

WHEN RECORDED, MAIL TO:

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DECLARATION OF
COVENANTS, CONDITIONS, AND RESTRICTIONS
AND RESERVATION OF EASEMENTS

FOR

TWIN PINES AT SILVER LAKE
A PLANNED UNIT DEVELOPMENT
SUMMIT COUNTY, UTAH

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**DECLARATION OF
COVENANTS, CONDITIONS, AND RESTRICTIONS
AND RESERVATION OF EASEMENTS
FOR
TWIN PINES AT SILVER LAKE
A PLANNED UNIT DEVELOPMENT
SUMMIT COUNTY, UTAH**

THIS DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS AND RESERVATION OF EASEMENTS ("Declaration"), is made on this 14th day of JANUARY 1992, by AC DEVELOPMENT INC., a Utah Corporation ("Declarant"), with reference to the following facts:

A. Declarant is the owner of a certain tract of land located in Park City, Summit County, Utah, which property is more particularly described as follows:

See attached Exhibit "A"

B. Declarant has improved or intends to improve the Property by construction thereon of certain residential improvements and to establish thereon a planned unit development, to be managed, operated, and maintained by an incorporated Association of Owners, for the benefit of all parts of the Property.

C. The development shall be hereinafter referred to as the "Project". The Owner of each Unit shall receive fee title to his individual Lot and the residential Dwelling thereon, together with all rights associated with membership in THE TWIN PINES AT SILVER LAKE OWNERS ASSOCIATION.

D. Declarant intends by this document to impose upon the Property mutually beneficial restrictions under a general plan of improvement for the benefit of all of the said Units and the Owners thereof.

E. Declarant hereby declares that the Property shall be held, conveyed, mortgaged, encumbered, leased, rented, used, occupied, sold, and improved, subject to the following declarations, limitations, covenants, conditions, restrictions, and easements, all of which are for the purpose of enhancing and protecting the value and attractiveness of the Property, and the Project, and every part thereof, in accordance with the plan for the improvement, sale, and operation of the Property as a planned unit development. All of the limitations, covenants, conditions, restrictions, and easements shall constitute covenants and encumbrances which shall run with the land and shall be perpetually binding upon Declarant and its successors-in-interest and assigns, and all parties having or acquiring any right, title, or interest in or to any part of the Property or the Project.

ARTICLE 1

DEFINITIONS

Unless otherwise expressly provided, the following words and phrases, when used in this Declaration and in the Project Documents, shall have the following meanings:

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1.1 **Architectural Committee:** the Architectural Committee created pursuant to Article 4 of this Declaration.

1.2 **Articles:** the Articles of Incorporation of the Association as amended from time to time.

1.3 **Assessment:** that portion of the cost of maintaining, improving, repairing, operating, and managing the Property which is to be paid by the Unit Owners as determined by the Association under this Declaration. Assessments may be designated as Regular Assessments, Extraordinary Assessments, or Special Assessments, as those terms are more specifically defined in Article 6 of this Declaration.

1.4 **Association:** THE TWIN PINES AT SILVER LAKE OWNERS ASSOCIATION INC., a Utah nonprofit corporation, formed or to be formed by Declarant in conjunction with the establishment of the planned unit development, the members of which shall be the Owners of Units in the Project.

1.5 **Board or Board of Trustees:** the governing body of the Association.

1.6 **Bylaws:** the Bylaws of the Association as amended from time to time. The initial Bylaws shall be as adopted by the incorporating members of the Board of Trustees.

1.7 **Common Area:** all the real property and improvements located within the Property, other than the Lots and Dwellings, including without limitation, all Restricted Common Area, all landscaped areas, and private roadways and walkways, all of which shall be owned by the Association for the common use and enjoyment of all Owners. The Common Area is designated as such on the Plat Map, as defined below.

1.8 **Limited Use Common Area:** portions of the Common Area referred to as "Limited Use Common Area" consist of (1) an exclusive easement to accommodate the projection of eaves and other structural components of a Dwelling into the Common Area, according to the original design and construction; and (2) an exclusive easement for the use and enjoyment of any balcony, patio, and/or deck, as the case may be, as may be appurtenant to such Owner's Dwelling, according to the original design and construction.

1.9 **Common Expenses:** the actual and estimated expenses of maintenance, improvement, repair, operation, insurance, and management of the Common Area and of the exterior and structural components of the Dwellings, and the Association's proportionate share of the expenses of maintaining Woodland View Drive and Sterling Drive, expenses of administration of the Association, and any reasonable reserve for such purposes as determined by the Board, and all sums designated Common Expenses by or pursuant to the Project Documents. Without limiting the generality of the foregoing, Common Expenses shall also include: the costs of trash collection and removal; compensation paid by the Association to managers, accountants, attorneys and other employees; the costs of all maintenance, gardening, security and other services benefitting the Common Area; the costs of fire insurance, errors and omissions and director, officer and agent liability insurance, and other insurance covering the Property and the directors, officers and agents of the Association; and any other costs incurred by the Association pursuant to its authority for any reason whatsoever, for the common benefit of the Owners.

1.10 **Common Wall:** any wall which is common to and separates any two attached Dwellings.

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1.11 **Declarant:** AC DEVELOPMENT, INC., a Utah Corporation, and its successors-in-interest and assigns with respect to the Property, but shall not include members of the public purchasing completed Units.

1.12 **Declaration:** this Declaration of Covenants, Conditions and Restrictions and Reservation of Easements, as it may be amended from time to time.

1.13 **Dwelling:** that portion of any building (including garage and other improvements) which is located on a single Lot and which is designed and intended for use and occupancy as a residence by a single-family unit.

1.14 **Lot:** any residential Lot shown upon the recorded Plat Map of the Project, created for the construction of a private Dwelling. The term "Lot" does not include any portion of the Common Area.

1.15 **Member:** a person entitled to membership in the Association as provided herein.

1.16 **Mortgage:** includes a recorded mortgage, deed of trust, real estate contract, or other instrument creating a security interest in any Unit.

1.17 **Mortgagee:** includes a mortgagee, beneficiary or holder of a deed of trust, real estate contract vendor, or other holder of a mortgage on any Unit.

1.18 **Mortgagor:** includes a mortgagor, the trustor of a deed of trust, real estate contract vendee or other individual granting a security interest in any Unit.

1.19 **Owner or Owners:** the record holder or holders of title to or a contract vendee's interest in a Unit in the Project. This shall include any person having a fee simple title to any Unit, but shall exclude persons or entities having any interest merely as security for the performance of any obligation. Further, if a Unit is sold under a recorded contract of sale to a purchaser, the purchaser, rather than the fee owner, shall be considered the "Owner", and the fee owner would be considered as a mortgagee.

1.20 **Person:** any natural person, corporation, partnership, association, trustee, or other legal entity.

1.21 **Plat Map:** the recorded map or maps prepared by or for Declarant showing the surface of the Property and the division thereof into Lots and Common Area, as amended and/or supplemented from time to time.

1.22 **Project Documents:** this Declaration, the Plat Map, and the Articles and Bylaws of the Association, as each shall be amended from time to time.

1.23 **Property or Project (synonymous):** the real property covered by this Declaration (including any additional property when and if annexed pursuant to his Declaration), all easements, rights and appurtenances belonging thereto, and all improvements erected or to be erected thereon.

1.24 **Unit:** all elements of individual ownership of a residential interest in the Project, including ownership of a Lot and Dwelling thereon, exclusive use of the appurtenant Limited Use Common Area, nonexclusive use of the remainder of the Common Area, and all rights of membership in the association.

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END OF ARTICLE 1
DEFINITIONS

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ARTICLE 2

ASSOCIATION ADMINISTRATION MEMBERSHIP AND VOTING RIGHTS

2.1 Organization of Association.

The Association is or shall be incorporated under the name of THE TWIN PINES AT SILVER LAKE OWNERS ASSOCIATION INC., in accordance with the requirements of the Utah Non-Profit Corporation and Co-operative Association Act.

2.2 Duties and Powers.

The duties and powers of the Association are those set forth in this Declaration, the Articles and Bylaws, together with its general and implied powers of a nonprofit corporation, generally to do any and all things that a corporation organized under the laws of the State of Utah may lawfully do which are necessary or proper in operating for the peace, health, comfort, safety and general welfare of its Members, subject only to the limitations upon the exercise of such powers as are expressly set forth in this Declaration, the Articles and Bylaws.

2.3 Membership.

The Owner of a Unit shall automatically, upon becoming the Owner of that Unit, be a Member of the Association, and shall remain a Member thereof until such time as his ownership ceases for any reason, at which time his membership in the Association shall automatically cease. Membership shall be in accordance with the Articles and Bylaws of the Association.

2.4 Transferred Membership.

Membership in the Association shall not be transferred, pledged, or alienated in any way, except upon the transfer of ownership of the Unit to which it is appurtenant, and then only to the new Owner. Any attempt to make a prohibited transfer is void. In the event the Owner of any Unit should fail or refuse to transfer the membership registered in his name to the purchaser of his Unit, the Association shall have the right to record the transfer upon its books and thereupon the old membership outstanding in the name of the seller shall be null and void.

2.5 Classes of Membership; Voting Requirements.

The Association shall have two (2) classes of voting membership established according to the following provisions:

- (a) Class A Membership. Class A membership shall be that held by each Owner of a Unit other than AC DEVELOPMENT INC., a Utah corporation (the "Declarant"), and each Class A Member shall be entitled to one (1) vote for each Unit owned. If a Unit is owned by more than one (1) person, each such person shall be a Member of the Association, but there shall be no more than one (1) vote for each Unit.

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(b) Class B Membership. Class B membership shall be that held by the Declarant (or its successor-in-interest) who shall be entitled to three (3) votes for each Unit owned by Declarant; provided that Class B membership shall be converted to Class A membership and shall forever cease to exist on the occurrence of whichever of the following is first in time:

(1) When the total outstanding voting power held by Class A Members equals the total outstanding voting power (tripled as above) held by the Class B Members; or

(2) On the fifth anniversary of the recordation of the Declaration. Voting rights shall be as set forth in the Bylaws.

2.6 Membership Meetings

Regular and special meetings of Members of the Association shall be held with the frequency, at the time and place, and in accordance with the provisions of the Bylaws of the Association.

2.7 Board of Trustees

The affairs of the Association shall be managed by a Board of Trustees, which shall be established and which shall conduct regular and special meetings according to the provisions of the Bylaws of the Association.

2.8 Use of Agent

The Board of Trustees, on behalf of the Association, may contract with a professional management agent for the performance of maintenance and repair and for conducting other activities on behalf of the Association, as may be determined by the Board. The term of any such contract shall comply with the restrictions set forth in the Bylaws.

END OF ARTICLE 2

ASSOCIATION ADMINISTRATION, MEMBERSHIP AND
VOTING RIGHTS

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ARTICLE 3

RIGHTS IN COMMON AREA

3.1 Common Area.

The Common Area shall include all real property and improvements within the Property, other than the Lots and Dwellings, including without limitation, all Restricted Common Area, landscaped areas, and private roadways and walkways, all of which shall be owned by the Association for the common use and enjoyment of all Owners. The Common Area shall be owned, operated, maintained, and insured by the Association for the use and benefit of Owners of Units in the Project, subject to reasonable rules and regulations enacted according to the Bylaws. Each Unit Owner, through membership in the Association, shall have a nonexclusive right to use the Common Area in accordance with the purposes for which it is intended without hindering the exercise of or encroaching upon the lawful rights of any other Unit Owners. Notwithstanding the transfer of the Common Area to the Association, the Declarant shall reserve and hereby reserves in itself and its successors-in-interest and assigns, an easement (and the right to grant further easements) over and onto the Common Area for ingress to and egress from the Project for the purpose of necessary construction, maintenance, or repair work, and for ingress and egress to and from the adjacent property in connection with the development, use, and occupancy thereof.

3.2 Limited Use Common Area.

Portions of the Common Area referred to as "Limited Use Common Area" are hereby set aside and allocated for the exclusive use of the Owners of individual Units. The rights of an individual Owner in the Restricted Common Area shall consist of (1) an exclusive easement to accommodate the projection of eaves and other structural components of a Dwelling into the Common Area, according to the original design and construction; and (2) an exclusive easement for the use and enjoyment of any balcony, patio, and/or deck, as the case may be, as may be appurtenant to such Owner's Dwelling, according to the original design and construction. The exclusive rights in the Limited Use Common Area, and the fee title to the respective Units conveyed therewith, shall not be separated or separately conveyed, and each such exclusive easement shall be deemed to be conveyed or encumbered with its respective Unit even though the description in the instrument of conveyance or encumbrance may refer only to the fee title to the Unit.

3.3 Partition of Common Area Prohibited.

Regardless of the possible dissolution of the Association and the conveyance of fee title to the Common Area to the Owners as tenants in common pursuant thereto, no Owner shall bring any action for partition or division of any part of the Common Area, it being agreed that this restriction is necessary in order to preserve the rights of the Owners with respect to the operation, management, use, and enjoyment of the Common Area.

3.4 Extent of Easements.

The rights and easements of use and enjoyment of the Common Area created by this Declaration shall be subject to such rules and regulations as may be adopted by the Board of Trustees according to the Bylaws. Without limiting the generality of the Board's authority to enact reasonable rules and regulations, such easements shall be subject to the following:

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3.4.1 The right of the Association to consent to or otherwise cause the construction of additional improvements on the Common Area and to consent to or otherwise cause the alteration or removal of any existing improvements on the Common Area for the benefit of the Members of the Association;

3.4.2 The right of the Association, acting through the Board, to consent to or join in the grant or conveyance of easements, licenses or rights of way in, on or over the Common Area for purposes not inconsistent with the intended use of the Property as a residential planned unit development; and

3.5 Damage by Member.

Each Member shall be liable to the Association for any damage to the Common Area not fully reimbursed to the Association by insurance, if the damage is sustained because of the negligence or willful misconduct of the Member, his guests, tenants, or invitees, or any other persons deriving their right and easement of use and enjoyment of the Common Area from the Member, or his or their respective family and guests, both minor and adult. However, the Association, acting through the Board, reserves the right to determine whether any claim shall be made upon the insurance maintained by the Association, and the Association further reserves the right to levy a Special Assessment equal to the increase, if any, in insurance premiums directly attributable to the damage caused by the Member or the person for whom the Member may be liable as described above. The cost of correcting the damage to the extent not reimbursed to the Association by insurance shall be a Special Assessment against the Unit and may be enforced as provided hereby for the enforcement of any other Assessment.

END OF ARTICLE 3
RIGHTS IN COMMON AREA

ARTICLE 4

ARCHITECTURAL CONTROL

4.1 Architectural Committee

The Architectural Committee shall consist of two (2) members who shall initially be appointed by the Declarant. At such time as seventy-five percent (75%) of the Units are sold or in five (5) years following the recordation of this Declaration, whichever occurs first, all members shall be appointed by the Board of Trustees of the Association. Unless and until the Committee is appointed under this provision, the functions of the Committee shall be carried out by the Board.

4.2 Prohibition of Alteration and Improvement

Subject to the exemption of Declarant hereunder, no structure, improvement, or alteration of any kind shall be commenced, erected, painted or maintained upon the Property, until the same has been approved in writing by the Architectural Committee.

4.3 Plans and Approval

Plans and specifications showing the nature, kind, shape, color, size, materials and location of any such structure, improvement or alteration shall be submitted to the Board or Committee for approval as to quality of workmanship and design and harmony of external design with existing structures, and as to location in relation to surrounding structures, topography, and finish grade elevation. No permission or approval shall be required to rebuild in accordance with Declarant's original plans and specifications, or to rebuild in accordance with plans and specifications previously approved by the Board or Committee.

The Board or Committee shall consider and act upon any and all plans and specifications submitted for its approval under this Article and perform such other duties as from time to time shall be assigned to it by the Board, including the inspection of construction in progress to assure its conformance with plans approved by the Board or Committee. All actions taken by the Committee shall require a concensus of the two Committee members. Any application submitted to the Board or Committee pursuant to this Article shall be deemed approved, unless written disapproval or a request for additional information or materials by the Board or Committee shall have been transmitted to the applicant within forty-five (45) days after the date of receipt by the Board or Committee of all required materials.

4.4 Non-Liability of Committee Members

Neither the Architectural Committee nor any member thereof shall be liable to the Association, or to any Owner for any loss, damage or injury arising out of, or in any way connected with the performance of the Committee's duties hereunder unless due to the willful misconduct or bad faith of the Committee or member. The Committee shall review and approve or disapprove all plans submitted to it for any proposed structure, improvement or alteration, solely on the basis of aesthetic considerations and the overall benefit or detriment which would result to the immediate vicinity and the Project generally, but shall not be responsible for reviewing, nor shall its approval of any plan or design be deemed approval of, any plan or design from the standpoint of structural safety or conformance with building or other codes.

END OF ARTICLE 4
ARCHITECTURAL CONTROL

ARTICLE 5

REPAIR AND MAINTENANCE

5.1 Repair and Maintenance Rights and Duties of Association.

(a) Subject to provisions in this Declaration pertaining to eminent domain and destruction of improvements, the Association shall paint, maintain, repair and replace the Common Area and all improvements and landscaping thereon, and the exteriors and structural components of all Dwellings, or shall contract for such maintenance, repair and replacement to assure maintenance of such areas in good condition, reasonable wear and tear excepted. However, the Association shall not be responsible for, or obligated to perform those items of maintenance, repair or improvement which are the responsibility of the Owners as provided in Paragraph 5.2 below. However, in the event an Owner fails to maintain his Dwelling or to provide other maintenance or repair as provided herein in a manner which the Board deems necessary to preserve the appearance and value of the Property, the Board may notify the Owner of the work required and request it be done within sixty (60) days from the giving of such notice. In the event the Owner fails to carry out such maintenance within such period, the Board may cause such work to be done and may specially assess the cost thereof to such Owner, and, if necessary, lien his Unit for the amount thereof.

(b) For the purpose of performing any maintenance, repair or replacement as authorized by this Article, or for purposes of making emergency repairs necessary to prevent damage to the Common Area or to other Dwellings, or for any other purpose reasonably related to the performance by the Board its responsibilities under this Declaration, the Association (and its agents and employees) shall have an irrevocable easement over and onto all portions of the Common Area, and shall also have the irrevocable right, after reasonable notice to the Owner, and at reasonable hours, to enter any Lot and/or Dwelling.

5.2 Repair and Maintenance Rights and Duties of Owners

Except for those portions of the Property which the Association is required or elects to maintain and repair, each Unit Owner shall, at his sole cost and expense, maintain and repair all interior and non-structural components of his Dwelling, keeping the same in good condition, and shall repair all damage to the Common Area for which the Owner is responsible under Paragraph 3.5 above. Additionally, each Owner shall maintain, repair and replace as necessary, all doors and windows (and appurtenant hardware and accessories) to his Dwelling, and any separate air conditioning, water heating, or other separate utility unit which services his Dwelling. Each Owner shall have the exclusive right to paint, plaster, panel, tile, wax, paper or otherwise refinish and decorate the inner surfaces of the walls, ceilings, floors, windows and doors bounding his Dwelling.

END OF ARTICLE 5

REPAIR AND MAINTENANCE

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ARTICLE 6

ASSOCIATION MAINTENANCE FUNDS AND ASSESSMENTS

6.1 Creation of the Lien and Personal Obligation of Assessments.

The Declarant, for each Unit owned within the Project hereby covenants, and each Owner of any Unit by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association the following Assessments, which shall be established and collected as provided herein and in the Bylaws of the Association:

6.1.1 Regular Assessments;

6.1.2 Extraordinary Assessments; and

6.1.3 Special Assessments.

All Assessments, together with interest, costs, penalties, and actual attorneys' fees, shall be a charge and a continuing lien upon the Unit against which each Assessment is made. Each such Assessment, together with interest, costs, penalties, and actual attorneys' fees, shall also be the personal obligation of the person who was the Owner of such Unit at the time when the Assessment fell due. No Owner of a Unit may exempt himself from liability for his contribution toward the Common Expenses by waiver of the use or enjoyment of any of the Common Area or by the abandonment of his Unit.

6.2 Purpose of Assessment.

The Assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of all the residents in the entire Project, for the improvement and maintenance of the Common Area, and for the common good of the Project. The Regular Assessments shall include an adequate reserve fund for maintenance, repairs and replacement of those portions of the common Area and the exterior and structural components of all Dwellings which must be replaced on a periodic basis, creation of an adequate contingency reserve, major maintenance reserve, and/or sinking fund for maintenance and repairs of all common areas; and a reserve, and/or sinking fund for the Association's proportionate share of the expenses for snow removal and general maintenance costs on Sterling Drive and Woodland View Drive as such roads are shown on the Record of Survey Map. With specific reference to Sterling Drive and to Woodland View Drive, the Association may levy as an annual Common Expense assessment for the following purposes:

(i) Maintain and repair Sterling Drive and Woodland View Drive. Replace those elements of Sterling Drive and Woodland View Drive that must be replaced on a periodic basis, and, in conjunction with other homeowners associations, otherwise manage Sterling Drive and Woodland View Drive, and all facilities, improvements and landscaping thereon; and

(ii) Provide clear access to fire hydrants, location in front of property along Sterling Drive and Woodland View Drive, by removing snow.

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6.3 Regular Assessments.

Until the end of the Association's fiscal year immediately following the closing of the sale of the first Unit in the Project, the annual maximum Regular Assessment per Unit shall be such amount as is set forth in the Project budget prepared by Declarant, payable in quarterly installments. Each Unit's share for the first fiscal year shall also be prorated based on the number of months remaining in that fiscal year. Thereafter, the Board shall determine and fix the amount of the maximum annual Regular Assessment against each Unit at least sixty (60) days in advance of the start of each fiscal year; provided, however, that the maximum annual Regular Assessment may not be increased by more than twenty percent (20%) above the maximum annual Regular Assessment for the immediately preceding fiscal year, without the vote or written assent of a majority of the voting power of the Association.

6.4 Extraordinary Assessments.

In addition to the Regular Assessments authorized above, the Board may levy, in any fiscal year, an Extraordinary Assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, or of any exterior or structural component of any Dwelling, or to defray any unanticipated or underestimated expense not covered by the Regular Assessment (and, where necessary, for taxes assessed against the Common Area); provided, however, and except as provided in the last sentence of this subsection 6.4, that the aggregate Extraordinary Assessments for any fiscal year shall not exceed ten percent (10%) of the budgeted gross expenses of the Association (excluding reserves) for that fiscal year, without the vote or written assent of a majority of the voting power of the Association. Notwithstanding any language in this Declaration to the contrary, a one-time extraordinary assessment of \$600.00 shall be assessed at the time of closing of the purchase of a Unit by the first Owner thereof, to establish a reserve fund for the Association.

6.5 Special Assessment.

In addition to the Regular and Extraordinary Assessments authorized above, the Board may levy Special Assessments (without limitation as to amount or frequency) against an individual Unit and its Owner to reimburse the Association for costs incurred in bringing that Owner and his Unit into compliance with the provisions of this Declaration and the Bylaws, including actual attorneys' fees and costs.

6.6 Allocation of Assessments: Limited Exemption of Declarant.

Except for the initial exemption provided to Declarant as provided in this Section 6.6, all Units shall be assessed equally. Declarant's obligation to pay the full assessment attributable to Units owned by Declarant shall however, not begin until such time as 75% of the Units in the Project have been sold and closed, or one (1) year from the date of the closing of the sale of the first Unit, whichever occurs first. Notwithstanding the aforementioned exemption, so long as Declarant shall own one or more Units, Declarant shall be obligated to pay the proportionate share of the insurance costs applicable to each Unit owned by Declarant.

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6.7 Date of Commencement of Assessment: Due Dates.

Except as provided in Section 6.6 above, the Regular Assessments provided for herein shall commence as to all Units in the Project on the first day of the month following closing of the sale of the first Unit in the Project. Due dates of Assessment shall be the first day of every calendar month. No notice of such Assessment shall be required other than an annual notice setting forth the amount of the monthly Assessment.

6.8 Transfer of Unit by Sale or Foreclosure.

The sale or transfer of any Unit shall not affect any Assessment lien, or relieve the Unit from any liability therefor, whether the lien pertains to payments becoming due prior or subsequent to such sale or transfer. Notwithstanding the foregoing, the sale or transfer of any Unit pursuant to foreclosure or by deed in lieu of foreclosure of a recorded first mortgage given in good faith and for value shall extinguish the lien of all such Assessments as to payments which became due prior to such sale or transfer (except for Assessment liens arising prior to the recordation of the mortgage). Sale or transfer pursuant to mortgage foreclosure shall not, however, affect the personal liability of the Owner for unpaid Assessments. Any Assessments for which the liens are extinguished pursuant to this Paragraph shall be deemed to be Common Expenses collectible from all of the Units including the Unit for which the lien was extinguished. In a voluntary conveyance of a Unit, the grantee of the same shall be jointly and severally liable with the grantor for all unpaid Assessments by the Association against the latter up to the time of the grant or conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefor. However, any such grantee shall be entitled to a statement from the Board, setting forth the amount of the unpaid Assessments due the Association, and such grantee shall not be liable for, nor shall the Unit conveyed by subject to a lien for, any unpaid Assessments made by the Association against the grantor in excess of the amount set forth in the statement; provided, however, the grantee shall be liable for any such Assessment becoming due after the date of any statement.

6.9 Enforcement of Assessment Obligation: Priorities: Discipline.

If any part of any Assessment is not paid and received by the Association or its designated agent within ten (10) days after the due date, an automatic late charge of Ten Dollars (\$10.00) shall be assessed and additional Ten Dollar (\$10.00) sums shall be assessed for each month or fraction thereof from the due date until the Assessment and all late charges are paid. Each unpaid Assessment shall constitute a lien on each respective Unit prior and superior to all other liens except (1) all taxes, bonds, assessments and other levies which, by law, would be superior thereto, and (2) the lien or charge of any first mortgage of record made in good faith and for value. Such lien, when delinquent, may be enforced by sale by the Association, its attorney or other person authorized by this Declaration or by law to make the sale, after failure of the Owner to pay such Assessment, in accordance with the provisions of Utah law applicable to the exercise of powers of sale in deeds of trust, or by judicial foreclosure as a mortgage, or in any other manner permitted by law. The Association, acting on behalf of the Unit Owners, shall have the power to bid for the Unit at the foreclosure sale, and to acquire and hold, lease, mortgage and convey the same. The foreclosing party shall have the right to reduce or eliminate any redemption rights of the defaulting Owner as allowed by law. Suit to recover a money judgment for unpaid Assessments, rent and attorneys' fees shall be maintainable without foreclosing or waiving the lien securing the same. The Board may impose reasonable monetary penalties including actual attorney's fees and costs, and may temporarily suspend the Association membership rights of a Unit Owner who is in default in payment of any Assessment, after notice and hearing according to the Bylaws.

6.10 Payment of Taxes Assessed Against Common Area or Personal Property of Association.

In the event that any taxes are assessed against the Common Area, or the personal property of the Association, rather than against the Units, said taxes shall be included in the Assessments made under the provisions of this Article, and, if necessary, an Extraordinary Assessment may be levied against the Units in an amount equal to said taxes (regardless of the limitation on Extraordinary Assessments set forth in Paragraph 6.4 above), to be paid in two (2) installments, thirty (30) days prior to the due date of each tax installment.

END OF ARTICLE 6
ASSOCIATION MAINTENANCE FUNDS AND ASSESSMENTS

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ARTICLE 7

EASEMENTS AND UTILITIES:
COMMON WALLS.

7.1 Access, Use and Maintenance Easements.

7.1.1 Declarant expressly reserves for the benefit of the Owners, reciprocal, non exclusive easements for access, ingress and egress over all of the Common Area (exclusive of Limited Use Common Area), including any private streets or driveways currently existing in the Property, or subsequently added to it, which easements shall be deemed granted by Declarant to the Owners and to the Association for so long as Declarant owns any interest in the Property. Subject to the provisions of this Declaration governing use and enjoyment thereof, the easements may be used by Declarant, its successors, purchasers and all Owners, their guests, tenants and invitees, residing on or temporarily visiting the Property, for walkways, vehicular access and such other purposes reasonably necessary for use and enjoyment of a Unit in the Project. The Association shall be responsible for the maintenance and repair of all sanitary sewer laterals located within the Common Area.

7.1.2 Declarant also expressly reserves for the benefit of the Board of Trustees and all agents, officers and employees of the Association, nonexclusive easements over the Common Area (including the Limited Use Common Area) and all Lots and Dwellings as necessary to maintain and repair the Common Area, and to perform all other tasks in accordance with the provisions of this Declaration. Such easements over the common Area shall be appurtenant to, binding upon and shall pass with the title to, every Unit conveyed, as more fully described in Paragraph 5.1 above

7.2 Encroachments and Utility Easements.

(a) Each Unit within the Property is hereby declared to have an easement over all adjoining Units and the Common Area for the purpose of accommodating any encroachment due to engineering errors, errors in original construction, settlement or shifting of any building, or any other cause. There shall be valid easements for the maintenance of said encroachments as long as they shall exist, and the rights and obligations of Owners shall not be altered in any way by said encroachment, settlement or shifting; provided, however, that in no event shall a valid easement for encroachment be created in favor of an Owner or Owners if said encroachment occurred due to the willful misconduct of said Owner or Owners. In the event a structure is partially or totally destroyed, and then repaired or rebuilt, the Owners of each Unit agree that minor encroachments over adjoining Units or Common Area shall be permitted and that there shall be a valid easement for the maintenance of said encroachments so long as they shall exist.

(b) Declarant also expressly reserves for the benefit of itself and its successors-in-interest and assigns, including the Association, easements over and under the entire Property (together with the right to grant and transfer the same) for the installation, repair, and maintenance of sanitary sewer, water, electric, gas, telephone, television, and other utility lines and services, as may be deemed appropriate to service the Project.

7.3 Owners' Rights and Duties With Respect to Utilities.

The rights and duties of the Owners of Units within the Project with respect to utilities shall be as follows:

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7.3.1 Whenever sanitary sewer, water, electric, gas, television receiving, or telephone lines or connections, heating or air conditioning conduits, ducts, flues or other utility or service connections are located or installed within the Project, which connections, or any portion thereof, lie in or upon or beneath Lots or Dwellings owned by other than the Owner of a Dwelling served by said connections, the Owners of any Dwellings served by said connections shall have the right, and are hereby granted an easement to the full extent necessary therefor, to enter upon the Dwelling or to have the utility companies enter upon the Dwellings in or upon or below which said connections, or any portion thereof lie, to repair, replace and generally maintain said connections as and when necessary.

7.3.2 Whenever sanitary sewer, water, electric, gas, television receiving, or telephone lines or connections, heating or air conditioning conduits, ducts, flues or other utility or service connections are located or installed within the Project, which connections serve more than one Dwelling, the Owner of each Dwelling served by said connection shall be entitled to the full use and enjoyment of such portions of said connections as service his Dwelling.

7.3.3 In the event of a dispute between Owners with respect to the repair or rebuilding of said connections, or with respect to the sharing of the cost thereof, then, upon written request of one of such Owners addresses to the Association, the matter shall be submitted to the Board, which shall decide the dispute, and the decision of the Board shall be final and conclusive on the parties.

7.4 Owner's Rights and Duties With Respect to Common Walls.

The Owner of any Dwelling which shares a Common Wall with another Dwelling shall be deemed to own the one-half (1/2) of the wall nearest his Dwelling, and shall have an exclusive and perpetual easement over the remainder of the Common Wall for support and maintenance. Any such Common Wall shall be deemed a structural component of the building in which it is located, and shall therefore be maintained by the Association, subject to the Unit Owner's responsibility to repair damage caused by negligence or willful misconduct as described in Paragraph 3.5.

END OF ARTICLE 7
EASEMENTS AND UTILITIES: COMMON WALLS

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ARTICLE 8

RESIDENCE AND USE RESTRICTIONS

In addition to all of the covenants contained herein, the use of the Property and each Unit therein is subject to the following:

8.1 Use of Individual Dwellings.

No Dwelling shall be occupied and used except for single-family residential purposes by the Owners, their tenants, and social guests, and no trade or business shall be conducted therein. An Owner shall have the right to rent out his Unit to a tenant or tenants, under such terms and conditions as may be deemed appropriate by the Owner; provided that any tenant shall occupy the Unit subject to all terms and conditions of the Project Documents.

8.2 Nuisances.

No noxious, illegal, or offensive activities shall be carried on in any Dwelling, or in any part of the Property, nor shall anything be done thereon which may be or may become an annoyance or a nuisance to or which may in any way interfere with the quiet enjoyment of each of the Owners of his respective Dwelling, or which shall in any way increase the rate of insurance for the Project, or cause any insurance policy to be cancelled or to cause a refusal to renew the same, or which will impair the structural integrity of any building.

8.3 Signs.

Signs advertising Units for sale or rent may not be displayed on the Property. Until such time as all the units in the Property are sold and closed, Declarant may place in and around the Property, such marketing and advertising signs as are acceptable under the sign ordinances of Park City Municipal Corporation. Furthermore, until such time as all the Units in the Property are sold and closed, Declarant may use one or more Units as model Units and sales offices.

8.4 Animals.

No animals or birds of any kind shall be raised, bred, or kept in any Dwelling, or on any portion of the Property; except that no more than two (2) usual and ordinary household pets such as dogs, cats, or birds, may be kept, provided that they are not kept, bred or maintained for any commercial purposes, and that they are kept under reasonable control at all times. Any such dog shall be kept on a leash at all times that the dog is in the Common Area. Owners shall prevent their pets from soiling any portions of the Common Area and in the event a pet does soil a portion of the Common Area, the Owner or person in control of such pet shall immediately clean up after the pet. The board may enact reasonable rules respecting the keeping of animals within the Project and may designate certain areas in which animals may not be taken or kept, or may require that specific animals not be allowed on any part of the Property.

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8.5 Garbage and Refuse Disposal.

All rubbish, trash and garbage shall be regularly removed from the Property, and shall not be allowed to accumulate thereon. Trash, garbage and other waste shall not be kept except in sanitary containers. All equipment, garbage cans, wood piles, or storage piles shall be kept screened and concealed from view of other Dwellings, streets and the Common Area.

8.6 Radio and Television Antennas.

No alteration to or modification of a central radio or television antenna system or cable television system, whichever is applicable, shall be permitted, and no Owner may be permitted to construct, use, or operate his own external radio, television antenna, or other electronic antenna without the consent of the Board. No Citizens Band or other transmission shall be permitted on the Property.

8.7 Clothes Line.

No exterior clothes lines shall be erected or maintained and there shall be no outside laundering or drying of clothes.

8.8 Power Equipment and Car Maintenance.

No power equipment, or car maintenance of any nature whatsoever (other than minor repairs requiring no more than twenty-four (24) hours work) shall be permitted on the Property.

8.9 Window Covers.

Curtains and drapes, shutters, or blinds of a neutral color may be installed as window covers, subject to the Board's absolute discretion. No window shall be covered with aluminum foil or similar material.

8.19 No Warranty of Enforceability.

While Declarant has no reason to believe that any of the restrictive covenants contained in this Article 8 or elsewhere in this Declaration are or may be invalid or unenforceable for any reason or to any extent, Declarant makes no warranty or representation as to the present or future validity or enforceability of any such restrictive covenants, and the Unit owner shall assume all risks of the validity and enforceability thereof and, by acquiring the Unit agrees to hold Declarant harmless therefrom.

END OF ARTICLE 8
RESIDENCE AND USE RESTRICTIONS

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ARTICLE 9
INSURANCE

9.1 Duty to Obtain Insurance: Types.

The Board shall cause to be obtained and maintained adequate blanket public liability insurance (including medical payments), with such limits as may be considered desirable by the Board, but not less than One Million Dollars (\$1,000,000.00) in combined single limit coverage (taking into consideration the requirements of mortgagees), insuring against liability for bodily injury, death and property damage arising from the activities of the Association and its Members, with respect to the Common Area and any other property under its jurisdiction. The Board shall also cause to be obtained and maintained fire and casualty insurance with extended coverage, without deduction for depreciation, in an amount as near as possible to the full replacement value of the Common Area and all Dwellings. Such insurance shall be maintained for the benefit of the Association, the Owners, and the mortgagees, as their interests may appear as named insured; subject, however, to loss payment requirements as set forth herein. The Board of Trustees shall purchase such other insurance as necessary, including, but not limited to, errors and omissions, directors', officers' and agents' liability insurance, plate glass insurance, medical payments, malicious mischief, liquor liability and vandalism insurance, fidelity bonds and worker's compensation, and such other risks as shall be deemed desirable for the Project.

9.2 Waiver of Claim Against Association.

As to all policies of insurance maintained by or for the benefit of the Association and the Owners, the Association and the Owners hereby waive and release all claims against one another, the Board of Trustees and Declarant, to the extent of the insurance proceeds available, whether or not the insured damage or injury is caused by the negligence of or breach of any agreement by any of said persons.

9.3 Right and Duty of Owners to Insure.

It is the responsibility of each Owner to provide insurance on his personal property and upon all other property and improvements within his Dwelling. Nothing hereby shall preclude any Owner from carrying any public liability insurance as he deems desirable to cover his individual liability for damage to persons or property occurring inside his individual Dwelling or elsewhere upon the Property. Such policies shall not adversely affect or diminish any liability under any insurance obtained by or on behalf of the Association, and duplicate copies of such other policies shall be deposited with the Board upon request. If any loss intended to be covered by insurance carried by or on behalf of the Association shall occur and the proceeds payable thereunder shall be reduced by reason of insurance carried by any Owner, such Owner shall assign the proceeds of such insurance carried by him to the Association to the extent of such reduction, for application by the Board to the same purposes as the reduced proceeds are to be applied.

9.4 Notice of Expiration Requirements.

If available, all of the policies of insurance maintained by the Association shall contain a provision that said policy or policies shall not be cancelled, terminated or expired by their terms, without twenty (20) days prior written notice to the Board, Declarant, Owners and their respective first mortgagees (provided that Declarant, such Owners or mortgagees

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have filed written requests with the carrier for such notice) and every other person in interest who requests such notice of the insurer.

9.5 Insurance Premiums.

Insurance premiums for any blanket insurance coverage obtained by the Association and any other insurance deemed necessary by the Board of Trustees shall be a Common Expense to be included in the Regular Assessments levied by the Association and collected from the Owners.

9.6 Trustee for Policies.

The Association, acting through its Board of Trustees, is hereby appointed and shall be deemed trustee of the interests of all named insured under policies of insurance purchased and maintained by the Association. All insurance proceeds under any such policies as provided for in Paragraph 9.1 above shall be paid to the Board as Trustees. The Board shall have full power to receive and to receipt for the proceeds shall be used by the Association for the repair or replacement of the property for which the insurance was carried or otherwise disposed of as provided in Article 10 of this Declaration. The Board is hereby granted the authority to negotiate loss settlements with the appropriate insurance carriers, with participation, to the extent they desire of first mortgagees who have filed written requests within ten (10) days of receipt of notice of any damage or destruction as provided in this Declaration.

9.7 Actions as Trustees.

Except as otherwise specifically provided in this Declaration, the Board, acting on behalf of the Association and all Owners shall have the exclusive right to bind such parties in respect to all matters affecting insurance carried by the Association, the settlement of a loss claim, and the surrender, cancellation, and modification of all such insurance.

9.8 Required Waivers.

All policies of physical damage insurance shall provide, if reasonably possible, for waiver of the following rights, to the extent that the respective insurers would have the rights without such waivers:

9.8.1 Subrogation of claims against the Owners and tenants of the Owners;

9.8.2 Any defense based upon co-insurance;

9.8.3 Any right of set-off, counterclaim apportionment, proration or contribution by reason of other insurance not carried by the Association;

9.8.4 Any invalidity, other adverse effect or defense on account of any breach of warranty or condition caused by the Association, any Owner or any tenant of any Owner, or arising from any act, neglect, or omission of any named insured or the respective agents, contractors and employees of any insured; and

9.8.5 Any right of the insurer to repair, rebuild or replace, and, if the improvement is not repaired, rebuilt or replaced following loss, any right to pay under the insurance an amount less than the replacement value of the improvements insured.

END ARTICLE 9
INSURANCE

ARTICLE 10

DESTRUCTION OF IMPROVEMENTS

10.1 Damage to Common Area.

Except as otherwise provided in this Declaration, in the event of any destruction of any portion of the Common Area, the repair or replacement of which is the responsibility of the Association, it shall be the duty of the Association to restore and repair the same to its former condition, as promptly as practical. The proceeds of any insurance maintained pursuant to Article 9 hereof for reconstruction or repair of the Property shall be used for such purpose, unless otherwise provided herein. The board shall be authorized to have prepared the necessary documents to effect such reconstruction as promptly as practical. The Property shall be reconstructed or rebuilt substantially in accordance with the original construction plans. If the amount available from the proceeds of such insurance policies for such restoration and repair is inadequate to complete the restoration and repair, the Board shall levy an Extraordinary Assessment for the deficiency and proceed with such restoration and repair.

10.2 Damage to Dwellings.

Except as otherwise provided in this Declaration, in the event of any destruction of any Dwelling or Dwellings, it shall be the duty of the Owner(s) of the Dwelling or Dwellings to restore and repair the same to its/their former condition, as promptly as practical, under the supervision of the Board. The proceeds of any insurance maintained pursuant to Article 9 hereof for reconstruction or repair of the Property shall be made available for such purpose, unless otherwise provided herein. The Dwelling or Dwellings shall be reconstructed or rebuilt substantially in accordance with the original construction plans. If the amount available from the proceeds of such insurance policies for such restoration and repair is less than the estimated cost of restoration and repair, the Owner(s) of the Dwelling or Dwellings shall be responsible for the deficiency, and the Board shall have the power to levy a Special Assessment to secure payment of the deficiency. In the event more than one Dwelling is damaged or destroyed, the available insurance proceeds shall be allocated according to the estimated costs of repair and restoration of each Dwelling.

10.3 Alternate Plans for Restoration and Repair.

Notwithstanding the provisions of Paragraph 10.1 and 10.2, the Association shall have the right, by a vote of seventy-five percent (75%) of the voting power of the Association, to make alternate arrangements respecting the repair, restoration or demolition of the damaged portion of the Property. The alternate plan may provide for special allocation of insurance proceeds, modification of design, or special allocation of any necessary Assessments. Any plan adopted pursuant to this subparagraph shall be adopted within sixty (60) days of the damage or destruction and shall be supported by the vote of any Owner whose Dwelling has been physically damaged, to the extent the proposed plan affects the reconstruction of such Dwelling.

10.4 Appraisal of Damage.

In the event the parties affected by damage or destruction to the Property cannot agree, within twenty (20) days of the date of the damage, on the estimated cost of repair or the allocations referred to in this Article 10, the Association shall appoint three (3) independent appraisers having at least five (5) years full-time appraisal experience in Summit

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County, Utah, to appraise the damage and establish allocations among various damaged portions of the Property. Within twenty (20) days after the selection of the appraisers, a majority of the appraisers shall set the estimate and allocations. If a majority of the appraisers are unable to agree within the stipulated period of time, the average of the three (3) appraisals shall be utilized. If, however, the low appraisal and/or the high appraisal are/is more than fifteen percent (15%) lower and/or higher than the middle appraisal, the low appraisal and/or the high appraisal shall be disregarded. If only one appraisal is disregarded, the average of the two remaining appraisals shall be utilized. If both the low appraisal and the high appraisal are disregarded, the middle appraisal shall be utilized. The cost of the appraisals required by this subparagraph shall be paid by the Association and reimbursed by the Owners through an Extraordinary Assessment.

10.5 Interior Damage.

With the exception of any casualty or damage insured against by the Association pursuant to Article 9 of this Declaration, restoration and repair of any damage to the interior of any individual Dwelling, including without limitation all fixtures, cabinets and improvements therein, together with restoration and repair of all interior paint, wall coverings and floor coverings, shall be made by and at the individual expense of the Owner of the Dwelling so damaged. In the event of a determination to rebuild the Property after partial or total destruction as provided in this Article 10, such interior repair and restoration shall be completed as promptly as practical and in a lawful and workmanlike manner, in accordance with plans approved by the Architectural Committee as provided herein.

END OF ARTICLE 10
DESTRUCTION OF IMPROVEMENTS

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ARTICLE 11

DECLARANT'S RIGHTS AND RESERVATIONS

Declarant is undertaking the work of construction of the Project and the creation of the planned unit development on the Property. The completion of that work and the sale or other disposition of the Units is essential to the establishment and welfare of the Property as a residential community. In order that said work may be completed and said Property be established as a fully occupied residential community as rapidly as possible, nothing in this Declaration shall be understood or construed to:

11.1 Prevent Declarant, its contractors, or subcontractors from doing on the Property, whatever is reasonably necessary or advisable in connection with the completion of the work; or

11.2 Prevent Declarant or its representatives from erecting, constructing and maintaining on any part or parts of the Property, such structures as may be reasonable and necessary for the conduct of its business of completing said work and establishing said Property as a residential community and disposing of the same in parcels by sale or other disposition; or

11.3 Prevent Declarant from maintaining such sign or signs on any of the Property as may be necessary for the sale or disposition thereof.

(a) So long as Declarant, its successors-in-interest and assigns, owns one or more of the Units established and described in this Declaration and except as otherwise specifically provided herein, Declarant, its successors and assigns, shall be subject to the provisions of this Declaration.

(b) In the event Declarant shall convey all of its right, title and interest in and to the Property to any partnership, individual or individuals, corporation or corporations, then and in such event, Declarant shall be relieved of the performance of any further duty or obligation hereunder, and such partnership, individual or individuals, corporation or corporations, shall be obligated to perform all such duties and obligations of the Declarant.

END OF ARTICLE 11
DECLARANT'S RIGHTS AND RESERVATIONS

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ARTICLE 12

RIGHTS OF MORTGAGEES

In order to induce various lenders and lending agencies to participate in the financing of Units within the Project, this Article 12 is included in this Declaration. To the extent these added provisions, pertaining to the rights of such lenders and lending agencies conflict with any other provisions of this Declaration or any other of the Project Documents, these added restrictions shall control. For purposes of this Article 12, the terms "Eligible Holder" and "Eligible Insurer Guarantor" refer to a Holder, Insurer or Guarantor of any first mortgage on a Unit, who has provided a written request to the Association, to be notified of any proposed amendment or action described in Paragraph 12.5 or Paragraph 12.6 below.

12.1 Notwithstanding any other provision of the Project Documents, no amendment or violation of the Project Documents shall operate to defeat or render invalid the rights of any mortgagee of a Unit made in good faith and for value, provided that after the foreclosure of any such mortgage, such Unit shall remain subject to the Project Documents.

12.2 Each first mortgagee of a mortgage encumbering any Unit, which obtains title to such Unit pursuant to judicial foreclosure or the powers provided in such mortgage, shall take title to such Unit free and clear of any claims for unpaid Assessments or charges against such Unit which accrued after the time such mortgagee recorded its mortgage, and prior to the time such mortgagee acquires title to such Unit.

12.3 First mortgagees, upon written request, shall have the right to (1) examine the books and records of the Association during normal business hours; (2) require from the Association the submission of annual audited financial reports and other financial data; (3) receive written notice of all meetings of the Owners; and (4) designate, in writing, a representative to attend all such meetings.

12.4 Each Owner hereby authorizes the first mortgagee of a first mortgage on his Unit to furnish information to the Board concerning the status of the first mortgage and the loan which it secures.

12.5 Unit Owners shall have the right to amend the Project Documents according to their terms, subject to the rights of Eligible Holders to participate in the amendment process as provided in this Paragraph. Amendments of a material nature shall be agreed to by (i) the Declarant (so long as there are two classes of voting power); and (ii) Unit Owners representing at least sixty-seven percent (67%) of the total votes in the Association (excluding votes residing in Declarant, so long as two classes of voting power exist). Additionally, approval must be obtained from Eligible Holders representing at least fifty-one percent (51%) of the votes of Units that are subject to mortgages held by Eligible Holders. A change to any of the following would be considered as material:

12.5.1 Voting rights;

12.5.2 Assessments, assessment liens, or subordination of assessment liens;

12.5.3 Reserves for maintenance, repair and replacement of Common Area;

12.5.4 Responsibility for maintenance and repairs;

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- 12.5.5 Reallocation of interests in the Common Area, or rights to its use;
- 12.5.6 Boundaries of any Unit;
- 12.5.7 Convertibility of Units into Common Area or vice-versa;
- 12.5.8 Expansion or contraction of the Project, or the addition, annexation or withdrawal of property to or from the Project;
- 12.5.9 Insurance or fidelity bonds;
- 12.5.10 Leasing of Units;
- 12.5.11 Imposition of any restrictions on a Unit Owner's right to sell or transfer his or her Unit;
- 12.5.12 A decision by the Association to establish self-management when professional management had been previously required by an Eligible Holder;
- 12.5.13 Restoration or repair of the Project (after a hazard damage or partial condemnation) in a manner other than that specified in the Project Documents;
- 12.5.14 Any action to terminate the legal status of the Project after substantial destruction or condemnation (when Unit Owners are considering termination of the legal status of the Project for reasons other than substantial destruction or condemnation, approval must be obtained from Eligible Holders representing at least sixty-seven percent (67%) of the votes of Units that are subject to mortgages held by Eligible Holders); or
- 12.5.16 Any provisions that expressly benefit mortgage holders, insurers or guarantors.

If the Association determines that an addition or amendment to the Project Documents is not a material change, the approval of Eligible Holders shall be implied by the failure of an Eligible Holder to submit a response to a written proposal for an amendment within thirty (30) days after the proposal is made.

- 12.6 Each Eligible Holder and each Eligible Insurer or Guarantor is entitled to timely written notice of the following:
 - 12.6.1 Any condemnation or casualty loss that affects either a material portion of the Project or the Unit securing its mortgage;
 - 12.6.2 Any sixty (60) day delinquency in the payment of assessments or charges owed by the Owner of any Unit on which it holds the mortgage;
 - 12.6.3 A lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association; and
 - 12.6.4 Any proposed action that requires the consent of a specified percentage of Eligible Holders.

In addition to the foregoing, the Board shall have the power and authority, without the vote of the Association, to enter into such contracts or agreements on behalf of the Association as are required in order to satisfy the guidelines of any generally recognized federal agency of lending institution (e.g., FNMA, GNMA, FHA, VA, or the Mortgage Corporation), so as to allow for the purchase, guaranty or insurance, as the case may be, by such entities of first mortgages encumbering Units. Each Owner hereby agrees that it will benefit the Association and the membership of the Association, as a class of potential mortgage borrowers and potential sellers of their residential Units, if such agencies or lending institutions approve the Property as a qualifying Project under their respective policies, rules and regulations, as adopted from time to time.

END OF SECTION 12
RIGHTS OF MORTGAGEES

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ARTICLE 13

DURATION AND AMENDMENT

13.1 Duration.

This Declaration shall continue in full force for a term of fifty (50) years from the date hereof, after which time the same shall be automatically extended for successive periods of ten (10) years, unless a Declaration of Termination is recorded, meeting the requirements of an amendment to this Declaration as set forth in Paragraph 13.2. There shall be no severance by sale, conveyance, encumbrance or hypothecation of an interest in any Unit from the concomitant membership of the Association, as long as this Declaration shall continue in full force and effect.

13.2 Amendment.

Notice of the subject matter of a proposed amendment to this Declaration in reasonably detailed form shall be included in the notice of any meeting of the Association at which a proposed amendment is to be considered. A resolution adopting a proposed amendment may be proposed by an Owner at a meeting of the Members of the Association. The resolution shall be adopted by the vote, in person or by proxy, or written consent of Members of the Association. The resolution shall be adopted by the vote, in person or by proxy, or written consent of Members representing not less than sixty-seven percent (67%) of the total voting power of the Association (both classes combined).

Notwithstanding the foregoing, the following special voting provisions shall apply:

- (a) Amendments of a material nature shall be enacted in compliance with the provisions of Article 12 of this Declaration;
- (b) The specified percentage of the voting power necessary to amend a specified provision of this Declaration shall be not less than the percentage of affirmative votes prescribed for action to be taken under that provision;

A certificate, signed and sworn to by two (2) officers of the Association, that the record Owners of the required number of Units have either voted for or consented in writing to any amendment adopted as provided above, when recorded, shall be conclusive evidence of that fact. The Association shall maintain in its files the record of all such votes or written consents for a period of at least four (4) years. Such a certificate reflecting any amendment which requires the written consent of any of the record holders of first mortgages shall be signed and sworn to by such first mortgagees.

END OF SECTION 13
DURATION AND AMENDMENT

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ARTICLE 14

GENERAL PROVISIONS

14.1 Enforcement.

The Board, any Owner, and any governmental or quasi-governmental agency or municipality having jurisdiction over the Project shall have the right to enforce, by any proceedings at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by this Declaration, and in such action shall be entitled to recover costs and reasonable attorneys' fees as are ordered by the Court. Any such action by the Board shall be taken on behalf of three (3) or more Unit Owners, as their respective interests may appear, with respect to any cause or action relating to the Common Area or more than one Unit. Failure by any such person or entity to enforce any such provision shall in no event be deemed a waiver of the right to do so thereafter.

14.2 Invalidity of Any Provision.

Should any provision of this Declaration be declared invalid or in conflict with any law of the jurisdiction where the Project is situated, the validity of all other provisions shall remain unaffected and in full force and effect.

14.3 Conflict of Project Documents.

If there is any conflict among or between the Project Documents, the provisions of this Declaration shall prevail; thereafter, priority shall be given to Project Documents in the following order; Plat Map; Articles; Bylaws; and rules and regulations of the Association. Notwithstanding the foregoing, any provision in any of the Project Documents which is for the protection of mortgagees shall have priority over any inconsistent provision in that document or in any other Project Document.

END OF ARTICLE 14
GENERAL PROVISIONS

BOOK 6-12 PAGE 655

The undersigned, being the Declarant herein, has executed this Declaration on 1/17 1992.

DECLARANT:

AC DEVELOPMENT INC., a Utah Corporation

By: Evelyn M. Anderson

STATE OF New Jersey
) ss.
County of Somerset

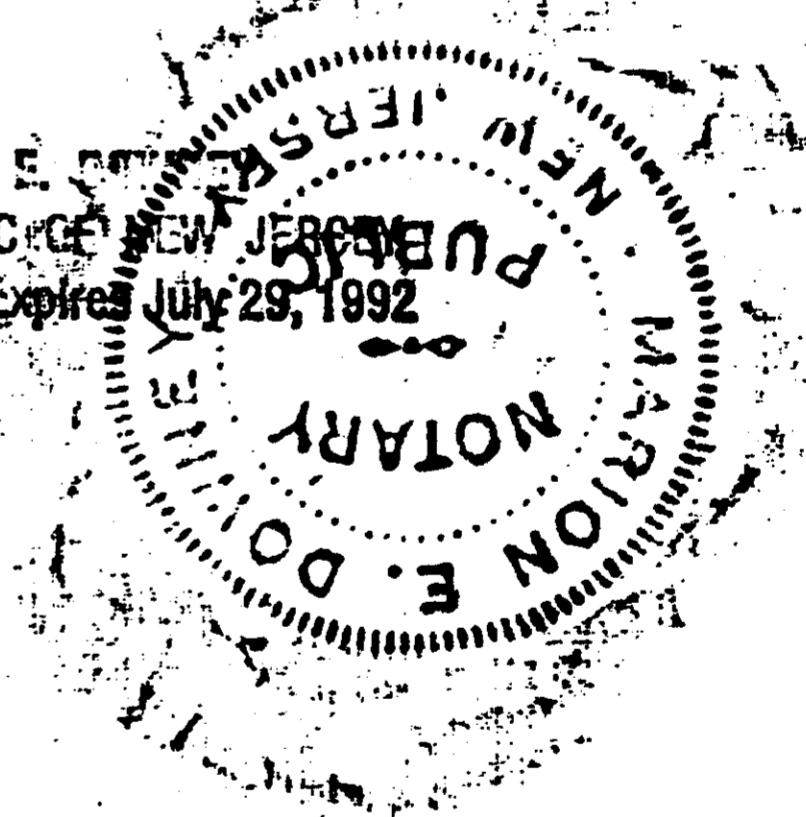
On this 17 day of JANUARY, 1992, before me, the undersigned, a Notary Public in and for the State of New Jersey, duly commissioned and sworn, personally appeared Evelyn M. Anderson to me known to be the President of AC DEVELOPMENT INC., a Utah Corporation, the Corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said Corporation, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute the said instrument and that the seal affixed is the corporate seal of said Corporation.

WITNESS my hand and official seal hereto affixed the day and year first above written.

[Signature]
Notary Public in and for the State
of New Jersey, residing at:

47 mine Brook Rd
Berkeley Heights NJ 07004

MARION E. DODD
NOTARY PUBLIC - NEW JERSEY
My Commission Expires July 29, 1992



642-656

EXHIBIT "A"

LEGAL DESCRIPTION OF DECLARANT'S PROPERTY

PART OF PARCEL "A" OF SILVER LAKE KNOLL NO. 2 SUBDIVISION, A SUBDIVISION IN PARK CITY, SUMMIT COUNTY, UTAH, THE PLAT OF WHICH BEING RECORDED FEBRUARY 9, 1983 AS ENTRY NO. 202075 IN THE SUMMIT COUNTY RECORDER'S OFFICE, SAID PART BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE EASTERLY RIGHT OF WAY LINE OF WOODLAND VIEW DRIVE AND THE NORTHERLY RIGHT OF WAY LINE OF ROYAL STREET WEST, SAID POINT BEING THE SOUTHWEST CORNER OF PARCEL "A" OF SILVER LAKE KNOLL NO. 2 SUBDIVISION, AS RECORDED; THENCE ALONG SAID RIGHT OF WAY LINE OF SAID WOODLAND VIEW DRIVE NORTH 01 DEGREE 00 MINUTES 00 SECONDS WEST 13.79 FEET TO A POINT ON A 75.00 FOOT RADIUS CURVE CONCAVE EASTERLY FROM WHICH THE RADIUS POINT BEARS NORTH 89 DEGREES 00 MINUTES 00 SECONDS EAST; THENCE NORTHERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 18 DEGREES 00 MINUTES 00 SECONDS, AN ARC DISTANCE OF 23.56 FEET TO THE POINT OF REVERSE CURVATURE OF A 199.74 FOOT RADIUS CURVE CONCAVE WESTERLY FROM WHICH THE RADIUS POINT BEARS NORTH 73 DEGREES 00 MINUTES 00 SECONDS WEST; THENCE NORTHERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 34 DEGREES 00 MINUTES 00 SECONDS, AN ARC DISTANCE OF 118.53 FEET; THENCE NORTH 17 DEGREES 00 MINUTES 00 SECONDS WEST 88.68 FEET TO THE POINT OF CURVATURE OF A 310.00 FOOT RADIUS CURVE CONCAVE EASTERLY FROM WHICH THE RADIUS POINT BEARS NORTH 73 DEGREES 00 MINUTES 00 SECONDS EAST; THENCE NORTHERLY ALONG SAID CURVE AND RIGHT OF WAY LINE THROUGH A CENTRAL ANGLE OF 23 DEGREES 00 MINUTES 00 SECONDS, AN ARC DISTANCE OF 124.44 FEET; THENCE CONTINUING ALONG SAID RIGHT OF WAY LINE NORTH 06 DEGREES 00 MINUTES 00 SECONDS EAST, 29.00 FEET TO THE NORTHWEST CORNER OF PARCEL "A" OF SILVER LAKE KNOLL NO. 2 SUBDIVISION, AS RECORDED, SAID POINT ALSO BEING ON THE EASTERLY RIGHT OF WAY LINE OF WOODLAND VIEW DRIVE; THENCE ALONG THE NORTHERLY LINE OF SAID PARCEL "A" NORTH 83 DEGREES 10 MINUTES 00 SECONDS EAST 41.99 FEET; THENCE SOUTH 49 DEGREES 46 MINUTES 00 SECONDS EAST 78.97 FEET; THENCE NORTH 76 DEGREES 57 MINUTES 00 SECONDS EAST 81 FEET TO THE NORTHEAST CORNER OF SAID PARCEL "A", SAID POINT BEING ON THE WESTERLY RIGHT OF WAY LINE OF STERLING DRIVE AND BEING ON A 356.05 FOOT RADIUS CURVE CONCAVE EASTERLY FROM WHICH THE RADIUS POINT BEARS SOUTH 85 DEGREES 03 MINUTES 23 SECONDS EAST; THENCE SOUTHEASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 31 DEGREES 06 MINUTES 37 SECONDS, AN ARC DISTANCE OF 193.33 FEET; THENCE SOUTH 26 DEGREES 10 MINUTES 00 SECONDS EAST 41.57 FEET; THENCE LEAVING SAID RIGHT OF WAY LINE SOUTH 63 DEGREES 50 MINUTES 00 SECONDS WEST 78.00 FEET; THENCE SOUTH 28 DEGREES 00 MINUTES 00 SECONDS WEST 113.18 FEET TO A POINT ON THE NORTHERLY RIGHT OF WAY LINE OF ROYAL STREET WEST, SAID POINT BEING ON A 234.02 FOOT RADIUS CURVE CONCAVE SOUTHERLY FROM WHICH THE RADIUS POINT BEARS SOUTH 07 DEGREES 03 MINUTES 10 SECONDS WEST; THENCE WESTERLY ALONG SAID CURVE AND RIGHT OF WAY LINE, THROUGH A CENTRAL ANGLE OF 17 DEGREES 31 MINUTES 39 SECONDS, AN ARC DISTANCE OF 71.59 FEET TO THE POINT OF REVERSE CURVATURE WITH A 171.77 FOOT RADIUS CURVE CONCAVE NORTHERLY FROM WHICH THE RADIUS POINT BEARS NORTH 10 DEGREES 28 MINUTES 29 SECONDS WEST; THENCE WESTERLY ALONG SAID CURVE AND RIGHT OF WAY LINE THROUGH A CENTRAL ANGLE OF 02 DEGREES 47 MINUTES 18 SECONDS, AN ARC DISTANCE OF 8.36 FEET TO THE POINT OF BEGINNING.

ARTICLES OF INCORPORATION

OF

**THE TWIN PINES AT SILVER LAKE OWNERS ASSOCIATION INC.
A Nonprofit Corporation**

KNOW ALL MEN BY THESE PRESENTS that the undersigned natural persons, being over the age of twenty-one (21) years, and for the purpose of forming a corporation under the Utah Non-Profit Corporation and Co-operative Association Act, hereby adopt the following Articles of Incorporation:

ARTICLE I

NAME

The name of the Corporation (hereinafter called the "Association") is **THE TWIN PINES AT SILVER LAKE OWNERS ASSOCIATION INC.**

ARTICLE II

DURATION

The Association shall exist perpetually unless and until dissolved according to law.

ARTICLE III

PURPOSES AND POWERS OF THE ASSOCIATION

This Association is organized as a nonprofit corporation and does not contemplate the distribution of income to its Members, Trustees or officers, and its object is not the generation of pecuniary profit. The specific primary purposes for which it is formed are to provide for the acquisition, construction, management, operation, administration, maintenance, repair, improvement, preservation and architectural control of Association property within that certain planned unit development situated in Park City, Summit County, Utah, commonly known as Twin Pines at Silver Lake Planned Unit Development, and to promote the health, safety, welfare, recreation, education, and social interaction of all residents within the above-described property and any additions thereto as may hereafter be brought within the jurisdiction of this Association for such purpose, all according to that certain Declaration of Covenants, Conditions and Restrictions and Reservation of Easements (the "Declaration") recorded or to be recorded with respect to said property in the Office of the Recorder of Summit County.

In furtherance of said purposes, and subject to the approval of Members as required by the Declaration, the Bylaws, or by law, this Association shall have power to:

- (a) Performance of the duties and obligations of the Association as set forth in the Declaration;
- (b) Fix, levy, collect and enforce Assessments and fines as set forth in the Declaration;

(c) Pay all expenses and obligations incurred by the Association in the conduct of its business, including, without limitation, all licenses, taxes or governmental charges levies or imposes against the Association property;

(d) Acquire (by gift, purchase or otherwise) own, hold, improve, use, build upon, operate, maintain, convey, sell, lease, exchange, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association;

(e) Make contracts and incur liabilities, borrow money and mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

(f) Dedicate, sell, transfer, or grant easements over all or any part of any Association Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Members;

(g) Participate in mergers and consolidations with other nonprofit corporations organized for the same purposes, or annex additional property to the property managed by the Association;

(h) Have and exercise any and all powers, rights, and privileges which a corporation organized under the Utah Non-Profit and Co-operative Association Act by law may now or hereafter have or exercise.

ARTICLE IV

MEMBERS AND MEMBERSHIP

1. Non-Stock Corporation. Participation in management and ownership of the Association shall be by membership only. The Association shall issue no stock and shall have no shareholders.

2. Membership. The Owner of a Unit shall automatically, upon becoming an Owner, be a Member of the Association, and shall remain a Member thereof until such time as his ownership ceases for any reason, at which time his membership in the Association shall automatically cease. Membership shall be in accordance with these Articles of Incorporation and the Bylaws of the Association.

3. Transferred Membership. Membership in the Association shall not be transferred, pledged, or alienated in any way, except upon the transfer of ownership of the Unit to which it is appurtenant, and then only to the new Owner. Any attempt to make a prohibited transfer is void. In the event the Owner of any Unit should fail or refuse to transfer the membership registered in his name to the purchaser of his Unit, the Association shall have the right to record the transfer upon its books and thereupon the old membership outstanding in the name of the seller shall be null and void.

4. Classes of Membership. The Association shall have two (2) classes of voting membership established according to the following provisions:

(a) Class A Membership. Class A membership shall be that held by each Owner of a Unit other than AC DEVELOPMENT INC., a Utah corporation (the "Declarant"), and each Class A Member shall be entitled to one (1) vote for each Unit

owned. If a Unit is owned by more than one (1) person, each such person shall be a Member of the Association, but there shall be no more than one (1) vote for each Unit.

(b) Class B Membership. Class B membership shall be that held by the Declarant (or its successor-in-interest) who shall be entitled to three (3) votes for each Unit owned by Declarant; provided that Class B membership shall be converted to Class A membership and shall forever cease to exist on the occurrence of whichever of the following is first in time:

(1) When the total outstanding voting power held by Class A Members equals the total outstanding voting power (tripled as above) held by the Class B Member; or

(2) On the fifth anniversary of the recordation of the Declaration.

5. Limitation of Payment to Dissenting Member. Except upon dissolution of the Association, a dissenting Member shall not be entitled to any return of any contribution or other interest in the Association.

ARTICLE V

INITIAL PRINCIPAL OFFICE AND AGENT

The initial principal office of the Association shall be at Blooming Enterprises, 1161 Park Avenue, P.O. Box 2340, Park City, Utah 84060, which office may be changed at any time by the Board of Trustees without amendment of these Articles. The initial registered agent at such address shall be Melanie Parks. The undersigned does hereby agree to act as registered agent.


Melanie Parks, registered agent

ARTICLE VI

BOARD OF TRUSTEES; INCORPORATOR

The affairs of this Association shall be managed initially by a Board of three (3) Trustees, who need not be Members of the Association, until conversion of Class B memberships to Class A, after which time all Trustees must be Members of the Association. The number of Trustees may be changed by amendment of the Bylaws of the Association. The names and address of the individuals, who shall act as the initial Trustees of the Association until the selection of their successors, are:

<u>Name</u>	<u>Address</u>
Robert Richer	1500 Kearns Blvd. P.O. Box 680364 Park City, Utah 84068
David W. Johnson	544 Park Avenue P.O. Box 3598 Park City, Utah 84060

Melanie Parks

Blooming Enterprises
1161 Park Avenue
P.O. Box 2340
Park City, Utah 84060

The names and addresses of the incorporators of the Association are:

Robert Richer
1500 Kearns Blvd.
P.O. Box 680364
Park City, Utah 84068

David W. Johnson
544 Park Avenue
P.O. Box 3598
Park City, Utah 84060

Melanie Parks
Blooming Enterprises
1161 Park Avenue
P.O. Box 2340
Park City, Utah 84060

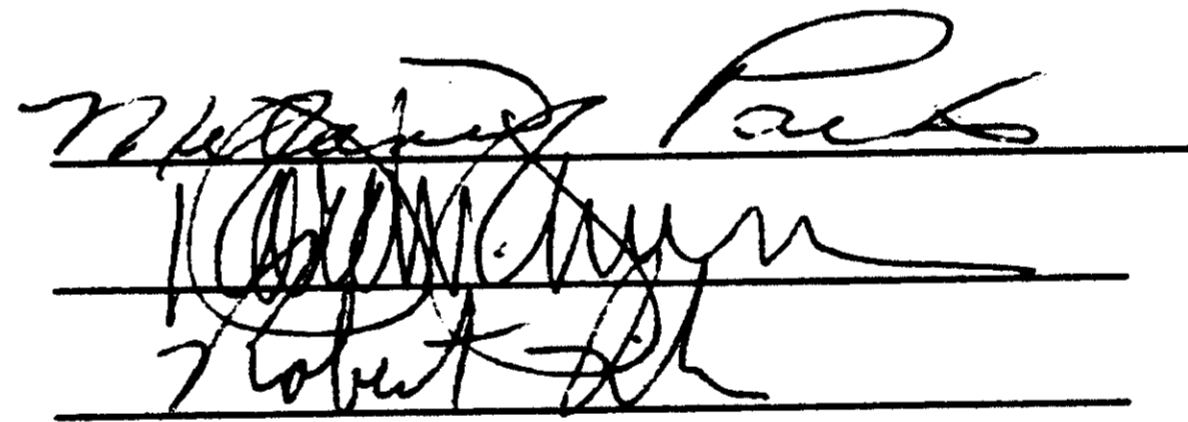
ARTICLE VII

DISSOLUTION

In the event of the dissolution, liquidation, or winding up of the Association, after paying or adequately providing for the debts and obligations of the Association, the Trustees or persons in charge of the liquidation shall divide the remaining assets among the Members in accordance with their respective rights thereto.

For the purpose of forming this Association under the laws of the State of Utah, the undersigned, as the incorporators of this Association, have executed these Articles of Incorporation on

DECEMBER 30, 1991.

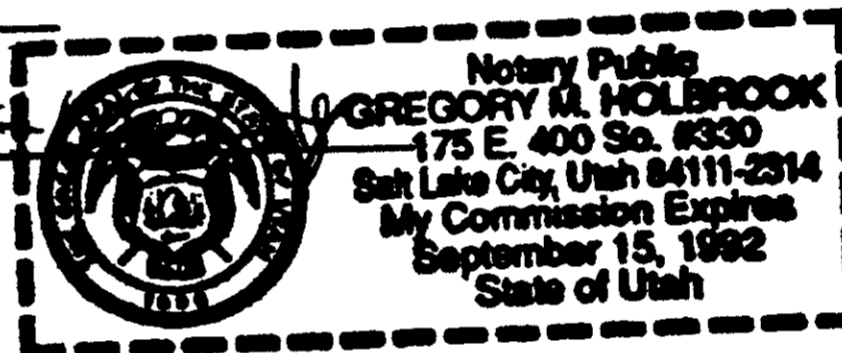


BOOK 642 PAGE 661

STATE OF UTAH)
) ss.
County of Summit)

On this 30th day of DECEMBER, 1991, personally appeared before me DAVID W. JOHNSON being first duly sworn on oath, deposes and says that he has read the foregoing Articles of Incorporation, knows the contents thereof, and believes the same to be true, and acknowledged to me that he executed the same.

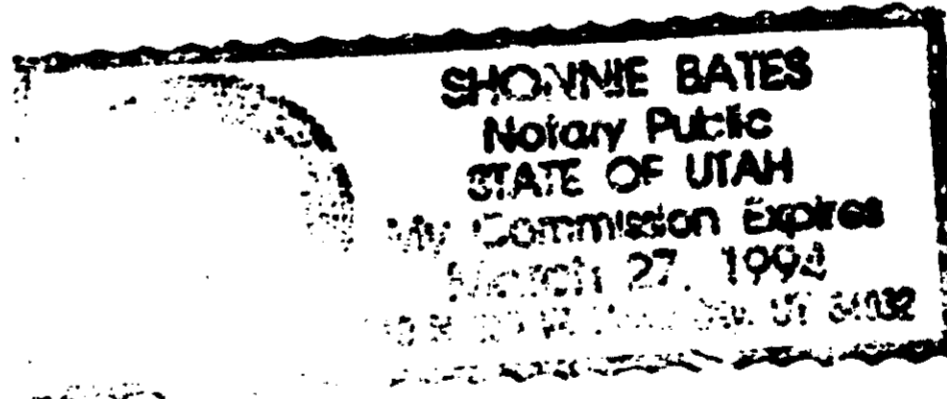
Gregory M. Holbrook
Notary Public in and for the State
of Utah, residing at Salt Lake City, Utah
Commission expires: 9-15-92



STATE OF)
) ss.
County of)

On this 15th day of January, 1992, personally appeared before me Robert Richer being first duly sworn on oath, deposes and says that he has read the foregoing Articles of Incorporation, knows the contents thereof, and believes the same to be true, and acknowledged to me that he executed the same.

Shonnie Bates
Notary Public in and for the State
of Utah, residing at Heber, UT
Commission expires: 3-27-94

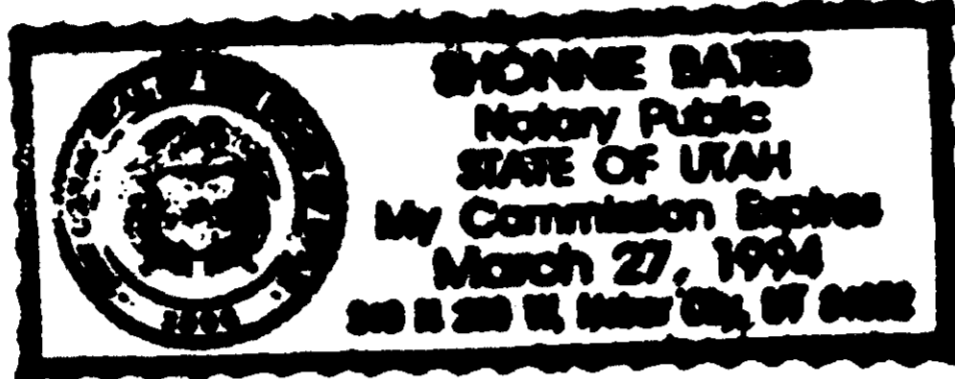


603-642-662

STATE OF (Utah)
) ss.
County of Summit

On this 22nd day of Jan, 1992, personally
appeared before me Melanie Parks, being first duly sworn on oath, deposes
and says that he has read the foregoing Articles of Incorporation, knows the contents thereof,
and believes the same to be true, and acknowledged to me that he executed the same.

Shonnie Bates
Notary Public in and for the State
of Ut, residing at Heber
Commission expires: 3-27-94



BYLAWS OF
THE TWIN PINES AT SILVER LAKE OWNERS ASSOCIATION INC.

ARTICLE 1

PLAN OF PROJECT OWNERSHIP

1.1 Name and Location. The name of the owners association ("Association") is THE TWIN PINES AT SILVER LAKE OWNERS ASSOCIATION INC. The principal office of the Association shall be in Summit County, Utah.

1.2 Application to Project. The provisions of these Bylaws are applicable to the residential planned unit development project known as Twin Pines at Silver Lake, located in Park City, Summit County, Utah. All present and future Owners, and their tenants, future tenants, employees, and any other person who might use the facilities of the Project in any manner, are subject to the regulations set forth in these Bylaws, in the Articles of Incorporation for the Association, and in the Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for the Project ("Declaration") recorded or to be recorded in the office of the Summit County Recorder, and applicable to the Project. The mere acquisition or rental of any Unit in the Project, or the mere act of occupancy of any Unit will signify that these Bylaws are accepted, ratified, and will be observed.

1.3 Meaning of Terms. Unless otherwise specifically provided herein, the definitions contained in the Declaration are incorporated in these Bylaws by reference.

ARTICLE 2

MEMBERSHIP, MEETINGS AND VOTING RIGHTS

2.1 Classes of Members. The Association shall have two (2) classes of voting membership established according to the Articles.

2.2 Voting Requirements: Majority of Quorum. Except when otherwise expressly provided in the Declaration, the Articles or these Bylaws, any action by the Association which must have the approval of the Association membership before being undertaken shall require the vote or written assent of the prescribed percentage of the total voting power of the Association. The vote of a majority of a quorum present at any meeting (in person or by proxy) shall constitute the vote of the Members.

2.3 Quorum. The presence in person or by proxy of at least fifty percent (50%) of the total voting power of the Association shall constitute a quorum. The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum.

2.4 Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary before the appointed time of each meeting. All proxies shall be valid only for the meeting for which the proxies are given (including any reconvened meeting in the event of an adjournment), unless provided otherwise in the proxy. Every proxy shall be revocable and shall automatically cease upon receipt of notice by the Secretary of the Board of the death or judicially declared incompetence of such Member.

600- 642-664

2.5 Annual Meetings. Regular annual meetings of the Members of the Association shall be held not less frequently than once each calendar year on the Project or such other suitable place convenient to the Members as may be designated by the Board. Unless otherwise determined by the Board, the annual meeting shall be held on the second week of each March.

2.6 Special Meetings. A special meeting of Members of the Association may be called by the President or by the Board (upon the vote for such a meeting by a majority of a quorum of the Board). A special meeting shall be called by the Board upon receipt of a written request therefor signed by Members representing not less than twenty-five percent (25%) of the total voting power of the Association or by Members representing not less than fifteen percent (15%) of the voting power residing in Members other than Declarant.

2.7 Notice and Location of Meetings. At the direction of the President, the Secretary, or the officers or persons calling a meeting, written notice of regular and special meetings shall be given to all Members in the manner specified for notices under these Bylaws. Such notice shall specify the place, day, and hour of the business to be undertaken, and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Except in the case of an emergency, at least ten (10) days notice (but not more than fifty (50) days notice) of any meeting shall be provided prior to the meeting. Meetings of the Association shall be held within the Project or at a meeting place as close thereto as possible. Notice shall also be delivered to any institutional lender filing a written request with the Association, and any such lender shall be permitted to designate a representative to attend all such meetings.

2.8 Adjournment. In the absence of a quorum at a Members' meeting, a majority of those present in person or by proxy may adjourn the meeting to another time, but may not transact any other business. An adjournment for lack of a quorum shall be to a date not less than five (5) days and not more than thirty (30) days from the original meeting date. The quorum for such a reconvened meeting shall be twenty-five percent (25%) of the total voting power of the Association.

2.9 Action Without Meeting. Any action which may be taken at a meeting of the Members may be taken without a meeting if a consent, in writing, setting forth the action so taken, is signed by all the Members entitled to vote thereon. Such consent shall have the same force and effect as a unanimous vote.

2.10 Rules at Meetings. Except as otherwise provided in these Bylaws, the Articles or the Declaration, all meetings of the Members shall be governed by Roberts Revised Rules of Order.

2.11 Commencement of Voting Rights. Voting rights attributable to any Unit shall not vest until an assessment has been levied and monies received against that Unit by the Association.

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ARTICLE 3

BOARD OF TRUSTEES

3.1 Number and Term of Trustee. The Board shall consist of three (3) Trustees, each of whom shall be a Unit Owner or an agent of Declarant (while Declarant remains a Unit Owner). The Trustees shall serve concurrent terms of one (1) year. The initial Trustees, as identified in the Articles, or their duly elected replacements, shall serve until the first meeting of the Association; thereafter, all Trustees shall be elected and removed according to these Bylaws.

3.2 Election of Board of Trustees. Nominations for election to the Board of Trustees may be made from the floor at the annual meeting of the Association. Additionally, the Board may appoint a Nominating Committee, which shall consist of a Chairman, who shall be a member of the Board of Trustees, and two (2) or more Members of the Association. If the Board determines to appoint a Nominating Committee, the Committee shall be appointed at least ninety (90) days prior to each annual meeting of the Members, to serve until the close of such annual meeting, and shall make as many nominations for election to the board of Trustees as it shall, in its discretion, determine, but not less than the number of vacancies that are to be filled. Elections of Board members shall be by secret written ballot.

3.3 Removal. Unless the entire Board is removed from office by the vote of Association Members, an individual Trustee shall not be removed prior to the expiration of his term of office if the number of votes cast against his removal is equal to or greater than the number of votes required to elect such Trustee.

3.4 Vacancies. Vacancies in the Board caused by any reason other than the removal of a Trustee by the voting in of a replacement by the Members shall be filled by vote of the majority of the remaining Trustees, and each person so elected shall be a Trustee for the remainder of the term of the Trustee he replaces, or until a successor is elected at a special meeting of the Members called for that purpose.

3.5 Regular Meetings. Regular meetings of the Board shall be conducted at least annually within ten (10) days following the annual meeting of the Association, and shall be held within the Project (or at such other place as may be convenient to all Board Members). Notice of the time and place of regular meetings shall be given to each Trustee, personally or by mail, telephone or telegraph, at least five (5) days prior to the day named for the meeting, and shall be posted at a prominent place or places within the Project.

3.6 Special Meetings. A special meeting of the Board may be called by written notice signed by the President of the Association or by any two (2) Trustees other than the President. Notice shall be provided to all Trustees and posted within the Project in the manner prescribed for notice of regular meetings, and shall include a description of the nature of any special business to be considered by the Board.

3.7 Waiver of Notice. Before, at, or after any meeting of the Board, any Trustee may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice to that Trustee. Attendance by a Trustee at any meeting of the Board shall be a waiver of notice by him of the time and place of the meeting, except where such attendance is for the limited and express purpose of objecting to the transaction of any business at the meeting because the meeting is not lawfully called or convened.

3.8 Quorum. The presence in person of a majority of the Trustees at any meeting of the Board shall constitute a quorum. The vote of a majority of the quorum actually present at any meeting shall constitute the vote of the Board unless expressly provided to the contrary in these Bylaws, or any future amendment thereto.

3.9 Action by Consent of Trustees. Any action which may be taken by the Board of Trustees may be taken without a meeting, if all members of the Board shall individually or collectively consent in writing to such action.

3.10 Adjournment: Executive Session. The Board may, with the approval of a majority of a quorum of the Trustees, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

3.11 Board Meetings Open to Members. Regular and special meetings of the Board shall be open to all Members of the Association; provided, however, that Association Members who are not on the Board may not participate in any deliberation or discussion unless expressly so authorized by the vote of a majority of a quorum of the Board.

ARTICLE 4

POWERS AND DUTIES OF THE BOARD OF TRUSTEES

4.1 Powers and Duties. The Board shall have the powers and duties necessary for the administration of the affairs of the Association. Without limitation on the generality of the foregoing powers and duties, the Board shall be vested with, and responsible for, the following powers and duties:

4.1.1 To select, appoint, supervise, and remove all officers, agents and employees of the Association; to prescribe such powers and duties for them as may be consistent with law, and with the Articles, the Declaration and these Bylaws; and to require from them security for faithful service when deemed advisable by the Board;

4.1.2 To enforce the applicable provisions of the Declaration, Articles, these Bylaws and other instruments relating to the ownership, management and control of the Project;

4.1.3 To adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the Members and their guests thereon, and to establish procedures and penalties for the infraction thereof, subject to approval of the membership;

4.1.4 To pay all taxes and assessments which are, or could become, a lien on any Common Area or a portion thereof;

4.1.5 To contract for casualty, liability and other insurance on behalf of the Association as required or permitted in the Declaration;

4.1.6 To cause any Common Area to be maintained and to contract for goods and/or services for any Common Area or for the Association, subject to the limitations set forth in these Bylaws;

4.1.7 To delegate its powers to committees, officers or employees of the Association, or to a management company pursuant to a written contract, as expressly authorized by these Bylaws;

4.1.8 To keep complete and accurate books and records of the receipts and expenditures of the Association (relating to the Common Area and otherwise), specifying and itemizing the maintenance and repair expenses incurred, and to prepare budgets and financial statements for the Association as required in these Bylaws in accordance with good accounting procedures; to provide for independent audits as required by law and these Bylaws;

4.1.9 To initiate and execute disciplinary proceedings against Members of the Association for violations of the provisions of the Articles, Declaration, these Bylaws and such rules as may be promulgated by the Board, in accordance with procedures set forth in these Bylaws;

4.1.10 To enter upon any privately owned Unit as necessary in connection with construction, maintenance or emergency repair for the benefit of the Project or the Owners;

4.1.11 To fix and collect regular and special assessments according to the Declaration and these Bylaws, and, if necessary, to record a notice of assessment and foreclose the lien against any Unit for which an assessment is not paid within thirty (30) days after the due date, or bring an action at law against the Owner personally obligated to pay such assessment;

4.1.12 To prepare and file annual tax returns with the federal government and to make such elections as may be necessary to reduce or eliminate the tax liability of the Association.

4.2 Limitation on Board's Power. Except with the vote or written assent of a majority of the voting power of the Association, the Board shall be prohibited from taking any of the following actions:

4.2.1 Incurring aggregate expenditures for capital improvements to any Common Area in any fiscal year in excess of the limits set forth in the Declaration.

4.2.2 Selling during any fiscal year property of the Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for that fiscal year.

4.2.3 Paying compensation to Trustees or to officers of the Association for services performed in the conduct of the Association's business; provided, however, that the Board may cause a Trustee or officer to be reimbursed for expenses incurred in carrying on the business of the Association.

4.2.4 Entering into a contract with a third person wherein the third person will furnish goods or services for the Common Area or the Association for a term longer than one (1) year with the following exceptions:

(a) A contract with a public utility company if the rates charged for the materials or services are regulated by government authority; provided, however, that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate;

(b) Prepaid casualty and/or liability insurance policies not to exceed three (3) years duration, provided that the policy permits for short rate cancellation by the insured;

Any agreement for professional management of the Project or any other contract providing for services by Declarant shall provide for termination by either party without cause and without payment of a termination fee on thirty (30) days or less written notice and shall provide for a maximum contract term of one (1) year.

ARTICLE 5

OFFICERS

5.1 Enumeration and Term. The officers of this Association shall be a President, Vice-President, Secretary, and Treasurer, and such other officers as the Board may, from time to time, by resolution create. The officers shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

5.2 Election of Officers. The election of officers shall take place at the first meeting of the Board of Trustees following each annual meeting of the Members.

5.3 Resignation and Removal. Any officer may be removed from office by a majority of the Board at any time with or without cause. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

5.4 Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

5.5 Multiple Offices. Any two or more offices may be held by the same person, except the offices of President and Secretary.

5.6 Duties. The duties of the officers are as follows:

5.6.1 President. The President shall preside at all meetings of the Board of Trustees; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds, and other written instruments and shall co-sign all checks (unless the authority to sign checks in the ordinary course of Association business has been delegated to a management company as provided in these Bylaws) and promissory notes.

5.6.2 Vice-President The Vice-President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

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5.6.3 **Secretary.** The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association together with their addresses, and shall perform such other duties as required by the Board.

5.6.4 **Treasurer.** The Treasurer shall receive and deposit, in appropriate bank accounts, all monies of the Association and shall disburse such funds as directed by resolution of the Board of Trustees; shall co-sign all checks and promissory notes of the Association; and shall keep proper books of account and prepare or have prepared financial statements as required in these Bylaws. The duty of the Treasurer to receive and deposit funds and to sign checks in the ordinary course of Association business may be delegated to a management company as provided in these Bylaws.

ARTICLE 6

DISCIPLINE OF MEMBERS; SUSPENSION OF RIGHTS

The Association shall have no power to cause a forfeiture or abridgement of an Owner's right to the full use and enjoyment of his individually owned Unit on account of a failure by the Owner to comply with provisions of the Declaration, Articles, these Bylaws, or of duly enacted rules of operation for the Common Area and facilities, except where the loss or forfeiture is the result of the judgment of a court or a decision arising out of arbitration or on account of a foreclosure or sale under a power of sale for failure of the Owner to pay assessments levied by the Association. Notwithstanding the foregoing, the Board shall have the power to impose monetary penalties, temporary suspensions of an Owner's rights as a Member of the Association or other appropriate discipline for failure to comply with the Declaration, Articles, these Bylaws or duly enacted rules; provided that the accused shall be given notice and the opportunity to be heard by the Board with respect to the alleged violations before a decision to impose discipline is reached. In the case in which monetary penalties are to be imposed, such penalties shall include actual attorney's fees and all costs in connection with the collection of such penalties.

ARTICLE 7

BUDGETS, FINANCIAL STATEMENTS, BOOKS AND RECORDS

7.1 **Budgets and Financial Statements.** Financial statements and pro forma operating budgets for the Association shall be regularly prepared (at least annually) and copies shall be distributed to each Member of the Association.

7.2 **Fiscal Year.** The fiscal year of the Association shall be as designated by resolution of the Board. In the absence of such a resolution, the fiscal year shall be the calendar year.

7.3 **Inspection of Association's Books and Records.** The membership register, books of account, vouchers authorizing payments, and minutes of meetings of the Members, of the Board, and of committees of the Board of the Association

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shall be made available for inspection and copying by any Member of the Association, or by his duly appointed representative, at any reasonable time and for a purpose reasonably related to his interest as a Member, at the office of the Association or at such other place within or near the Project as the Board shall prescribe. Such inspection may take place on weekdays during normal business hours, following at least forty-eight (48) hours written notice to the Board by the Member desiring to make the inspection. Any Member desiring copies of any document shall pay the reasonable cost of reproduction. Every Trustee shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a Trustee includes the right to make extracts and copies of documents.

ARTICLE 8

AMENDMENT OF BYLAWS

These Bylaws may be amended at any time and in any manner by the vote or written assent of a majority of a quorum of the total voting power of the Association; provided, however, that the percentage of the voting power necessary to amend a specific clause or provision herein shall not be less than the percentage of affirmative votes prescribed for action to be taken under said clause or provision; and provided further, that any such amendment shall not be inconsistent with the remaining Project Documents or the law.

ARTICLE 9

MISCELLANEOUS PROVISIONS

9.1 Regulations. All Owners, tenants, or their employees, or any other person that might use the facilities of the Project in any manner, are subject to the regulations set forth in these Bylaws and in the Project Documents and to all reasonable rules enacted pursuant to the Declaration. Acquisition, rental, or occupancy of any Unit shall constitute acceptance and ratification of the provisions of all such rules and regulations.

9.2 Compensation and Indemnity of Officers and Trustees. No Trustee or officer shall receive any loan from the Association, or shall receive any compensation for services rendered for or on behalf of the Association, except reimbursement according to Article 6 of these Bylaws. To the maximum extent permitted by law, each Trustee and officer shall be indemnified by the Association against all expenses and liabilities, including attorney's fees, reasonably incurred by or imposed upon him by judgment or settlement in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being or having been a Trustee or officer of the Association, except in cases of fraud, gross negligence or bad faith of the Trustee or officer in the performance of his duties.

9.3 Committees. The Board may, by resolution, designate one or more committees, each of which shall include at least two (2) of the Trustees, and which shall have such powers to act on behalf of the Board as may be set forth in the resolution, subject to prohibitions or limitations imposed by law.

9.4 Notices. Any notice permitted or required to be given by the Project Documents may be delivered whether personally or by mail or as otherwise specifically provided in the Project Documents. If delivery is by mail, it shall be deemed to have been

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given upon deposit thereof in the United States mail, postage prepaid, addressed to each person at the current address given by such person to the Secretary of the Association or addressed to the Unit of such person if no address has been given to the Secretary.

ADOPTION OF BYLAWS

We, the undersigned, being all of the Trustees of THE TWIN PINES AT SILVER LAKE OWNERS ASSOCIATION INC., do hereby assent to the within and foregoing Bylaws and hereby adopt the same as the Bylaws of said THE TWIN PINES AT SILVER LAKE OWNERS ASSOCIATION INC.

EXECUTED by the undersigned on 1/15, 1992.

Robert Fisher

[Signature]

Melamed Park

I, the undersigned, the duly elected and acting Secretary of THE TWIN PINES AT SILVER LAKE OWNERS ASSOCIATION INC., does hereby certify:

That the within and foregoing Bylaws were adopted as the Bylaws of said Association on JANUARY 15, 1992, and at the same do now constitute the Bylaws of said Association.

EXECUTED by the undersigned on 1/15, 1992

Melamed Park
Secretary

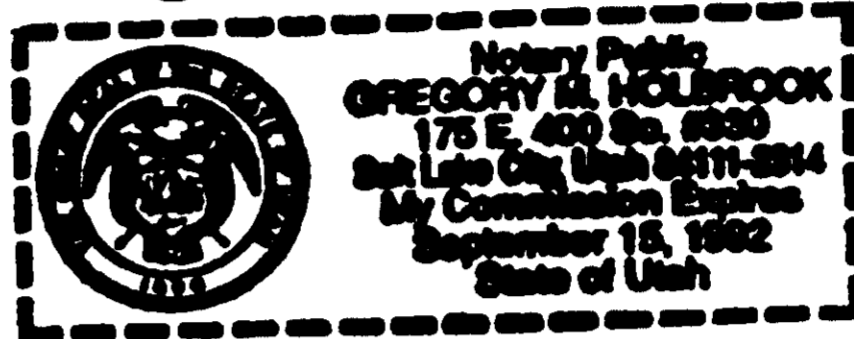
600- 642-672

STATE OF)
) ss.
County of)

On this day personally appeared before me DAVID W. JOHNSON to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged to me that he signed the same as his free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 15th day of JANUARY, 1992.

Gregory M. Houlbrook
Notary Public in and for the
State of Utah, residing at Salt Lake City
Commission Expires: 9-15-92

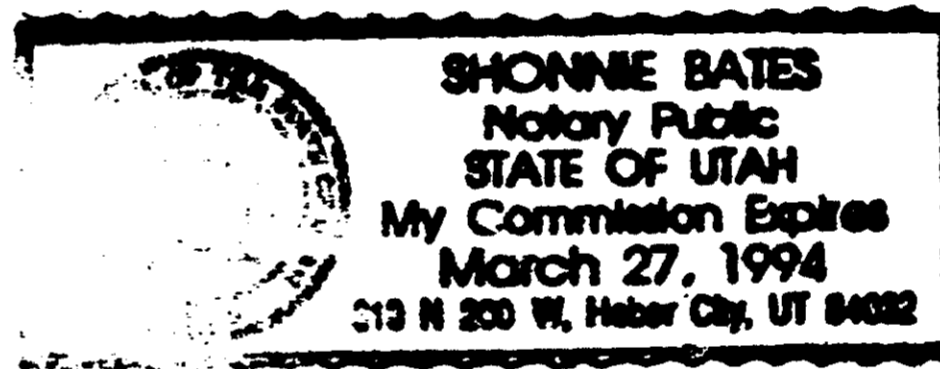


STATE OF Ut)
) ss.
County of Summit

On this day personally appeared before me Robert Richer to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged to me that he signed the same as his free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 15th day of Jan, 1992.

Shonnie Bates
Notary Public in and for the State of Utah, residing
at Heber, Ut
Commission Expires: 3-27-94



BOG: 642 PAGE 673

STATE OF _____)

) ss.

County of _____)

On this day personally appeared before me Melanie Parks, to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged to me that he signed the same as his free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 22nd day of Jan, 1992.

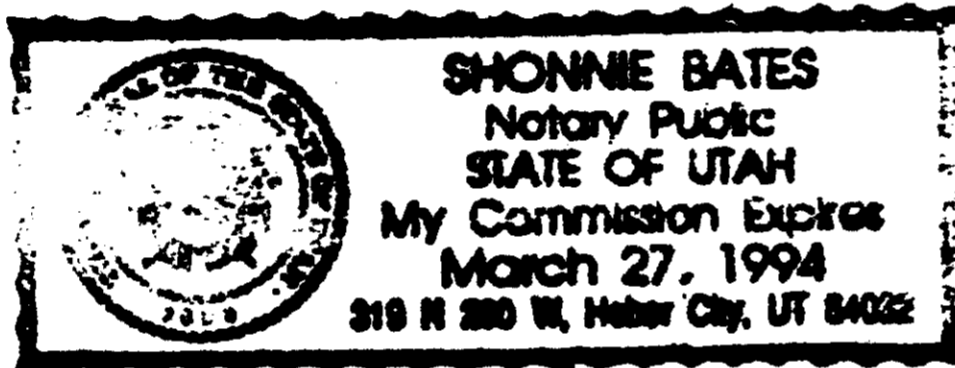
Shonnie Bates

Notary Public in and for the State of _____

at Heber Ut

Commission Expires: 3-27-94

Ut, residing



800- 642-674

UNANIMOUS CONSENT OF TRUSTEES

OF

THE TWIN PINES AT SILVER LAKE OWNERS ASSOCIATION INC.

IN LIEU OF ORGANIZATIONAL MEETING

We, the undersigned Trustees, constituting all of the initial Trustees of THE TWIN PINES AT SILVER LAKE OWNERS ASSOCIATION INC., in lieu of the organization meeting and pursuant to Utah Code Annotated 16-6-39, do hereby consent to adopt, and hereby adopt, the following resolutions:

Resolution No. 1

WHEREAS, the Trustees have reviewed proposed Bylaws relating to the business of the Association, the conduct of its affairs, its rights and powers and the rights and powers of its Members, Trustees and officers;

NOW, THEREFORE, BE IT RESOLVED, that the Bylaws presented to the Trustees be, and they hereby are, adopted as and for the Bylaws of the Association, and the Secretary is directed to cause the same to be certified and inserted in the Minute Book immediately following the copy of the Articles of Incorporation.

Resolution No. 2

RESOLVED, that the following individuals were unanimously elected to serve as the officers of the Association, to hold office until the next annual meeting of the Board and until their successors are duly elected and qualified:

President
Vice-President
Secretary-Treasurer

ROBERT RICHER

DAVID W. JOHNSON

MELANIE PARKS

Resolution No. 3

RESOLVED, that the corporate seal bearing the words and figures "THE TWIN PINES AT SILVER LAKE OWNERS ASSOCIATION INC., Corporate Seal, Utah" be, and it hereby is approved and adopted as and for the Corporate Seal of the Association.

Resolution No. 4

RESOLVED, that the Association shall conduct its affairs on the basis of a calendar year, and shall maintain its accounting records on a cash basis.

Resolution No. 5

RESOLVED, that the Park City Branch of First Security Bank hereby is elected as the bank of and for the depository for the funds of the Association, which may be withdrawn on checks, drafts, or advises of debit given or signed under the corporate name by the President and Treasurer, who are authorized to draw and accept drafts, and execute contracts and other agreements between the bank and the association, and

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to make, collect, discount, negotiate, endorse and assign in the corporate name, all checks, drafts, notes and other paper payable to or by the Association, and all such paper, signed as aforesaid, shall be honored by the bank and charged to the corporate account. Endorsement for deposit may be made by rubber stamp and shall bind the Association to the same effect as though signed by the properly authorized officers. This authority shall continue in force until notice in writing of its revocation shall have been given to and received by the bank.

Resolution No. 6

RESOLVED, that the President and Treasurer be and hereby are authorized to execute, on behalf of the Association, all such elections as are available to reduce or eliminate the tax liability of the Association, including, without limitation, an election under Section 528 of the Internal Revenue Code. In connection therewith, the Board shall take such steps as are necessary to assure that the Association qualifies for such election or elections.

Resolution No. 7

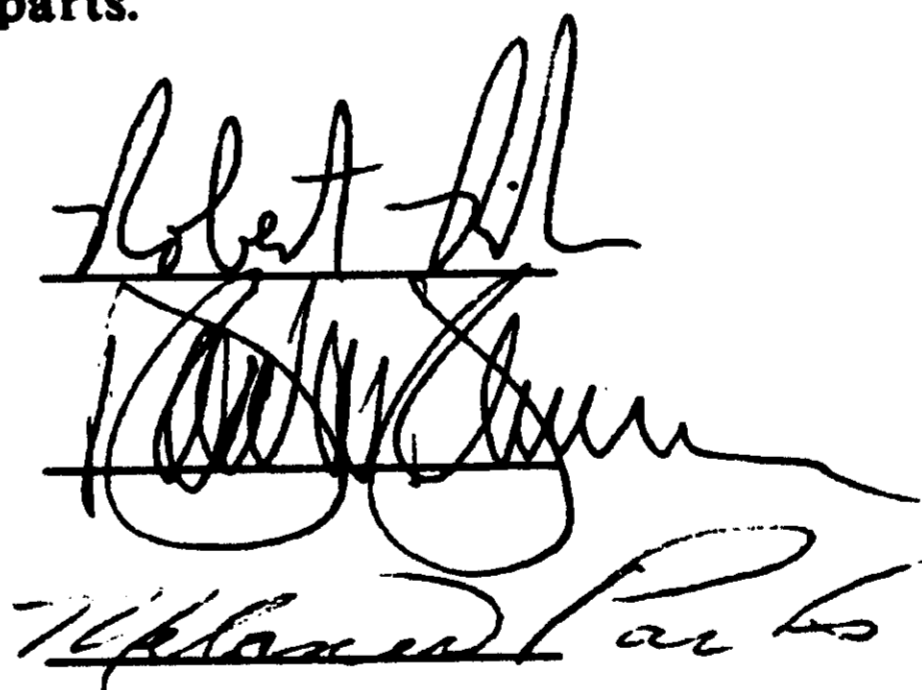
RESOLVED, that the President and Treasurer of the Association be, and they hereby are, authorized to pay all charges and expenses incident to or arising out of the organization of this Association, and to reimburse the persons who have made any disbursement therefor.

We duly execute and sign this Consent in lieu of holding, conducting, and attending the Trustee' Organization Meeting.

We further authorize and direct the Trustee and officers of the Association to take all action necessary and proper to effect the proposed corporate action. We hereby state that this Consent shall have the same force and effect as the unanimous vote of said Trustees at a Trustees' Meeting.

This Consent may be executed in counterparts.

DATED this 14th day of January, 1992.



CC&R'S.TWN 1-9-92

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