subordinate to the Mortgage affecting such Unit, and the Mortgagee thereunder which comes into possession of or which obtains title to the Unit shall take the same free of such lien or claim for unpaid assessments or charges, but only to the extent of assessments or charges which accrue prior to foreclosure of the Mortgage, exercise of a power of sale available thereunder, or deed or assignment in lieu of foreclosure (except for claims for a pro rata share of such prior assessments or charges resulting from a pro rata reallocation thereof to all Units including the Unit in which the Mortgagee is interested). No assessment, charge, lien or claim which is described in the preceding sentence as being subordinate to a Mortgage or as not to burden a Mortgagee which comes into possession or which obtains title shall be collected or enforced by the Association from or against a Mortgagee, a successor in title to a Mortgagee, or the Unit affected or previously affected by the Mortgage concerned.

Unless at least seventy-five percent (75%) of the Mortgagees (based upon one vote for each Mortgage) or Owners (other than Declarant) of the individual Units have given their prior written approval, the Association shall not be entitled, by act, omission, or otherwise:

- (a) To abandon or terminate the Project or to abandon or terminate the arrangement which is established by this Declaration and the Map.

(b) To partition or subdivide any Unit;

(c) To abandon, partition, subdivide, encumber, sell, or transfer all or any part of the Common Areas (except for the granting of easements for utilities and similar purposes consistent with the intended use of the Common Areas, and except as such matters which might result from Declarant's conversion of Convertible Spaces pursuant to the provisions of Article VI;

(d) To use hazard insurance proceeds resulting from damage to any part of the Project (whether to Units or to the Common Areas) for purposes other than the repair, replacement, or reconstruction of such improvements, except as provided in Article XI;

(e) To change the pro rata interests or obligations of any Unit which apply for (i) purposes of levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards and for (ii) determining the pro rata share of ownership of each Unit in the Common Areas, except as such changes may occur as a result of Declarant's conversion of the Convertible Spaces pursuant to the provisions of Article VI;

The Association shall not: (i) alter the provisions of Article X in such a way as to diminish the insurance protection required to be afforded to the parties designed to be protected thereby; or (ii) fail to maintain the insurance coverage described in said Article.

Any Mortgagee shall have the right, at its request and expense and upon reasonable notice, to examine the books and records of the Association. The Association shall establish an adequate reserve to cover the cost of reasonably predictable and necessary major repairs, maintenance and replacements of the Common Areas and shall cause such reserve to be funded by regular monthly or other periodic assessments against the Units rather than by special assessments.

From and after the time a Mortgagee makes written request to the Association therefor, the Committee or the Association shall notify such Mortgagee in writing in the event that there occurs any damage or loss to, or taking or anticipated condemnation of: (i) The Common Areas involving an amount in excess of, or reasonably estimated to be in excess of, Ten Thousand Dollars (\$10,000.00); or (ii) Any Unit encumbered by the Mortgage held by such Mortgagee, if the amount involved in such damage, loss, or taking is in excess of, or reasonably estimated to be in excess of, One Thousand Dollars (\$1,000.00). Said notice shall be given within ten (10) days after the Association learns of such damage, loss, taking or anticipated condemnation.

No provision of this Declaration gives or may give a Unit Owner or any other party priority over any rights of Mortgagees pursuant to their respective Mortgages in the case of a distribution to Unit Owners of insurance proceeds or condemnation awards for loss to or taking of Units and/or the Common Areas.

Any Mortgagee which obtains title to the Unit encumbered by its Mortgage pursuant to the remedies provided for in said Mortgage, pursuant to foreclosure of said Mortgage, pursuant to exercise of a power of sale available under said Mortgage, or pursuant to deed or assignment in lieu of foreclosure, shall be exempt from and shall in no way be governed by or subject to any "right of first refusal" which may be contained in or provided for in this Declaration.

In the event another provision or clause of this Declaration deals with the same subject matter as is dealt with in any provision or clause of this Article XV, the provision or clause which results in the greatest protection and security for a Mortgagee shall control the rights, obligations, or limits of authority, as the case may be, applicable to the Association with respect to the subject concerned.

No amendment to this Declaration which has the effect of diminishing the rights, protection, or security afforded to Mortgagees shall be accomplished or effected unless all of the Mortgagees of the individual Units have given their prior written approval to such amendment. Any amendment to this Article XV shall be accomplished by an instrument executed by the Association and filed for record in the office of the Salt Lake County Recorder. In any such instrument an officer of the Association shall certify that any prior written approval of Mortgagees required by this Article XV as a condition to amendment has been obtained.

XVI. AMENDMENT

16.1 Except as provided in and/or subject to the terms of items (a) through (c) below, the vote of at least 51% of the Percentage Interest in the Common Areas shall be required to amend this Declaration or the Map. Any amendment so authorized shall be accomplished through the recordation of an instrument executed by the Association. In such instrument the Committee shall certify that the vote required by this Article for amendment has occurred. The foregoing right of amendment shall, however, be subject to the following:

(a) Any amendment to the foregoing Article XV ("Mortgagee Protection") shall be subject to the matters treated by the last Paragraph of said Article.

(b) Declarant shall have the right unilaterally to amend and supplement this Declaration and the Map

in conjunction with its each and every conversion of the Convertible Spaces, all in the manner and to the extent, but only in the manner and to the extent, provided for in Article VI.

(c) Until the Declarant has sold all Units (including Units converted from Convertible Spaces) which it intends to sell to purchasers, no amendment to the Map or to any provision of this Declaration which has or may have the effect of diminishing or impairing any right, power, authority, privilege, protection, or control accorded to Declarant (in its capacity as Declarant) herein shall be accomplished or effective unless the instrument through which such amendment is purported to be accomplished is consented to in writing by the Declarant.

XVII. GENERAL PROVISIONS

17.1 Declarant's Rights Assignable. All of the rights of Declarant under this Declaration may be assigned or transferred either by operation of law or through a voluntary conveyance, transfer, or assignment.

17.2 Covenants to Run With Land. This Declaration and all the provisions hereof shall constitute covenants to run 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 other signatories hereto, 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 this Declaration and the provisions of any rules, regulations, agreements, instruments, supplements, amendments, and determinations contemplated by this Declaration. Failure to comply with any of the same shall be grounds for an action to recover sums due and for damages or injunctive relief or both, maintainable by the Association on behalf of the Owners, or, in a proper case, by an aggrieved 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.

17.3 Limitation on Association's Liability. The Association shall not be liable for any failure of water service or other utility services to be obtained and paid for by the Association hereunder, or for injury or damage to any person or property caused by the elements or by another Owner or person in or upon the Project, or resulting from electricity, water, rain, snow, or ice which may leak or flow from outside or from any parts of the Building or its drains, pipes, conduits, appliances,

conduits, or equipment, or from any other place, unless caused by the grossly negligent or willful misconduct of the Association. No diminution or abatement of any assessments under this Declaration shall be claimed or allowed for inconvenience or discomfort arising from the making of any repairs or improvements to or maintaining the Project or any part thereof, or from any action taken to comply with the provisions of this Declaration or with the laws, ordinances, regulations, rules, or orders of any governmental authority.

17.4 Owner's Obligations Continue. All obligations of the Owner under and by virtue of the provisions contained in this Declaration shall continue, notwithstanding that he may have leased or rented said interest, but the Owner of a Unit shall have no obligation for expenses or other obligations accruing after he conveys such Unit.

17.5 Interpretation. To the extent the provisions of the Act are consistent with this Declaration, such provisions shall supplement the terms hereof and are incorporated herein. The captions which precede the Articles and Sections of this Declaration are for convenience only and shall in no way affect the manner in which any provision hereof is construed. Whenever the context so requires, the singular shall include the plural, the plural shall include the singular, the whole shall include any part thereof, and any gender shall include both other genders. The invalidity or unenforceability of any portion of this Declaration shall not affect the validity or enforceability of the remainder hereof.

17.6 Agent for Service of Process. Richard S. Prows, whose address is 4885 South 900 East, Salt Lake City, Utah 84117, is the person to receive service of process in the cases authorized by the Act. The Association shall, however, have the right to appoint a successor or substitute process agent. Such successor or substitute agent and his address shall be specified by an appropriate instrument filed in the office of the County Recorder of Salt Lake County, State of Utah.

17.7 Effective Date. This Declaration, any amendment or supplement hereto, and any amendment or supplement to the Map shall take effect upon its being filed for record in the office of the County Recorder of Salt Lake County, Utah.

EXECUTED by Declarant on the day and year first above written.

"Declarant":

PROSWOOD, INC.
A Utah corporation

By Richard S. Prows
RICHARD S. PROWS - President

ATTEST:

Mas Yano
MAS YANO - Secretary

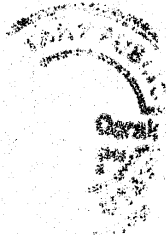
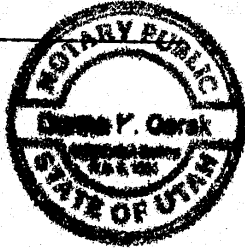
STATE OF UTAH)
) : ss.
County of Salt Lake)

On this 14th day of April, 1980, personally appeared before me RICHARD S. PROWS and MAS YANO, who being by me duly sworn, did say that they are the President and Secretary, respectively, of PROWSWOOD, INC., a Utah corporation, and that the foregoing Declaration was signed on behalf of said corporation by authority of its Bylaws or a resolution of its Board of Directors, and said Officers acknowledged to me that said corporation executed the same.

Donna K. Corak
NOTARY PUBLIC
Residing at: Salt Lake City, Utah

My Commission Expires:

2-8-84



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 Prowswood Plaza" and the related Record of Survey Map in the Official Records of Salt Lake County, State of 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 developer.

DATED this 14th day of April, 1980.

PRUDENTIAL FEDERAL SAVINGS & LOAN ASSOCIATION

By: Stephen F. Perry
Its Senior Vice President

ATTEST:

John B. Lundberg
Its Secretary

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

On this 14th day of April, 1980, personally appeared before me Stephen F. Perry and Gale 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 or of its By-Laws 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.

Robert Smith
NOTARY PUBLIC
Residing at Salt Lake City, Utah



BOOK 5089 PAGE 1448

EXHIBIT "A"

TO

DECLARATION OF CONDOMINIUM

FOR

PROSWOOD PLAZA

(A Utah Condominium Project)

The "Land" which is referred to and affected by said Declaration is situated in Salt Lake County, State of Utah, and is described as follows:

Beginning at a point that is N 48°29'53" E 232.778 feet from a County monument, said monument is N 89°50' W 665.15 feet and S 4°54'30" E 1858.843 feet from the North $\frac{1}{4}$ corner of Section 8, Township 2 South, Range 1 East, Salt Lake Base and Meridian, said point of beginning is on the North right of way line of 4895 South Street; thence West 135.116 feet along said North right of way line to a point on a 1492.40 foot radius curve to the left, said point is the East right of way line of 900 East Street (bearing to center of curve bears N 89°03'59" W); thence Northwesterly 152.167 feet along arc of said curve along a State highway right-of-way line; thence N 4°54'30" W 262.193 feet to a fence line on the North side of the Mill Race; thence S 63°10' E 74.882 feet; thence S 80°20' E 86.615 feet; thence N 81°53' E 69.264 feet; thence N 66°36'52" E 115.80 feet; thence N 85°11'32" E 64.827 feet; thence S 78°48'19" E 42.984 feet; thence South 315.121 feet; thence West 271.00 feet; thence South 102.60 feet to the point of beginning. Contains 3.128 Acres.

Together with all appurtenances, and subject to reservations and other provisions set forth in the Declaration.

BOOK 5089 PAGE 1449

EXHIBIT "B"

TO

DECLARATION OF CONDOMINIUM

FOR BROWSWOOD PLAZA

<u>Unit No.</u>	<u>Level</u>	<u>Size</u>	<u>Percentage Interest</u>
<u>Office Units:</u>			
101	1st	16317	37.6575%
102	"	1170	2.6996%
103	"	596	1.3752%
104	"	114	.2630%
201	2nd	1440	3.3226%
202	"	6032	13.9182%
203	"	676	1.5598%
208	"	3127	7.2152%
209	"	2911	6.7168%
212	"	1045	2.4112%
301	3rd	1554	3.5857%
302	"	1493	3.4449%
304	"	4245	9.7949%
308	"	1197	2.7620%
<u>Storage Units:</u>			
309	3rd	285	.6573%
310	"	285	.6573%
311	"	140	.3230%
312	"	141	.3230%
313	"	141	.3230%
314	"	141	.3230%
315	"	289	.6668%
			<hr/> 100%

BOOK 5089 PAGE 1450

EXHIBIT "C"
To the Declaration

BYLAWS

OF

PROSWOOD PLAZA OWNERS ASSOCIATION

A Utah Condominium Project,

(Salt Lake County, Utah)

BYLAWS

ARTICLE I

Plan of Unit Ownership

Section 1. Name and Location. These are the Bylaws of the Prowswood Plaza Owners Association. The principal office of the Project shall be located at 4885 South 900 East, Salt Lake City, Utah 84117.

Section 2. Compliance. Every Unit Owner and all those entitled to occupy a Unit shall comply with these By-laws.

ARTICLE II

Association

Section 1. Composition. The Association shall consist of all of the Unit Owners acting as a group in accordance with the Act pursuant to the Declaration and these Bylaws. For all purposes the Association shall act merely as an agent for the Unit Owners as a group. The Association shall have the responsibility of administering the Project, establishing the means and methods of collecting assessments and charges, arranging for the management of the Project and performing all of the other acts that may be required or permitted to be performed by the Association by the Act and the Declaration. Except as to those matters which the Act specifically requires to be performed by the vote of the Association, the foregoing responsibilities shall be performed by the Board of Trustees or the Manager as more particularly set forth in the Declaration.

Section 2. Annual Meetings. The annual meetings of the Association shall be held on the first day of October of each year unless such date shall occur on a Saturday or Sunday or holiday, in which event the meeting shall be held on the succeeding business day. At such annual meetings the Board of Trustees shall be elected by ballot of the Unit Owners in accordance with the requirements of Section 4 of Article III of these Bylaws, subject, however, to the provisions of Section 7.2 of Article VII of the Declaration.

BOK 5089 PAGE 1451

Section 3. Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Unit Owners as may be designated by the Board of Trustees.

Section 4. Special Meetings. (a) The President shall call a special meeting of the Association if so directed by resolution of the Board of Trustees or upon a petition signed and presented to the Secretary by Unit Owners of not less than twenty-five percent of the aggregate Percentage Interests. The notice of any special meeting shall state the time, place and purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

(b) On the earlier of (i) a day within thirty days after deeds of conveyance of Units representing seventy-five percent or more of the aggregate Percentage Interests shall have been delivered to Unit Owners by the Declarant or (ii) the expiration of the maximum time permitted by Section 57-8.-16.5 of the Act, a special meeting of the Association shall be held at which all of the members of the Board of Trustees designated by the Declarant shall resign, and the Unit Owners, including the Declarant if the Declarant owns one or more Units, shall thereupon elect successor members of the Board of Trustees to act in the place and stead of those resigning.

Section 5. Notice of Meetings. The Secretary shall mail to each Unit Owner a notice of each annual or regularly-scheduled meeting of the Unit Owners at least ten but not more than thirty days, and of each special meeting of the Unit Owners at least six but not more than thirty days, prior to such meeting, stating the time, place and purpose thereof. The mailing of a notice of meeting in the manner provided in this Section and Section 1 of Article VII of the Bylaws shall be considered service of notice.

Section 6. 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) Report of officers.
- (e) Report of Board of Trustees
- (f) Report of committees.
- (g) Election or appointment of inspectors of election (when so required).
- (h) Election of members of the Board of Trustees (when so required),
- (i) Unfinished business.
- (j) New business.

Section 7. Voting. Voting at all meetings of the meetings of the Unit Owners Association shall be on a percentage basis and the percentages of the vote to which each Unit Owner is entitled shall be the Percentage Interest assigned to his Unit in the Declaration. Where the ownership of a Unit is in more than one person, the person who shall be entitled to cast the vote of such Unit shall be the person named in a certificate executed by all of the owners of such Unit and filed with the Secretary or, in the absence of such named person from the meeting, the person who shall be entitled to cast the vote of such Unit shall be the person owning such Unit who is present. If more than one person owning such Unit is present then such vote shall be cast only in accordance with their unanimous agreement of all owners of such Unit. Such certificate shall be valid until revoked by a subsequent certificate similarly executed. Wherever the approval or disapproval of a Unit Owner is required by the Act, the Declaration or these Bylaws, such approval or disapproval shall be made only by the person who would be entitled to cast the vote of such Unit at any meeting of the Association. Except where a greater number is required by the Act, the Declaration or these Bylaws, the owners of more than fifty percent of the aggregate Percentage Interests in the Project voting in person or by proxy at one time at a duly convened meeting at which a quorum is present ("Majority of the Unit Owners") is required to adopt decisions at any meeting of the Association. Any specified percentage of the Unit Owners means the Unit Owners owning such Percentage Interests in the aggregate. 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 or Units are entitled. No Unit Owner may vote at any meeting of the Association or be elected to or serve on the Board of Trustees if the Association has perfected a lien against his Unit and the amount necessary to release such lien has not been paid at the time of such meeting or election.

Section 8. Proxies. A vote may be cast in person or by proxy. Such proxy may be granted by any Unit Owner in favor of only another Unit Owner, a Mortgagee or the Declarant. Proxies shall be duly executed in writing, shall be valid only for the particular meeting designated therein and must be filed with the Secretary before the appointed time of the meeting. Such proxy shall be deemed revoked only upon actual receipt by the person presiding over the meeting of notice of revocation from any of the persons owning such Unit. Except with respect to proxies in favor of a Mortgagee, no proxy shall in any event be valid for a period in excess of eleven months after the execution thereof.

Section 9. Quorum. Except as otherwise provided in these Bylaws, the presence in person or by proxy of Unit Owners of fifty percent or more of the aggregate Percentage Interests shall constitute a quorum at all meetings of the Association. If, however, such quorum shall not be present or represented at any meeting, the Unit 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.

Section 10. Conduct of Meetings. The President, or in his absence the Vice-President, shall 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 at the meeting as well as a record of all transactions occurring thereat. All votes shall be tallied by tellers appointed by the President.

ARTICLE III

Board of Trustees

Section 1. Number and Qualification. The affairs of the Association shall be governed by a Board of Trustees. The Board of Trustees, subject to the provisions of Section 7.2 of Article VII of the Declaration, shall be composed of five persons, all of whom shall be Unit Owners, officers of corporate Unit Owners, partners of a partnership Unit Owner, trustees of a trust, Mortgagees (or designees of Mortgagees) or designees of the Declarant. The Declarant shall have the right in its sole discretion to replace such Trustees as may be designated by it pursuant to said Section 7.2 of the Declaration, and to designate their successors. The time limit on the period of Declarant's control shall commence upon the effective date of the Declaration.

Section 2. Powers and Duties. The Board of Trustees shall have all of the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by the Act, the Declaration or by these Bylaws required to be exercised and done by the Association. The Board of Trustees shall have the power from time to time to adopt any Rules and Regulations deemed necessary for the benefit and enjoyment of the Project; provided, however, that such Rules and Regulations shall not be in conflict with the Act, the Declaration or these Bylaws. The Board of Trustees shall delegate to one of its members or to a person employed for such purpose the authority to act on behalf of the Board of Trustees on such matters relating to the duties of the Manager, if any, which may arise between meetings of the Board of Trustees as the Board of Trustees deems appropriate. In addition to the duties imposed by these Bylaws or by any resolution of the Association that may hereafter be adopted, the Board of Trustees shall on behalf of the Association:

(a) Prepare an annual budget, in which there shall be established the assessments of each Unit Owner for the Common Expenses.

(b) Make assessments against Unit Owners to defray the costs and expenses of the Project, establish the means and methods of collecting such assessments from the Unit Owners and establish the period of the installment payment of the annual assessment for Common Expenses. Unless otherwise determined by the Board of Trustees, the annual assessment against each Unit 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 such month.

(c) Provide for the operation, care, upkeep and maintenance of all of the Property and services of the Project.

(d) Designate, hire and dismiss the personnel necessary for the maintenance, operation, repair and replacement of the Common Areas and provide services for the Property and, where appropriate, provide 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 part of the Property.

(e) Collect the assessments against the Unit Owners, deposit the proceeds thereof in bank depositories designated by the Board of Trustees and use the proceeds to carry out the administration of the Property.

(f) Make and amend the Rules and Regulations.

(g) Open bank accounts on behalf of the Association and designate the signatories thereon.

(h) Make, or contract 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 these Bylaws, after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings.

(i) Enforce by legal means the provisions of the Declaration, these Bylaws and the Rules and Regulations and act on behalf of the Unit Owners with respect to all matters arising out of any eminent domain proceeding.

(j) Obtain and carry insurance against casualties and liabilities, as provided in the Declaration, pay the premiums therefor and adjust and settle any claims thereunder.

(k) Pay the cost of all authorized services rendered to the Association and not billed to Unit Owners of individual Units.

(l) Keep books with detailed accounts in chronological order of the receipts and expenditures affecting the Property, and the administration of the Project, specifying the expenses of maintenance and repair of the Common Areas and any other expenses incurred. All books and records shall be kept

in accordance with good and accepted accounting practices.

(m) Borrow money on behalf of the Project when required in connection with any one instance relating to the operation, care, upkeep and maintenance of the Common Areas, provided, however, that (i) the consent of a majority in Percentage Interest of all Unit Owners, obtained at a meeting duly called and held for such purpose in accordance with the provisions of these Bylaws, shall be required to borrow any sum in excess of Fifteen Thousand Dollars. If any sum borrowed by the Board of Trustees on behalf of the Project pursuant to the authority contained in this paragraph (m) is not repaid by the Association, a Unit Owner who pays to the creditor such proportion thereof as his Percentage Interest bears to the total Percentage Interests in the Project shall be entitled to obtain from the creditor a release of any judgment or other lien which such creditor shall have filed or shall have the right to file against such Unit Owner's Unit.

(n) Acquire, hold and dispose of Units and mortgage the same if such expenditures and hypothecations are included in the budget adopted by the Association.

(o) Do such other things and acts not inconsistent with the Act, the Declaration or these Bylaws which the Board of Trustees may be authorized to do by a resolution of the Association.

Section 3. Manager. The Board of Trustees may employ for the Project a Manager at a compensation established by the Board of Trustees to manage the Project.

Section 4. Election and Term of Office. (a) At the first annual meeting of the Association, subject to the provisions of Section 7.2 of Article VII of the Declaration, five Members of the Board of Trustees shall be elected. Term of office shall be three years. The members of the Board of Trustees shall hold office until their respective successors shall have been elected by the Association.

(b) Persons qualified to be members of the Board of Trustees may be nominated for election only as follows:

(1) Any Unit Owner may submit to the Secretary at least thirty days before the meeting at which the election is to be held a nominating petition signed by Unit Owners owning at least two Units, a statement that the person nominated is willing to serve on the Board of Trustees. The Secretary shall mail or hand-deliver the submitted items to every Unit Owner along with the notice of such meeting; or

(2) Nominations may be submitted from the floor at the meeting at which the election is held for each vacancy on the Board of Trustees for which no more than one person has been nominated by petition.

Section 5. Removal or Resignation of Members of the Board of Trustees. Except with respect to Trustees designated by Declarant, at any regular or special meeting duly called, any one or more of the members of the Board of Trustees may be removed with or without cause by a Majority of the Unit Owners and a successor may then and there be elected to fill the vacancy thus created. Any trustee whose removal has been proposed by the Unit Owners shall be given at least seven days' notice of the time, place and purpose of the meeting and shall be given an opportunity to be heard at the meeting. A member of the Board of Trustees may resign at any time and shall be deemed to have resigned upon disposition of his Unit.

Section 6. Vacancies. Vacancies in the Board of Trustees caused by any reason other than the removal of a trustee by a vote of the Association shall be filled by a vote of a majority of the remaining Trustees at a special meeting of the Board of Trustees held for such purpose promptly after the occurrence of any such vacancy, even though the trustees present at such meeting may constitute less than a quorum. Each person so elected shall be a member of the Board of Trustees for the remainder of the term of the member being replaced and until a successor shall be elected at the next annual meeting of the Association.

Section 7. Organization Meeting. The first meeting of the Board of Trustees following the annual meeting of the Association shall be held within thirty days thereafter at such time and place as shall be fixed by the Association at the meeting at which such Board of Trustees shall have been elected, and no notice shall be necessary to the newly elected members of the Board of Trustees in order legally to constitute such meeting, providing a majority of the whole Board of Trustees shall be present thereat.

Section 8. Regular Meetings. Regular meetings of the Board of Trustees may be held at such time and place as shall be determined from time to time by a majority of the Trustees, but such meetings shall be held at least once every four months during each fiscal year. Notice of regular meetings of the Board of Trustees shall be given to each trustee by mail at least three business days prior to the day named for such meeting.

Section 9. Special Meetings. Special meetings of the Board of Trustees may be called by the President on three business days notice to each Trustee, given by mail, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Trustees shall be called by the President or Secretary in like manner and on like notice on the written request of at least two trustees.

Section 10. Waiver of Notice. Any trustee may at any time, in writing, waive notice of any meeting of the Board of Trustees, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a trustee at any meeting of the Board of Trustees shall constitute a waiver of notice by him of the time, place and purpose of such meeting. If all trustees are present at any meeting of the Board of Trustees, no notice shall be required and any business may be transacted at such meeting.

Section 11. Quorum of Board of Trustees. At all meetings of the Board of Trustees a majority of the trustees shall constitute a quorum for the transaction of business, and the votes of a majority of the trustees present at a meeting at which a quorum is present shall constitute the decision of the Board of Trustees. If at any meeting of the Board of Trustees there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 12. Fidelity Bonds. There shall be obtained fidelity bonds in such amount in such form and such other amounts as may be required by the Mortgagees, or as deemed appropriate by the Board, for all officers, trustees and employees of the Association, including without limitation the Manager, handling or responsible for Project funds. The premiums on such bonds shall constitute a Common Expense.

Section 13. Compensation. No trustee shall receive any compensation from the Project for acting as such.

Section 14. Conduct of Meetings. The President shall preside over all meetings of the Board of Trustees and the Secretary shall keep a minute book of the Board of Trustees recording therein all resolutions adopted by the Board of Trustees and a record of all transactions and proceedings occurring at such meetings.

Section 15. Action Without Meeting. Any action by the Board of Trustees required or permitted to be taken at any meeting may be taken without a meeting if all of the members of the Board of Trustees shall individually or collectively consent in writing to such action. Any such written consent shall be filed with the minutes of the proceedings of the Board of Trustees.

Section 16. Liability of the Board of Trustees, Officers, Unit Owners and Association. (a) The officers and members of the Board of Trustees shall not be liable to the Association for any mistake of judgment, negligence or otherwise, except for their own individual willful misconduct or bad faith. The Association shall indemnify and hold harmless each of the officers and Trustees from and against all contractual liability to others arising out of contracts made by the officers or the Board of Trustees on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of the Act, the Declaration or these Bylaws. Officers and members of the Board of Trustees shall have no personal liability with respect to any contract made by them on behalf of the Association. The liability of any Unit Owner arising out of any contract made by the officers or Board of Trustees, or out of the aforesaid indemnity in favor of the members of the Board of Trustees or officers, or for damages as a result of injuries

arising in connection with the Common Areas solely by virtue of his ownership of a Percentage Interest therein or for liabilities incurred by the Association, shall be limited to the total liability multiplied by his Percentage Interest. Every agreement made by the officers, the Board of Trustees or the Manager on behalf of the Association shall, if obtainable, provide that the officers, the members of the Board of Trustees or the Manager, as the case may be, are acting only as agents for the Association and shall have no personal liability thereunder (except as Unit Owners), and that each Unit Owner's liability thereunder shall be limited to the total liability thereunder multiplied by his Percentage Interest.

ARTICLE IV

Officers

Section 1. Designation. The principal officers of the Association shall be the President, the Vice President, the Secretary and the Treasurer, all of whom shall be elected by the Board of Trustees. The Board of Trustees may appoint an assistant treasurer, an assistant secretary and such other officers as in its judgment may be necessary. The President and Vice President shall be members of the Board of Trustees. Any other officers may, but need not, be Unit Owners or members of the Board of Trustees.

Section 2. Election of Officers. The officers of the Association shall be elected annually by the Board of Trustees at the organization meeting of each new Board of Trustees and shall hold office at the pleasure of the Board of Trustees.

Section 3. Removal of Officers. Upon the affirmative vote of a majority of all members of the Board of Trustees any officer may be removed, either with or without cause, and a successor may be elected at any regular meeting of the Board of Trustees or at any special meeting of the Board of Trustees called for such purpose.

Section 4. President. The President shall: be the chief executive officer of the Association; preside at all meetings of the Association and of the Board of Trustees; and have all of the general powers and duties which are incident to the office of president of a business corporation organized under the Utah Business Corporation Act including without limitation the power to appoint committees from among the Unit Owners from time to time as the President may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association.

Section 5. Vice President. The Vice President shall take the place of the President and perform the duties of the President whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Trustees shall appoint some other member of the Board of Trustees to act in the place of the President, on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Trustees or by the President.

Section 6. Secretary. The Secretary shall keep the minutes of all meetings of the Association and of the Board of Trustees; have charge of such books and papers as the Board of Trustees may direct; maintain a register setting forth the place to which all notices to Unit Owners and Mortgagees hereunder shall be delivered; and, in general, perform all the duties incident to the office of secretary of a business corporation organized under the laws of the State of Utah.

Section 7. Treasurer. The Treasurer shall have the responsibility for Association funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, and for the preparation of all required financial data; and be responsible for the deposit of all monies and other valuable effects in the name of the Board of Trustees, the Association or the Manager, in such depositories as may from time to time be designated by the Board of Trustees, and, in general, perform all the duties incident to the office of treasurer of a business corporation organized under the laws of the State of Utah.

Section 8. Execution of Documents. All agreements, contracts, deeds, leases, checks and other instruments of the Association for expenditures or obligations shall be executed by any two persons designated by the Board of Trustees.

Section 9. Compensation of Officers. No officer who is also trustee shall receive any compensation from the Association for acting as such officer.

ARTICLE V

Compliance and Default

Section 1. Relief. Each Unit Owner shall be governed by, and shall comply with, all of the terms of the Act, the Declaration and these By-Laws as any of the same may be amended from time to time. In addition to the remedies provided in the Act or in the Declaration, a default by a Unit Owner shall entitle the Association, acting through its Board of Trustees or through the Manager, to the following relief:

(a) Additional Liability. Each Unit Owner shall be liable for the expense of all maintenance, repair or replacement rendered necessary by his act, neglect or carelessness or the act, neglect or carelessness of any of his employees, agents or licensees, but only to the extent that such expense is not covered by the proceeds of insurance carried by the Board of Trustees. Such liability shall include any increase in casualty insurance rates occasioned by use, misuse, occupancy or abandonment of any Unit or its appurtenances. Nothing contained herein, however, shall be construed as modifying any waiver by any insurance company of its rights of subrogation.

(b) Costs and Attorney's Fees. In any proceedings arising out of any alleged default by a Unit Owner, the prevailing party shall be entitled to recover the costs of such proceeding and such reasonable attorney's fees as may be determined by the court.

(c) No Waiver of Rights. The failure of the Association, the Board of Trustees or of a Unit Owner to enforce any right, provision, covenant or condition which may be granted by the Declaration, the Act or the Bylaws shall not constitute a waiver of the right of the Association, the Board of Trustees or the Unit Owner to enforce such right, provision, covenant or condition in the future. All rights, remedies and privileges granted to the Association, the Board of Trustees or any Unit Owner pursuant to any term, provision, covenant or condition of the Declaration, these Bylaws or the Act shall be deemed to be cumulative and the exercise of any one or more thereof shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same from exercising such other privileges as may be granted to such party by such instruments or Act or at law or in equity.

ARTICLE VI

Amendment to Bylaws

Section 1. Amendments. Except as otherwise provided in this Section, these Bylaws may be modified or amended either (i) by a vote of at least fifty-one percent (51%) of the Percentage Interests 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 Unit 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 Interests, provided, however, that (a) Section 1 of Article III insofar as it relates to the selection of members of the Board of Trustees by the Declarant, and (b) this Section 1 of Article VI, may not be amended without the consent in writing of the Declarant until the expiration of the maximum time permitted by Section 57-8-16.5 of the Act. Furthermore, notwithstanding the foregoing, so long as the Declarant has one or more Units for sale, no amendment to the Bylaws may be adopted which might interfere with the construction, display, sale, lease, or other disposition of such Unit or Units. No amendment of these Bylaws which has the effect of diminishing the rights, protection, or security afforded to Mortgagees shall be made or effected unless all of the Mortgagees of the individual Units have given their prior written approval to such amendment.

Section 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.

Section 3. Conflicts. No modification or amendment of these Bylaws 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 Bylaws of the Project and all Unit Owners shall be bound to abide by such modification or amendment.

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Section 4. Approval of Mortgagees. These Bylaws contain provisions concerning various rights, priorities, remedies and interests of Mortgagees. Such provisions in these Bylaws are to be construed as covenants for the protection of such Mortgagees on which they may rely in making loans secured by Mortgages. Accordingly, no amendment or modification of these Bylaws impairing or affecting such rights, priorities, remedies or interests of a Mortgagee shall be adopted without the prior written consent of such Mortgagee.

ARTICLE VII

Miscellaneous

Section 1. Manner of Notice. All notices, demands, bills, statements or other communications provided for or required under these Bylaws 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 a Unit Owner, at the address of his Unit or at such other address as the Unit Owner may have designated by notice in writing to the Secretary, or (ii) if to the Association 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 Unit Owners pursuant to this Section. If a Unit is owned by more than one person, each such person who so designates an address in writing to the Secretary shall be entitled to receive all notices hereunder.

Section 2. Waiver of Notice. Whenever any notice is required to be given under the provisions of the statutes, the Declaration or of these Bylaws, 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.

Section 3. 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.

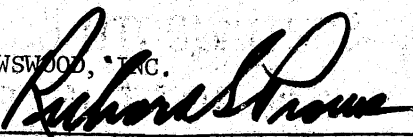
Section 4. Gender, etc. Whenever in these By-Laws the context so requires, the singular number shall include the plural and the converse; and the use of any gender shall be deemed to include all genders.

Section 5. 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 Board of Trustees should it be deemed advisable or in the best interests of the Association.

IN WITNESS WHEREOF, the Declarant has caused these Bylaws to be executed on behalf of the Association this 14 day of April, 1980.

PROWSWOOD, INC.

By



RICHARD S. PROWS - Its President

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