

1000 Reserve of Boby LLC 8/13-1179

KATIE L. GIXON
REGISTRAR
SALT LAKE COUNTY,
UTAH

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Madsen L. Andersen

Open & Acknowledged

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DECLARATION OF CONDOMINIUM
OF
GOVERNOR'S SQUARE CONDOMINIUMS

3596233

THIS DECLARATION is made as of the date hereinafter set forth by ARCH L. MADSEN (the "Declarant"), pursuant to the provisions of the Utah Condominium Ownership Act.

R E C I T A L S:

A. Declarant is the owner of that certain tract of land, more particularly described in Section I, Paragraph 16 hereof.

B. There has been constructed upon said tract one (1) apartment building containing thirty-six (36) apartment units and other improvements, which Declarant now desires to convert to a condominium project. All of such construction has been performed in accordance with the plans and drawings contained in the Record of Survey Map filed for record simultaneously herewith, consisting of 3 sheets, prepared and certified by Harold A. Linke, Utah Registered Land Surveyor.

C. Declarant desires, by filing this Declaration and the Record of Survey Map, to submit said tract and all improvements now or hereafter constructed thereon to the provisions of the Utah Condominium Ownership Act as a condominium project to be known as "Governor's Square Condominiums."

D. Declarant intends to sell to various purchasers the fee title to the individual Units contained in the Project, together with the undivided ownership interest in the Common Areas and Facilities appurtenant to such Units, subject to the covenants, conditions, restrictions, limitations, and easements herein set forth.

NOW, THEREFORE, for the foregoing purposes, Declarant hereby declares and certifies as follows:

I. Definitions. When used in this Declaration (including that portion hereof captioned "Recitals" and in the By-laws attached hereto as Exhibit "B") the terms used shall have the meaning stated in the Utah Condominium Ownership Act and as follows, unless the context otherwise requires.

1. Act shall mean and refer to the Utah Condominium Ownership Act (Title 57, Chapter 8, Utah Code Annotated) as the same may be amended from time to time.

2. Declaration shall mean and refer to this Declaration.

3. Declarant shall mean and refer to ARCH L. MADSEN, an individual, and to his successors and assigns.

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4. Map shall mean and refer to the Record of Survey Map filed herewith captioned "Governor's Square Condominiums."

5. Property shall mean and refer to the land, the building, all improvements and structures thereon, all easements, rights and appurtenances belonging thereto, and all articles of personal property intended for use in connection therewith.

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

(a) The land on which the building and other improvements are located.

(b) Those Common Areas and Facilities specifically set forth and designated as such in the Map.

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

(d) All limited Common Areas and Facilities.

(e) The foundations, columns, girders, beams, supports, perimeter walls, roofs and lobbies constituting a portion of or included in the improvements which comprise a part of the Project, and any halls, corridors, stairs, stairways, fire escapes, entrances and exits which are designed for the use of more than one Unit.

(f) All installations for and all equipment connected with the furnishing of Project central services such as gas, water, heat, air conditioning, telephone and electricity.

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

(h) All recreational areas and facilities shown on the Map.

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

(j) All Common Areas and Facilities as defined in the Act, whether or not expressly listed herein.

7. Unit means a separate physical part of the Project intended for any type of independent use, including one or more rooms or spaces located within the building. Mechanical equipment and appurtenances located within any one Unit or located without said Unit but designated and designed to serve only that Unit, such as appliances, electrical receptacles and outlets, air conditioning compressors and other air conditioning apparatus, fixtures and the like, shall be considered part of the Unit, as shall all decorated interiors, all surfaces of interior structural walls, floors and ceilings, windows and window frames, doors and door frames, and trim, consisting of, inter alia and as appropriate, wallpaper, paint, flooring, carpeting and tile. Partition walls (walls common to two Units), shall be deemed to be part of the Units they separate, and each Unit shall be deemed to include as a part thereof the entire area within and extending to the center of such partition walls. The term "Unit" shall

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not, however, be deemed to include the parimeter walls, floors and ceilings surrounding such Unit. All pipes, wires, conduits, or other public utility lines or installations constituting a part of the Unit and serving only the Unit, and any structural members or any other property of any kind, including fixtures and appliances within any Unit, which are removable without jeopardizing the soundness, safety or usefulness of the remainder of the building within which the Unit is situated shall be considered part of the Unit. The term "Unit" shall not be deemed to include the pipes, wires, conduits, or other utility lines running through or under such Unit.

8. Condominium Unit means and refers to one of the Units together with the individual interest in the Common Areas and Facilities appertaining to that Unit.

9. Management Committee and the Committee shall mean and refer to the Management Committee of the Governor's Square Homeowners Association.

10. Common Expenses shall mean all items, things and sums described in the Act which are lawfully assessed against the Unit Owners in accordance with the provisions of the Act, this Declaration, the Bylaws and such rules, regulations and other determinations and agreements pertaining to the Condominium Project as the Management Committee may from time to time adopt.

11. Mortgage shall mean any mortgage, deed of trust or other security instrument by which a Unit or any part thereof is encumbered.

12. Mortgagee shall mean any person named as a Mortgagee or beneficiary under or holder of a mortgage, deed of trust or other security instrument.

13. Limited Common Areas and Facilities or Limited Common Areas shall mean those Common Areas designated in the Declaration as reserved for use of a certain Unit or Units to the exclusion of other Units. Limited Common Areas include parking areas associated with the Units as shown on the Map.

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

15. Unit Owner or Owner shall mean and refer to the Owner of the fee in a Unit and of an undivided interest in the fee simple estate of the Common Areas and Facilities which are appurtenant thereto. The Declarant shall be deemed to be the Owner of all unsold Units. In the event a Unit is the subject of an executory contract of sale, the contract buyer shall, unless the seller and the buyer have otherwise agreed and have informed the Committee in writing of such agreement, be considered the Unit Owner for all purposes.

16. Entire Tract shall mean and refer to the following described tract of land situate in Salt Lake County, State of Utah, together with all appurtenances thereto:

Commencing North 23°46' West 54.5 feet from the Southwest corner of Block 20, Plat "E", Salt Lake City Survey and running thence North 23°46' West 232.66 feet; thence North 89°33'35" East 167.36 feet; thence South 23°50'13" East, 87.18 feet;

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thence East 6.29 feet; thence South 5°54'22" West 186.39 feet; thence North 4°39'22" East 50.05 feet; thence North 89°24' West 100 feet to beginning.

SUBJECT TO easements, restrictions and rights-of-way appearing of record or enforceable in law or equity. The property is located within the boundaries of Salt Lake City and is subject to assessments and service charges made thereby.

This Declaration is not intended and should not be deemed to constitute any lien, encumbrance, restriction or limitation upon any real property or interests in real property other than the land which this Declaration expressly submits to the provisions of the Act.

17. Condominium Project or Project shall mean and refer to Governor's Square Condominiums.

18. Association shall mean and refer to the Governor's Square Homeowners Association. The rights, powers, obligations and duties of the Association are vested in the Unit Owners acting collectively as "Members" of the Association and in the Management Committee.

19. Exclusive Use shall mean and refer to the use of the Limited Common Areas and Facilities.

20. Majority or Majority of the Unit Owners shall mean and refer to the owners of more than fifty percent (50%) in the aggregate in interest of the undivided ownership of the common areas and facilities.

21. Condominium shall mean and refer to ownership of a single unit in this Condominium Project, together with the undivided interest in common in the Common Areas and Facilities of the Project.

22. To the extent applicable to the tenure hereof and not inconsistent herewith, definitions contained in the Act are incorporated herein by reference and shall have the same effect as if expressly set forth herein and made a part hereof.

II. Submission to the Act. Declarant hereby submits to the provisions of the Act all of the real property situate in the County of Salt Lake, State of Utah, described in Section I, Paragraph 16 above.

III. Covenants, Conditions and Restrictions. The foregoing submission is made upon and under the following covenants, conditions and restrictions:

1. Description of Improvements. The improvements included in the Project are now located upon the tract described above, and all of such improvements are described on the Map. The Map shows the number of stories, the number of Units which are contained in the building which comprises a part of such improvements, the recreational areas and facilities, and other significant facts relating to such improvements. Every Unit will have one covered parking space for one automobile which shall be used in connection with such Unit to the exclusion thereof of

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other Owners except by invitation. The building is of woodframe construction with stucco exterior.

2. Legal Status of Units. The Map shows the Unit number of each Unit, its location, dimensions from which its area may be determined, those Limited Common Areas which are reserved for its use, and the Common Areas to which it has access. All units shall be capable of being independently owned, encumbered and conveyed.

3. Contents of Exhibit "A." Exhibit "A" attached to this Declaration furnishes the following information with respect to each Unit: (a) Unit Number; (b) its approximate square footage; (c) is par value based on points; and (d) its appurtenant undivided ownership interest in the Common Areas.

4. Common and Limited Common Areas. The Common Areas contained in the Project are described and identified in Section I, Paragraph 16 hereof and on the Map. Neither the ownership of an undivided interest in the Common Areas nor the right of exclusive use of a Limited Common Area shall be separated from the Unit to which it appertains and, even though not specifically mentioned in the instrument of conveyance, such ownership of an undivided interest and such right of exclusive use shall automatically accompany the conveyance of the Unit to which they relate.

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

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

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

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

9. Use of Common Areas and Limited Common Areas. Subject to the limitations contained in the Declaration, any Unit Owner shall have the non-exclusive right to use and enjoy the Common Areas and shall have the exclusive right to use and enjoy

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the Limited Common Areas designated herein (and on the Map) for exclusive use by such Unit Owner.

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

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

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

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

14. Right of Ingress, Egress, Lateral Support. Each Owner shall have the right to ingress and egress over, upon and across the Common Areas as necessary for access to his Unit, and to any Limited Common Areas designated for use in connection

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with his Unit, and each Owner shall have the right to the horizontal and lateral support of his Unit, and such rights shall be appurtenant to and pass with the title to each Unit.

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

16. Easement for Utility Services. There is hereby created a blanket easement upon, across, over and under the tract above described in Section I, Paragraph 16 for ingress, egress, installation, replacement, repair, and maintenance of all utilities, including but not limited to, water, sewer, gas, telephone, electricity, and other utility services.

17. Easements to Pass. All conveyances of Units hereafter made, whether by Declarant or otherwise, shall be construed to grant, reserve, and be subject to such reciprocal easements as are provided for herein, even though no specific reference to such easements appears in any such conveyance.

18. Legal Description of a Unit. Every conveyance or contract for the sale of a Unit and every other instrument affecting title to a Unit may describe that Unit by the number shown on the Map with the appropriate reference to the Map and to this Declaration, as each shall appear on the records of the County Recorder of Salt Lake County, Utah and in substantially the following form:

Unit _____ as shown in the Record of Survey Map for Governor's Square Condominiums appearing in the Records of the County Recorder of Salt Lake County, Utah, in Book No. _____, Page No. _____, of Plats, and as defined and described in the Declaration of Condominium of Governor's Square Condominiums appearing in such Records in Book No. _____, Page No. _____.

The conveyance is subject to the provisions of the aforesaid Declaration of Condominium of Governor's Square Condominiums.

Such description will be construed to describe the Unit, together with the appurtenant undivided interest in the Common Areas, and to incorporate all rights incident to ownership of a Unit and all the limitations on such ownership as described in this Declaration and/or the Bylaws.

19. Status and General Authority of Committee.

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

(1) The authority without the vote or consent of the Unit Owners or of any other person to grant or

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create, on such terms as it deems advisable, utility and similar easements over, under, across, and through the Common Areas.

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

(3) The power to sue and be sued.

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

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

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

(7) The power and authority to add any interest in real property obtained pursuant to subparagraph 6 immediately above to the Project, so long as such action has been authorized by the necessary vote or consent and is authorized by an amendment to this Declaration, or otherwise.

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

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

(b) Composition of Committee; Election; Vacancy.

The Management Committee shall be composed of five (5) members. At the first regular Unit Owners' meeting two (2) Committee members shall be elected for one-year terms and three (3) members for two-year terms. At any annual Owners' meeting thereafter, any vacant seat on the Committee shall be filled with a member elected for a two-year term. Members shall serve on the Committee until their successors are elected and qualify. Only Unit Owners or spouses of Unit Owners, and officers, directors, agents and employees of corporate or other Owners other than individuals, shall be eligible for Committee membership. At the annual meeting, each Unit Owner may vote his percentage of undivided ownership interest in favor of as many candidates for Committee membership as there are seats on the Committee to be filled; provided, however, that until Units to which seventy-five percent (75%) of the undivided interests in the Common Areas and Facilities

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ascertain have been conveyed or until the expiration of three (3) years after the recording of this Declaration, whichever first occurs, Declarant alone, at his option, shall select the Management Committee or act as the Management Committee and Committee members appointed by Declarant need not be Unit Owners. If Declarant elects to waive such option at any time prior to the said conveyance of seventy-five percent (75%) of the undivided interests in the Common Areas or the end of the said three (3) year period, then Declarant may waive such option by recording a written notice of such waiver whereupon the control of the Unit Owners in the Management Committee shall become automatically vested thirty (30) days thereafter. In the event a Committee seat which was filled by Declarant or an appointee of Declarant becomes vacant, Declarant shall have the right to select a replacement member to sit on the Committee for the balance of the term associated with the vacated seat. In all other cases of vacancy, the remaining Committee members shall elect a replacement to sit on the Committee until the expiration of the term for which the member being replaced was elected. Committee members shall be reimbursed for all expenses reasonably incurred in connection with Committee business but shall receive no compensation for any services they may render the Association as Committee members. After the Declarant shall cease to select the Management Committee, a Committee member may be removed by the vote of more than sixty percent (60%) of the undivided ownership of the common areas at any regular or special meeting of the Unit Owners.

(c) Rights and Duties.

(1) The business, property and affairs of the Project shall be managed and governed by the Management Committee. Subject to the rights and duties of the Owners, the Committee shall be responsible for the exclusive control and management of the Common Areas and all improvements thereon (including furnishings and equipment related thereto), and shall cause the same to be kept in good, clean, attractive and sanitary condition, order and repair; provided, however, that each Owner shall keep the Limited Common Areas associated with his Unit in good, clean, safe, sanitary and attractive condition. The Committee shall be responsible for the maintenance and repair of exterior surfaces of the buildings, including, without limitation, the painting of the same as often as necessary, the replacement of trim, the maintenance and repair of roofs, and the maintenance, repair, and replacement of all other Common Areas. The specification of duties of the Committee with respect to particular Common Areas shall not be construed to limit its duties with respect to other Common Areas. The cost of such management, operation, maintenance, and repair by the Committee shall be borne by assessment as hereinafter provided. The Committee may utilize a manager in carrying out any of its functions which are capable of delegation. The manager so engaged shall be responsible for managing the Common Areas and shall, to the extent permitted by law and the terms of the agreement with the Association, be authorized to perform any of the functions or acts required or permitted to be performed by the Committee itself on behalf of the Association and the Owners.

(2) The Committee may make and enforce reasonable rules and regulations governing the use of the units and of the Common Areas, which rules and regulations shall be consistent with the rights and duties established in this Declaration. The Committee may suspend any Owner's voting rights at the meeting of Unit Owners during any period or periods during which such Owner fails to comply with such rules and regulations,

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or with any other obligation of such Owner under this Declaration. The Committee may take judicial action against any Owner to enforce compliance with such rules and regulations or other obligations or to obtain damages for non-compliance.

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

(d) Payment for Services. The Management Committee may obtain and pay for the services of any person or entity to manage its affairs, or any part thereof, as well as such other personnel as the Committee shall determine to be necessary or desirable for the proper operation of its functions in the Project. The Committee may obtain and pay for legal and accounting services necessary or desirable in connection with the operation of the Project or the enforcement of this Declaration.

(e) Personal Property Ownership and Use. The Committee may acquire and hold in the name of the Association, for the use and the benefit of all of the Owners, tangible and intangible personal property and may dispose of the same by sale or otherwise, and the beneficial interest in any such property shall be deemed to be owned by the Owners in the same proportion as their respective interests in the Common Areas. Such interest shall not be transferrable except with the transfer of a Unit. A transfer of a Unit shall transfer ownership of the transferor's beneficial interest in such property to the transferee without any reference thereto, and such beneficial interest may in no event be reserved by the transferor of a Unit.

(f) Capital Improvements. There shall be no structural alterations, capital additions to, or capital improvements of, the Common Areas requiring expenditure in excess of \$5,000.00 without the prior approval of Unit Owners holding a majority of the voting power.

20. Provisions Concerning Assessments.

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

(b) Annual Assessments. Total annual assessments against all Units shall be based upon advance estimates of the Association's cash requirements to provide for the payment of all estimated expenses arising out of or connected with the maintenance and operation of the Common Areas and furnishing other common items and services to the Units; which estimates may include, among other things: expenses of management; taxes and special assessments levied by governmental authorities unless and until such time as the Units are separately assessed; premiums for all insurance which the Association is required or permitted to maintain hereunder; common lighting; water charges; the repair, maintenance and replacement of Common Areas; wages for

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employees of the Association; legal and accounting fees; any deficit remaining from a previous period; the creation of a reasonable contingency reserve, surplus, and/or sinking fund; and any other expenses and liabilities which may be incurred by the Association for the benefit of the Owners under or by reason of this Declaration.

(c) Apportionment of Expenses. Expenses attributable to the Common Areas and to the Project as a whole shall be apportioned among and assessed to all Owners in proportion to their respective undivided interests in the Common Areas; provided, however, that for this purpose Declarant shall be deemed to own only the undivided interest in the common Areas based upon Units which have not been sold by Declarant.

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

(e) Inadequate Funds. In the event that the annual assessment proves to be inadequate during any calendar year for whatever reason, including nonpayment of any Owner's assessment, the Association may levy additional assessments in accordance with the procedure set forth herein.

(f) Special Assessments. In addition to the annual assessments authorized herein, the Committee may levy in any assessment year, special assessments, subject to the provisions of Section III, Paragraph 19(f) above, payable over such a period as the Committee may determine, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair, or replacement of the Common Areas or any other part of the Project, or for any other expenses incurred or to be incurred as provided in this Declaration. This subparagraph shall not be construed as an independent source of authority for the Committee to incur expenses, but shall be construed to prescribe the manner of assessing for expenses authorized by other paragraphs hereof. Any amounts assessed pursuant hereto shall be assessed to Owners in proportion to their respective undivided interests in the Common Areas. Declarant's interest in the Common Areas shall be determined on the same basis as set forth in subparagraph (c) of this Paragraph 20. Notice in writing of the amount of such a special assessment and the time for payment thereof shall be given promptly to the Owners, and no payment shall be due less than thirty (30) days after such notice shall have been given. A special assessment shall bear interest at the rate of twelve percent (12%) per annum from the date it becomes due and payable if not paid within thirty days after such date.

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(g) Individual Assessments. In addition to other assessments authorized under this Paragraph 20, the Association may levy against any Owner an individual assessment, payable to the Association over such periods as the Association may determine, for the purpose of paying, in whole or in part, the cost of replacing, repairing, cleaning, or otherwise correcting any damage to Units or Common Areas caused by the intentional or negligent act or omission of any such Owner, his family, guests, invitees, or licensees, except for damages arising from normal wear and tear.

(h) No Waiver of Assessments. The failure of the Association, before the expiration of any calendar year, to fix and/or give notice of the assessments hereunder for that or the next year, shall not be deemed a waiver or modification in any respect of the provisions of this Declaration, or a release of the Owner from the obligation to pay assessments or any installment thereof for that or any subsequent year. However, the date on which payment for such assessments shall become due shall be deferred to a date thirty (30) days after notice thereof shall have been mailed, but in no event sooner than January 1 of the calendar year to which such assessment relates.

(i) Lien for Unpaid Assessments.

(1) All sums assessed to any Unit pursuant to this Paragraph 20, together with interest thereon as provided herein, shall be secured by a lien on such Unit in favor of the Association. Such lien shall be superior to all other liens and encumbrances on such Unit, except only for (a) valid tax and special assessment liens on that Unit in favor of any governmental assessing authority; and (b) encumbrances on the interest of the Unit Owner recorded prior to the date notice of the lien provided for herein is recorded, which by law would be a lien prior to subsequently recorded encumbrances. All other lienors acquiring liens on any Unit after this Declaration shall have been recorded shall be deemed to consent that such liens shall be inferior to future liens for assessments, as provided herein, whether or not such consent be specifically set forth in the instruments creating such liens.

(2) To evidence a lien for sums assessed pursuant to this Paragraph 20, the Committee may prepare a written notice of lien setting forth the amount of the assessment, the due date, the amount remaining unpaid, the name of the Owner, and a description of the Unit. Such notice shall be signed and acknowledged by the Committee Chairman or Treasurer, or the Manager and recorded in the office of the County Recorder of Salt Lake County, Utah. No notice of lien shall be recorded until there is a delinquency in payment of the assessment. Such lien may be enforced by judicial foreclosure by the Association in the same manner in which mortgages or trust deeds on real property may be foreclosed in Utah. In any such foreclosure, the Owner shall be required to pay the cost and expenses of such proceeding, the cost and expenses of filing the notice of lien, and all reasonable attorney's fees. All such costs, expenses, and fees shall be secured by the lien being foreclosed. The lien shall also secure, and the Owner shall also be required to pay to the Association, any assessments against the Unit which shall become due during the period of foreclosure. The Association shall have the right and power to bid an amount equal to its then existing lien at the foreclosure sale or other legal sale and to acquire, hold, convey, lease, rent, encumber, use, and otherwise deal with the Unit as the Owner thereof.

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(3) A release of notice of lien shall be executed by the Committee Chairman or Treasurer or the Manager and recorded in the office of the County Recorder of Salt Lake County, Utah, upon payment of all sums secured by a lien which has been made the subject of a recorded notice of lien.

Any encumbrancer holding a lien on a Unit may pay, but shall not be required to pay, any amounts secured by the lien created under this Paragraph 20, and upon such payment such encumbrancer shall have a lien on such Unit for the amounts paid of the same rank as the lien of his encumbrance.

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

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

(k) Statement of Account. Upon payment of a reasonable fee not to exceed the sum of Ten Dollars (\$10.00) or such other amount as may be allowed by the Act, and upon written request of any Owner or mortgagee, prospective mortgagee, or prospective purchaser of a Unit, the Committee shall issue a written statement setting forth the amount of the unpaid assessments, if any, and the date such assessments become or became due, with respect to such Unit; the amount of the current yearly assessment, and the portion thereof which has theretofore been paid; credit for advance payments or prepaid items, including, but not limited to, an Owner's share of prepaid insurance premiums; and such statement shall be conclusive upon the Committee in favor of persons who rely thereon in good faith. Unless such request for a statement of account shall be complied with within ten (10) days after receipt of the request, all unpaid assessments which became due prior to the date of making such request shall be subordinate to the lien held by the person requesting the statement. Where a prospective purchaser makes such request, both the lien for such unpaid assessments and the personal obligations of the purchaser shall be released automatically if the statement is not furnished within the said ten (10) day period and thereafter an additional written request is made by such prospective purchaser which request is not complied with within an additional ten (10) day period and the purchaser subsequently acquires the Unit.

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

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21. Use of Condominium and Common Areas.

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

(b) Restrictions Concerning Common Areas. There shall be no obstructions of the Common Areas by any Owner, or any tenant, guest, invitee, or licensee of an Owner without the prior written consent of the Committee. The Committee may make reasonable rules and regulations prohibiting or limiting or governing the use of the Units and Common Areas to protect the interests of all the Owners and/or to protect the Units or the Common Areas. The rules and regulations shall be consistent with the rights and duties established by this Declaration. Nothing shall be kept or stored on any part of the Common Areas without the prior written consent of the Committee, except as specifically provided herein. Nothing shall be altered on, constructed in, or removed from the Common Areas except upon the prior written consent of the Committee.

(c) General Restrictions. Without the prior written consent of the Committee, nothing shall be done or kept in any Unit or in the Common Areas or any part thereof which would result in the cancellation of any insurance on the Project or any part thereof or the increase of the rate of any insurance on the Project or any part thereof over what the Association, but for such activity, would pay. Nothing shall be done or kept in any Unit or in the Common Areas or any part thereof which would be a violation of any statute, rule, ordinance, regulation, permit or other validly imposed requirement of any governmental body. No damage to, or waste of, the Common Areas or any part thereof shall be committed by any Owner or any guest, lessee, licensee, or invitee of any Owner, and each Owner shall indemnify and hold the Association and the Owners harmless against all loss resulting from any such damage or waste caused by him or his invitees; provided, however, that any invitee of the Declarant shall not, under any circumstances, be deemed to be an invitee of any other Owner. No noxious, destructive, offensive or hazardous activity shall be carried on in or upon any part of the Project, nor shall anything be done therein which is or may become a nuisance or may cause embarrassment, disturbance, or annoyance to any Owner or to any person at any time lawfully residing in the Project or which may become unsafe or hazardous to any person or property. Each Unit shall be maintained so as not to detract from the appearance of the Project and so as not to adversely affect the value or use of any other Unit.

(d) Animals. No animals or birds of any kind shall be raised, bred, kept, or allowed to remain in any Unit or in the Common Areas until written authorization is obtained from the Committee, except that cats and dogs of household variety may be kept in the Units; provided, however, that both cats and dogs must be exercised on a leash in the Common Areas, and provided, further, that rules and regulations concerning cats and dogs shall be strictly observed. The Committee, in its sole discretion, shall have the right to revoke any such authorization at any time.

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

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(f) Restrictions on Alterations. No structural alterations, improvements or additions to any Unit or the Common Areas shall be made by any Owner without the prior written consent of the Committee. No Owner shall, without the prior written consent of the Committee, do any act which would impair the structural soundness or integrity of the building or the safety of the Project or impair any easement or hereditament appurtenant to the Project.

(g) Requirements of Board of Adjustment Order. On December 3, 1979, the Board of Adjustment of Salt Lake City, Utah, entered its Findings and Order in Case No. 8180 allowing a variance to legalize the location of the detached carports which are located in the side yard of the Property. The Property and this Declaration shall be subject to all conditions and requirements set forth in the said Findings and Order.

(h) Restriction on Signs. No signs, flags or advertising devices of any nature, including, without limitation, commercial, political, informational, or directional signs or devices, shall be erected or maintained on any part of the Project, without the prior inspection and written approval of the Committee, except as may be necessary temporarily to caution or warn of danger.

(i) Declarant's Right to Sell Units. Notwithstanding anything contained in this Declaration to the contrary, until the Declarant has completed and sold all of the Units, neither the Unit Owners who have purchased Units from the Declarant nor the Committee nor anyone else shall interfere with the completion of improvements and sale of the remaining Units. The Declarant may make such use of the unsold Units and the Common Areas as may facilitate such completion and sale, including but not limited to, the maintenance of a sales office and personnel, the showing of the Units, showing of the Common Areas, and the conducting of advertising and other promotional programs, including the use of signs, banners, and other advertising devices on the Project. Any signs or similar devices and any separate structures or facilities used to assist Declarant's sale efforts shall comply with applicable zoning ordinances. Notwithstanding the provisions of this subparagraph (i) allowing the use of model units or common facilities to facilitate the sale of Units, Units used for that purpose shall revert to use as residential Units and may not be used after the initial sale period for offices or non-residential uses if such uses are prohibited by applicable zoning ordinances.

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

(a) Fire and Casualty Insurance. A policy or policies of fire and casualty insurance, with extended coverage endorsement, for the full insurable replacement value of the entire Project. Such policy or policies shall name as insured the Association, as trustee for the Owners and for Declarant, whether or not Declarant is an Owner and all persons holding an interest in the Project or any of the Units, as their interests may appear. Each policy or policies shall provide a standard, noncontributory mortgagee clause in favor of each mortgagee which from time to time shall give notice to the Association of such mortgage. Each policy also shall provide that it cannot be cancelled by either the insured or the insurance company until after ten (10) days prior written notice is first given to each Owner,

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to Declarant, and to each mortgagee who has requested such notice in writing. The Association shall, upon request, furnish to each Owner a certificate of coverage.

(b) Fidelity Insurance or Bond. Appropriate fidelity insurance or a bond to protect against dishonesty of members of the Management Committee and any person or entity handling funds of the Committee, including, but not limited to, employees of the professional managers, the minimum amount of such coverage to be as required by the Federal National Mortgage Association and/or the Federal Home Loan Mortgage Corporation.

(c) Public Liability and Property Damage Insurance. A policy or policies insuring the Association, the Manager, each Owner and the Declarant, whether or not Declarant is an Owner, against any liability incident to the ownership,

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operation, maintenance, or other use of the Project or of any Unit which may arise among themselves, to the public, and to any invitees, guests, or tenants of the Project or of the Unit Owners. Limits of liability under such insurance shall be not less than \$300,000.00 for any person injured, \$1,000,000.00 for all persons injured in any one accident, and \$100,000.00 for property damage resulting from one occurrence. Such policies shall be issued on a comprehensive liability basis and shall provide a cross liability endorsement to which the rights of the named insureds as between themselves are not prejudiced. Each such policy shall provide that it cannot be cancelled either by the insured or the insurance company until after ten (10) days written notice to each and all of the insureds.

(d) Workmen's Compensation Insurance. The Association shall obtain workmen's compensation and employer's liability insurance and all other similar insurance with respect to employees of the Association in the amounts and in the forms now or hereafter required by law.

(e) Additional Insurance Provisions. The following additional provisions shall apply with respect to insurance:

(1) In addition to the insurance described above, the Association shall secure and at all times maintain insurance against such risks as are or hereafter may be customarily insured against in connection with condominium projects similar to the Project in construction, nature and use. The provisions of this Declaration shall not be construed to limit the power or authority of the Association to obtain and maintain insurance coverage in addition to any insurance coverage required by this Declaration, in such amounts and in such forms as the Association may deem appropriate from time to time.

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

(3) In no event shall the insurance coverage secured and maintained by the Association be brought into contribution with insurance held by individual Unit Owners or their mortgagees.

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

(5) The Association shall review annually the coverage and policy limits of all insurance on the Project and adjust the same at its discretion. Such annual review shall include an appraisal of the improvements in the Project by a representative of the insurance carrier or carriers providing the policy or policies on the Project, or such other qualified appraisers as the Association may select.

(6) Each Unit Owner may obtain additional insurance at his own expense, so long as such additional insurance does not have the effect of decreasing the amount which

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may be realized under any policy maintained by the Association. Any Unit Owner who individually obtains insurance covering any portion of the Project shall supply the Committee with a copy of his policy within thirty (30) days after he acquires such insurance.

(7) Each Owner shall be required to notify the Association of all improvements made by the Owner to his Unit the value of which exceed One Thousand Dollars (\$1,000.00); provided, however, that this subparagraph shall not be construed as authorizing any such improvement.

(8) Notwithstanding anything herein contained to the contrary, insurance coverages must be in such amounts and meet other requirements of the Federal National Mortgage Association and/or the Federal Home Loan Mortgage Corporation.

23. Damage or Destruction.

(a) Association as Attorney in Fact. All of the Owners irrevocably constitute and appoint the Association their true and lawful attorney in fact in their name, place, and stead for the purpose of dealing with the Project upon its damage or destruction as hereinafter provided. Acceptance by any grantee of a deed from the Declarant or from any Owner shall constitute appointment by said grantee of the Association as his attorney in fact as herein provided. As attorney in fact, the Association shall have full and complete authorization, right, and power to make, execute, and deliver any contract, deed, or other instrument with respect to the interest of an Owner which may be necessary or appropriate to exercise the powers herein granted.

(b) General Authority of Association. Repair and reconstruction of the improvements as used herein means restoring the Project to substantially the same condition in which it existed prior to damage, with each Unit and the Common Areas having substantially the same vertical and horizontal boundaries as before. The Association may take all necessary or appropriate action to effect repair or reconstruction, as attorney in fact for the Owners, and no consent or other action by any Owner shall be necessary in connection therewith. The proceeds of any insurance collected or insurance maintained by the Association shall be available to the Association for the purpose of repair or reconstruction. If the proceeds of the insurance are insufficient to pay the estimated or actual cost of such repair or reconstruction, the Association may levy in advance a special assessment sufficient to provide funds to pay such estimated or actual costs of repair or reconstruction. Such assessment shall be allocated and collected as provided in subparagraph (d) of this Paragraph 23. Further levies may be made in like manner if the amounts collected prove insufficient to complete the repair or reconstruction. It shall be deemed that the first money disbursed in payment for cost of repair or reconstruction shall be made from insurance proceeds; if there is a balance remaining after payment of all costs of such repair or reconstruction, such balance shall be distributed to the Owners in proportion to their percentages of ownership of the Common Areas.

(c) Estimate of Costs. As soon as practicable after an event causing damage to, or destruction of, any part of the Project, the Committee shall obtain complete and

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reliable estimates of the costs of repair or reconstruction of that part of the Project damaged or destroyed.

(d) Procedure Regarding Destruction. In the event of damage to or destruction of part or all of the improvements in the Project, the following procedures shall apply:

(1) If proceeds of the insurance maintained by the Association are alone sufficient to repair or reconstruct the damaged or destroyed improvement, such repair or reconstruction shall diligently be carried out by the Association.

(2) If less than seventy-five percent (75%) of the Project's improvements are destroyed or substantially damaged, and if proceeds of the insurance maintained by the Association are not alone sufficient to accomplish repair or reconstruction, restoration shall diligently be carried out and all the Unit Owners shall be assessed for any deficiency on the basis of their respective percentages of undivided interests in the Common Areas and Facilities.

(3) If seventy-five percent (75%) or more of the Project's improvements are destroyed or substantially damaged, if proceeds of the insurance maintained by the Association are not alone sufficient to accomplish restoration, and if the Unit Owners within one hundred (100) days after the destruction or damage, by a vote of at least seventy-five percent (75%) of all votes held by all Owners, at a meeting of Owners duly called for such purpose, elect to repair or reconstruct the affected improvements, restoration shall be accomplished in the manner directed under subparagraph (d)(2) immediately above.

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

(i) The Project shall be deemed to be owned in common by the Owners;

(ii) The undivided interest in the property owned in common which shall appertain to each Unit Owner shall be the percentage of undivided interest previously owned by such Owner in the Common Areas;

(iii) Any liens affecting any of the Units shall be deemed to be transferred in accordance with the existing priorities to the undivided interest of the Unit Owner in the Project; and

(iv) The Project shall be subject to an action for partition at the suit of any Unit Owner, in which event the net proceeds of sale, together with the net proceeds of the insurance on the property, if any, shall be considered as one fund and shall be divided among all the Owners in a

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percentage equal to the percentage of undivided interest owned by each Owner in the Project, after first paying out of the respective shares of the Owners, to the extent sufficient for the purposes, all liens on the undivided interest in the Project owned by each Owner.

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

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

(b) Complete Taking. In the event that the entire Project is taken or condemned, or sold or otherwise disposed of in lieu of or in avoidance thereof, the Condominium ownership pursuant hereto shall terminate and the condemnation award shall be divided among all Owners in a percentage equal to the percentage of undivided interest owned by each Owner in the Common Areas in accordance with Exhibit A hereto.

(c) Partial Taking. In the event that less than the entire Project is taken or condemned, or sold or otherwise disposed of in lieu of or in avoidance thereof, the Condominium ownership hereunder shall not terminate. Each Owner shall be entitled to a share of the condemnation award to be determined in the following manner: As soon as practicable, the Association shall, reasonably and in good faith, allocate the condemnation award between compensation, severance damages, or other proceeds, and shall apportion the amounts so allocated among and pay the same to the Owners as follows:

(1) The total amount allocated to taking of or injury to the Common Areas shall be apportioned among all Owners in proportion to their respective undivided interest in the Common Areas;

(2) The total amount allocated to severance damages shall be apportioned to those Units which were not taken or condemned;

(3) The respective amounts allocated to the taking of or injury to a particular Unit shall be apportioned to the particular Unit involved;

(4) The total amount allocated to consequential damages and any other takings or injuries shall be apportioned as the Association determines to be equitable in the circumstances. If an allocation of the condemnation award is already established in negotiation, judicial decree, or otherwise, then in allocating the condemnation award the Association shall employ such allocation to the extent it is relevant and applicable; and

(5) Distribution of apportioned proceeds shall be made by checks payable jointly to the respective Owners and to their respective mortgagees, as applicable.

(d) Reorganization. In the event a partial taking results in the taking of a complete Unit, the Owner thereof automatically shall cease to be a Member of the Association.

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Thereafter, the Association shall reallocate the ownership, voting rights, and assessment ratio in accordance with the Act.

(e) Reconstruction and Repair. Any reconstruction and repair necessitated by condemnation shall be governed by the procedures specified herein in Section III, Paragraph 23 covering cases of damage or destruction.

25. Amendment. Except as provided below, the vote of at least two-thirds (2/3rds) of the undivided ownership interests in the Common Areas and Facilities shall be required to amend this Declaration, the Bylaws, or the Record of Survey Map. Any amendment so authorized shall be accomplished through the recordation of an instrument executed by the Committee. In such instrument, the Committee shall certify that the vote required for amendment by this paragraph has occurred.

The foregoing right of amendment shall be subject to the following paramount rights: Until either of the alternatives outlined in Section III, Paragraph 19(b) above occurs, Declarant shall have, and is hereby vested with, the right to amend this Declaration, the By-Laws, or the Record of Survey Map. Such right shall obtain without regard to the subject matter of amendment, so long as the amendment involved is consistent with law.

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

27. Service of Process. Mark H. Anderson, whose address is 1000 Kennecott Building, Ten East South Temple, Salt Lake City, Utah 84133, is the person to receive service of process in cases authorized by the Act. The Management Committee shall, however, have the right to appoint a successor or substitute process agent. Such successor or substitute agent and his address shall be specified by an appropriate instrument filed in the Office of the County Recorder of Salt Lake County, State of Utah.

28. Mortgagee Protection. Notwithstanding anything to the contrary contained in this Declaration:

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

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

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

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(d) Any management agreement for the Project shall be terminable by either party without cause or payment of termination fee upon thirty (30) days' written notice thereof and the term of any such agreement shall not exceed three (3) years.

(e) In the event of substantial damage to or destruction of any Unit or any part of the Common Areas, the institutional holder of any first mortgage on a Unit shall be entitled to timely written notice to any such damage or destruction. No Unit Owner or other party shall be entitled to priority over such institutional holder with respect to the distribution to such Unit of any insurance proceeds.

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

(g) With the exception of a lender in possession of a Unit following a default in a first mortgage, a foreclosure proceeding or any deed or other arrangement in lieu of foreclosure, no Unit Owner shall be permitted to lease his unit for transient or hotel purposes. No Unit Owner may lease less than the entire Unit. Any lease agreement shall provide that the terms of the lease shall be subject in all respects to the provisions of the Declaration and By-Laws and that any failure by the lessee to comply with the terms of such documents shall be a default under the lease. All leases shall be in writing.

(h) Each holder of a first mortgage lien on a Unit who comes into possession of a Unit by virtue of foreclosure of the mortgage, or by deed or assignment in lieu of foreclosure, or any purchaser at a foreclosure sale, shall take the Unit free of any unpaid claims or assessments and charges against the Unit which accrue prior to the time such holder comes into possession of the Unit, except for claims for a pro-rata share of such assessments or charges resulting from a pro-rata reallocation of such assessments or charges to all Units in the Project, including the mortgaged Unit.

(i) Any Mortgage holder is entitled to written notification from the Committee regarding any default by the Mortgagor of such Unit in the performance of any obligation under this Declaration where the default is not cured within thirty (30) days.

(j) Any lien which the Committee may have on any Unit in the Project for the payment of any assessment attributable to such Unit will be subordinate to the lien or equivalent security interest of any first mortgage on the Unit recorded prior to the date any such assessment became due.

29. Duty of Owner to Pay Taxes on Unit Owned. It is understood that under the Act each Unit (and its percentage of interest in the Common Areas) in the Project is subject to separate assessment and taxation by each taxing authority and any special districts for all types of taxes and assessments authorized by law, and that as a result thereof no taxes will be assessed or levied against the Project as such. Accordingly,

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each Unit Owner will pay and discharge any and all taxes and assessments which may be assessed against him or his Unit.

30. Covenants to Run With Land; Compliance; Enforcement. This Declaration and all the provisions hereof shall constitute covenants to run with the land, or equitable servitudes, as the case may be, and shall be binding upon and shall inure to the benefit of Declarant, all parties who hereafter acquire any interest in a Unit or in the Project, and their respective grantees, transferees, heirs, devisees, personal representatives, successors, and assigns. Each Owner, tenant, or occupant of a Unit shall comply with, and all interests in all Units shall be subject to, the terms of the Act, the provisions of this Declaration, the Articles of Incorporation of Governor's Square Homeowners Association, the By-Laws, and of any rules, regulations, agreements, instruments, determinations and decisions contemplated by this Declaration, as the same may lawfully be amended from time to time. By acquiring any interest in a Unit or in the Project, the party acquiring such interest consents to, and agrees to be bound by, each and every provisions of this Declaration, the above-referenced Articles of Incorporation, the Bylaws, the Act, and the provisions of any rules, regulations, instruments, determinations and decisions contemplated by this Declaration. Failure to comply with any of the same shall be grounds for an action to recover sums due and for damages or injunctive relief or both, maintainable by the Association or, in a proper case, by an aggrieved Owner.

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

32. Registration of Mailing Address. Each Owner who wishes to receive any notices required to be sent by the Association at an address other than the address of his Unit shall register such address with the Association. All notices or demands intended to be served upon any Owner may be sent by first class U.S. Mail, postage prepaid, addressed to the name of the Owner at such registered mailing address, or, of no address has been registered, to the Unit of such Owner. Any notice or demand referred to in this Declaration shall be deemed given when deposited in the U.S. Mail in the form provided for in this Paragraph.

33. Inspection of Books. Any Owner may at any reasonable time, upon appointment, and at his own expense, cause an audit or inspection to be made of the books and records maintained by the Association.

34. Indemnification of Committee Members. Each member of the Committee shall be indemnified and held harmless by the Owners against all cost, expenses, and liabilities whatsoever which result from his good-faith activities as a member of the Committee, including, without limitation, attorney's fees reasonably incurred by him in connection with any proceeding to which he may become involved by reason of his being or having been a member of said Committee.

35. Number and Gender. Whenever used herein, unless the context shall otherwise provide, the singular number shall include the plural, the plural the singular, and the use of any gender shall include all genders.

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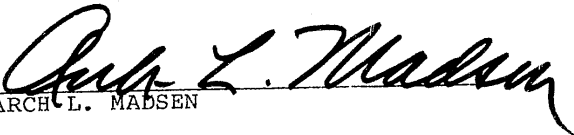
36. Severability. If any of the provisions of this Declaration or any paragraph, sentence, clause, phrase or word or the application thereof in any circumstance be invalidated, such invalidity shall not affect the validity of the remainder of this Declaration, and the application of any such provision, paragraph, sentence, clause, phrase or word in any other circumstances shall not be affected thereby.

37. Topical Headings. The headings appearing at the beginning of the sections, paragraphs and subparagraphs of this Declaration are solely for convenience of reference and are not intended to describe, interpret, define or otherwise affect the content, meaning or intent of this Declaration or any section, paragraph or provision hereof.

38. Effective Date. This Declaration shall take effect upon recording.

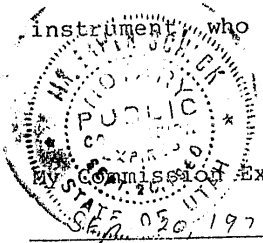
39. Interpretation. This Declaration shall be liberally construed to effect its purpose of creating a uniform plan for the development and operation of a Condominium Project. Failure to enforce any provision, restriction, covenant, or condition in this Declaration or in any supplemental or amended Declaration shall not operate as a waiver of any such provision, restriction, covenant or condition or of any other provisions, restrictions, covenants, or conditions. To the extent the provisions of the Act and all other applicable provisions of law are consistent with this Declaration, such provisions shall supplement its terms and are incorporated herein.

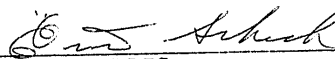
IN WITNESS WHEREOF, the undersigned, being the Declarant, has caused this instrument to be executed on the 10th day of October, 1979.


ARCH L. MADSEN

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

On this 10th day of October, 1979, personally appeared before me ARCH L. MADSEN, signer of the foregoing instrument, who duly acknowledged to me that he signed the same.




NOTARY PUBLIC
Residing at Salt Lake City, Utah

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APPROVAL BY CITY

SALT LAKE CITY, a body corporate and politic, and the City in which Governors Square, a Utah condominium project, is located, by and through its duly elected Mayor, does hereby give final approval to the said Project, to the foregoing Declaration, to the Record of Survey Map recorded concurrently herewith, and to the attributes of the said Project which are mentioned in Secion 57-8-35(3) of the Utah Condominium Ownership Act, as amended and expanded by the Laws of Utah, 1979, Chapter 173, Section 8.

DATED: February 28, 1980

SALT LAKE CITY

BY 
Mayor

ATTEST:

Record



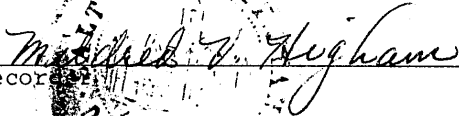

Recorder

EXHIBIT "A"

<u>Unit No.</u>	<u>Approximate Square Footage*</u>	<u>Par Value Points</u>	<u>Common Area Ownership Interest</u>
101	628	200	2.50627%
102	683	210	2.63158%
103	628	200	2.50627%
104	683	210	2.63158%
105	628	200	2.50626%
106	683	210	2.63158%
107	628	200	2.50626%
108	683	210	2.63158%
109	628	200	2.50627%
110	683	210	2.63158%
111	628	200	2.50627%
112	683	210	2.63158%
201	628	220	2.75689%
202	683	225	2.81955%
203	628	220	2.75689%
204	683	225	2.81955%
205	628	220	2.75689%
206	683	225	2.81955%
207	628	220	2.75689%
208	683	225	2.81955%
209	628	220	2.75689%
210	683	225	2.81955%
211	628	220	2.75689%
212	683	225	2.81955%
301	628	235	2.94486%
302	683	240	3.00752%
303	628	235	2.94486%
304	683	240	3.00752%
305	628	235	2.94486%
306	683	240	3.00752%
307	628	235	2.94486%
308	683	240	3.00752%
309	628	235	2.94486%
310	683	240	3.00752%
311	628	235	2.94486%
312	683	<u>240</u>	<u>3.00752%</u>
		7980	100%

*The approximate square footage of each unit does not include the loft area of any unit.

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BYLAWS
OF
GOVERNOR'S SQUARE HOMEOWNERS ASSOCIATION

ARTICLE I

IDENTITY

Section 1. The name of the corporation is "Governor's Square Homeowners Association," hereinafter the "Association."

Section 2. The principal office of the Association shall be in the Governor's Square Condominium Project, hereinafter the "Project," located at 424 East Center Street, Salt Lake City, Salt Lake County, Utah.

ARTICLE II

DEFINITIONS

Except as otherwise specifically provided herein, all terms in these Bylaws shall have meanings as defined in that certain instrument entitled, "Declaration of Condominium of Governor's Square Condominiums" applicable to the Project and recorded in the Office of the County Recorder of Salt Lake County, State of Utah, hereinafter the "Declaration." As used herein, "Member" shall mean and refer to those persons entitled to membership in the Association in accordance with the Declaration and the Articles of Incorporation of the Association. Where the context so requires, the terms "Member" and "Unit Owner" are used interchangeably herein. The terms "Member" and "Unit Owner" shall not refer to any mortgagee or lien holder, unless such person has acquired title for other than security purposes.

ARTICLE III

APPLICATION

All Unit Owners, tenants, occupants, guests, or others who might use the facilities of this Condominium Project in any manner are subject to the provisions set forth in these Bylaws. The mere acquisition, rental or use of any of the Units or use of Common Areas will signify that these Bylaws are accepted, ratified, and will be observed by such persons.

ARTICLE IV

MEETINGS OF MEMBERS

Section 1. Place of Meetings. Meetings of Members shall be held at such place within the State of Utah as the Management Committee may specify in the notice, except as herein otherwise specified.

Section 2. Annual Meeting of Members. The first annual meeting of the Members shall be held on the 15th day of January, 1980, at such time and place as the Management Committee shall specify. Thereafter, the annual meeting shall be held on such date of each succeeding year; provided, however, that whenever such date falls on a Sunday or a legal holiday, the meeting shall be held on the next succeeding business day, and provided

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further, that the Management Committee may by resolution fix the date of the annual meeting on such other date and at such place as it may deem appropriate or desirable.

Section 3. Special Meetings of Members. Special meetings may be called at any time by written notice served by the Management Committee, or by Members having forty percent (40%) of the total votes of the membership.

Section 4. Notices. Written notice of each annual or special meeting, as well as any other notice required or permitted to be delivered as provided in these Bylaws, shall be given by or at the direction of the Management Committee, or, in the case of a special meeting, by Members having forty percent (40%) of the total votes of the membership, by either delivering the same personally or by mail. If delivery is by mail, it shall be deemed to have been delivered 24 hours after a copy of the same has been deposited in the United States mail, postage prepaid, addressed to each Member at the address given by such person to the Management Committee for the purpose of service of such notice or to the Unit of such person if no address has been given. Such address may be changed by Members from time to time by notice in writing to the Management Committee. Such notice shall specify the place, day, and hour of the meeting and, in the case of special meetings, the purpose of the meeting, and shall be delivered at least fifteen (15) days before each annual meeting and at least seven (7) days before each special meeting to each Member entitled to vote thereat.

Section 5. Quorum. At any meeting of the Members, the presence in person or by proxy of Members holding more than forty percent (40%) in the aggregate in interest of the undivided ownership of Common Areas shall constitute a quorum for any and all purposes, except where by express provision a greater vote is required, in which event a quorum shall be the number required for such vote. In the absence of a quorum, those Members present, though less than a quorum, may adjourn the meeting from time to time, without notice other than by announcement at the meeting, until holders of the amount of interest requisite to constitute a quorum shall be in attendance. At any such reconvened meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 6. Proxies. At all meetings of the Members, each Member may vote in person or by proxy. Each proxy shall be revocable and shall cease automatically upon the conveyance of the affected Member's Condominium Unit. All proxies shall be in writing and, in the case of proxies for the annual meeting, shall be delivered to the Secretary of the Association at least five (5) days prior to said annual meeting. Proxies for special meetings shall be delivered to the Secretary at least three (3) days prior to the holding of such special meetings. The Secretary shall enter a record of such proxies in the minutes of the meeting.

Section 7. Voting. When a quorum, as provided hereinabove or in the Condominium Ownership Act, is present at any meeting, the vote of Members representing more than fifty percent (50%) of the undivided ownership of Common Areas, present in person or represented by proxy, shall decide any question brought before such meeting, including the election of the Management Committee, unless the question is one upon which, by express provision of the statutes of the State of Utah, the Declaration, the Articles of Incorporation or of these Bylaws, a different vote is required, in which case such express provision shall govern and control the decision of such question.

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Section 8. Record Members. At annual meetings of the Members, only such persons shall be entitled to vote in person or by proxy as appear as Owners or Contract Purchasers in the records of the County Recorder for Salt Lake County, State of Utah, on the thirtieth (30th) day before such annual meeting. The Board of Directors may, by resolution, fix a date in advance of a special meeting of the Members upon which date a Member must appear as an owner or contract purchaser in the records of the County Recorder for Salt Lake County, State of Utah, in order to be entitled to vote at such special meeting; provided, however, that said date shall in no event be fixed at fewer than five (5) nor more than thirty (30) days prior to the date for such special meeting.

Section 9. Waivers of Notice. Any Member may at any time waive any notice required by these Bylaws, or by statute, or otherwise. The presence of a Member in person or by proxy at any meeting of the members shall be deemed to be such a waiver.

ARTICLE V

MANAGEMENT COMMITTEE

Section 1. Purpose and Powers. The business, property and affairs of the Association shall be managed and governed by the Management Committee pursuant to paragraph 19 of Section III of the Declaration provided, however, that the Management Committee may enter into such management agreement or agreements with third persons as it may deem advisable.

Section 2. Regular Meetings. A regular annual meeting of the Management Committee shall be held immediately after the adjournment of each annual meeting of the Members. Regular meetings, other than the annual meeting, shall or may be held at regular intervals at such places and at such times as the Chairman of the Management Committee may from time to time designate.

Section 3. Special Meetings. Special meetings of the Management Committee shall be held whenever called by the Chairman, the Vice Chairman, or by any two or more members thereof, on three business days notice to each member given by mail, in person, or over the telephone, which notice shall state the time, place, and purpose of the meeting. By unanimous consent of the Management Committee, special meetings may be held without call or notice at any time or place.

Section 4. Quorum. A majority of the members of the Management Committee then in office shall constitute a quorum.

Section 5. Voting. When a quorum, as provided herein or in the Condominium Ownership Act is present at any meeting of the Management Committee, the vote of a majority of the Committee members present shall decide any question of business brought before such meeting unless a different vote is required by an express provision of the Act, the Declaration, or the Bylaws, in which case such express provision shall govern and control the decision of such question.

Section 6. Action Without Meeting. The members of the Management Committee shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all Committee members. Any action so approved shall have the same effect as though taken at a duly called meeting of the Management Committee.

Section 7. Compensation. Members of the Management

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Committee, as such, shall not receive any stated salary or compensation; provided that nothing herein contained shall be construed to preclude any member thereof from serving the Association in any other capacity and receiving compensation therefore.

Section 8. Waiver of Notice. Before or at any meeting of the Management Committee, any member thereof may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Committee member at any Management Committee meeting shall constitute a waiver by him of notice of the time and place of the meeting.

Section 9. Adjournment. The Management Committee may adjourn any meeting from day to day or for such other time as may be prudent or necessary, provided, however, that no such meeting may be adjourned for longer than thirty (30) days.

ARTICLE VI

OFFICERS

Section 1. Designation and Election. The principal officers of the Association shall be a Chairman, a Vice Chairman, a Secretary, and a Treasurer, all of whom shall be elected by and from the Management Committee. Except as otherwise mentioned in Section III, Paragraph 19(b) of the Declaration, such election shall regularly take place at the first meeting of the Management Committee immediately following the annual meeting of the Unit Owners; provided, however, that elections of officers may be held at any other meeting of the Management Committee.

Section 2. Other Officers. The Management Committee may elect such other officers, in addition to the officers hereinabove expressly named, as it shall deem necessary, who shall have authority to perform such duties as may be prescribed from time to time by the Management Committee.

Section 3. Term. The officers of this Association shall be elected annually by the Management Committee and each shall hold office for one year, unless he shall sooner resign, or shall be removed, or shall otherwise be disqualified to serve.

Section 4. Removal of Officers and Agents. All officers and agents shall be subject to removal, with or without cause, at any time by the affirmative vote of a majority of the then members of the Management Committee.

Section 5. 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.

Section 6. Duties. The duties of the officers are as follows:

(a) Chairman. The Chairman shall be the chief executive of the Association, and shall exercise general supervision over its property and affairs. He shall sign on behalf of the Association all instruments and contracts of material importance to its business and shall do and perform all acts and things which the Management Committee may require of him. He shall preside at all meetings of the Members and of the Management Committee. He shall have all of the general powers or duties which are normally vested in the office of the president of a corporation.

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(b) Vice Chairman. The Vice Chairman shall act in the place and stead of the Chairman and perform his duties in the event of his absence or his inability or refusal to act. If neither the Chairman nor the Vice Chairman is able to act, the Management Committee shall appoint some other member thereof to do so on an interim basis. The Vice Chairman shall also perform such other duties as shall from time to time be prescribed by the Management Committee.

(c) Secretary. The Secretary shall keep the minutes of all meetings of the Management Committee and of the Members; he shall have charge of such books and papers as the Management Committee may direct; and he shall in general perform all the duties ordinarily incident to the office of Secretary, and such other duties as the Management Committee may require of him.

(d) Treasurer. The Treasurer shall have the responsibility for the funds of the Association; he shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association; he shall be responsible for the deposit of all monies and all other valuable effects in the name, and to the credit of, the Association in such depositories as may, from time to time, be designated by the Management Committee; he shall report the state of the finances of the Association at each annual meeting of the Members; and he shall perform such other duties as the Management Committee may require of him.

(e) Other Officers. All other officers of the Association shall have such authority and perform such duties as the Management Committee may from time to time determine.

Section 7. Compensation. No compensation shall be paid to any officer for his services and no remuneration shall be paid to an officer for services performed by him for the Management Committee in any other capacity unless a resolution authorizing such remuneration shall have been unanimously adopted by the Management Committee before the services are undertaken. However, an officer may be reimbursed for his actual expenses incurred in the performance of his duties as an officer.

ARTICLE VII

COMMITTEES

The Board of Directors may, by resolution, appoint such committees as may be deemed appropriate in carrying out its duties, responsibilities, and powers.

ARTICLE VIII

ASSESSMENTS

As more fully provided in the Declaration, each Unit Owner is obligated to pay to the Association various assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of twelve percent (12%) per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs, and reasonable attorneys' fees of any such action shall be added to the amount of such assessment and shall be secured by said

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lien. No Owner may waive or otherwise escape liability for the assessments provided for herein and in the Declaration by non-use of the Common Areas or abandonment of his Unit.

ARTICLE IX

ACCOUNTING

Section 1. Report. At the close of each accounting year, the books and records of the Management Committee shall be reviewed by a person or firm approved by the Members. A report of such review shall be prepared and submitted to the Members at or before their annual meeting; provided, however, that a certified audit by a certified public accountant approved by the Members shall be made if it is requested in writing by Members holding at least seventy-five percent (75%) of the total undivided interest in the Common Areas.

Section 2. Inspection of Books. Financial records, such as are required to be furnished, shall be available at the principal office of the Management Committee or the Manager for examination by the Unit Owners at convenient hours of weekdays.

ARTICLE X

PROJECT RULES

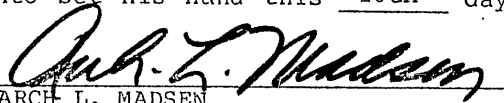
The Management Committee shall have the power to adopt and establish, by resolution, such building, management and operational rules and regulations as it may deem necessary for the maintenance, operation, management and control of the Condominium Project, and it may from time to time by resolution, alter, amend, and repeal such rules and regulations. Unit Owners shall at all times obey such rules and regulations and use their best efforts to see that they are faithfully observed by their lessees and the persons over whom they have or may exercise control or supervision, it being clearly understood that such rules and regulations shall be binding upon all Unit Owners of this Project. Provisions of the Condominium Ownership Act pertaining to Association rules and regulations are incorporated herein by reference and shall be deemed a part hereof.

ARTICLE XI

AMENDMENT OF BYLAWS

These Bylaws may be altered, amended, or repealed at any duly constituted meeting of the Members called for that purpose by the affirmative vote of at least two-thirds of the ownership in the Common Areas present at such meeting in person or by proxy.

IN WITNESS WHEREOF, the undersigned, being the Declarant acting as the Management Committee of the Governor's Square Homeowners Association, as provided in Utah Code Ann. §57-8-16.5(3)(Supp. 1979), has hereunto set his hand this 10th day of October, 1979.


ARCH L. MADSEN

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

On the 10th day of October, 1979; personally appeared before me Arch L. Madsen, who being by me first duly sworn, declared that he is the Declarant acting as the Management Committee of the Governor's Square Homeowners Association; that he signed the foregoing Bylaws of Governor's Square Homeowners Association in such capacity and that the statements contained therein are true.

IN WITNESS WHEREOF, I have hereunto set my hand this 10th day of October, 1979.

Gene Schick
Notary Public

My Commission Expires:

SEP 20 1980

Residing In:

Bountiful, Utah

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