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DECLARATION OF CONDOMINIUM
GATEWOOD CONDOMINIUMS

THIS DECLARATION is made and executed by D & S Sales Construction, a Partnership ("declarant"), pursuant to the provisions of the Utah Condominium Ownership Act, Title 57, Chapter 8, Utah Code Annotated, 1953, as amended, hereinafter referred to as the "Act".

1. RECITALS

1.1 Declarant, is the sole owner of the real property and improvements ("property") located at 9100 South 790 East in Sandy, Salt Lake County, State of Utah, hereinafter more particularly described.

1.2 Declarant, by recording this declaration, submits the property to the provisions of the Act.

1.3 The covenants, conditions and restrictions, contained in this declaration and in the appendices hereto shall be enforceable equitable servitudes and shall run with the land.

1.4 Recorded simultaneously herewith is a Record of Survey Map ("map") of the property as required by the Act.

1.5 The administration of the property shall be governed by bylaws which are embodied in a separate instrument, a true copy of which is appended and recorded with this declaration as Appendix B.

1.6 All terms used in this declaration and the appended bylaws shall have the same definition as the terms defined in the act, unless the Act allows for a variation of the terms and such variation is contained herein.

1.7 The property shall be known as "Gatewood Condominiums".

2. DESCRIPTION OF THE LAND.

The land on which the buildings and improvements are, and are to be located ("land"), is particularly described on the Record of Survey Map. The legal description is attached hereto as Exhibit "A".

3. DESCRIPTION OF THE BUILDING.

3.1 The buildings consist of four (4), two-story townhouse buildings with basement garages, in each of which are located eight (8) units, and one (1), two-story building without basement garage in which is located one (1) unit.

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3.2 The buildings are constructed of brick and concrete. The location and description of each unit is more fully depicted on the map. The buildings are supplied with electricity, water, and sewage services, and each unit is individually metered for all utilities excepting only water for which each building has only one meter. The condominium fee will be increased to cover the cost of water.

4. DESCRIPTION OF UNITS.

4.1 Each unit has immediate access to the outside common areas and facilities. Appendix A hereto is a table setting forth the number of each unit, the approximate square footage in the unit, the parking space and owner storage, if any, assigned to the unit, and the percentage of undivided interest in the common areas and facilities appertaining to said unit. The location of each unit is shown on the map.

4.2 The boundary lines of each unit are the undecorated and/or unfinished interior surfaces of its perimeter walls, bearing walls, lowermost floor, uppermost ceiling and interior surfaces of windows and doors. Each unit shall include both the portions of the building that are not common areas and facilities which such boundary lines and the space so encompassed/ ^{comprise} excepting common areas and facilities. Without limitation, a unit shall include any finishing material applied or affixed to the interior surfaces of the interior walls, floors, and ceilings, non-supporting interior walls, and all utility pipes, lines, systems, fixtures, or appliances found within the boundary lines of the unit and servicing only that unit.

5. DESCRIPTION OF COMMON AREAS AND FACILITIES.

The common areas and facilities shall mean and include the land on which the buildings are located and all portions of the property not contained within any unit, including, but not by way of limitation, the foundation, columns, girders, beams, supports, main walls, roofs, stairs, stairways, and entrances and exits of the buildings; the grounds, parking areas, and storage spaces; the areas used for storage of janitorial supplies and maintenance equipment and materials; installations of all central services, if any, including power, light, gas, hot and cold water, heating, and garbage collection; tanks, pumps, motors, fans, ducts, and, in general, all apparatuses and installations existing for common use; all driveways; any utility pipes, lines, or systems servicing more than a single unit; all ducts, flues, chutes, wires, conduits and other accessories and utility installations to the outlets used therewith; all other parts of the property

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necessary or convenient to its existence, maintenance and safety, or normally in common use, or which have been designated as common areas and facilities on the map; and all repairs and replacements of any of the foregoing.

6. DESCRIPTION OF LIMITED COMMON AREAS AND FACILITIES.

Limited common areas and facilities shall mean and include those portions of the common areas and facilities reserved for the use, and maintenance, of certain units to the exclusion of other units. The limited common areas and facilities shall be the assigned parking spaces, the lawn areas, patios and porches that are immediately adjacent and contiguous to certain units, and those portions of the exterior lawn areas designated as limited common areas for specific units. The use and occupancy of designated limited common areas and facilities shall be reserved to its associated unit; and each unit owner is hereby granted an irrevocable license to use and occupy said limited common areas and facilities, and, further, shall have the responsibility to maintain such limited common areas and facilities as hereinafter provided.

7. UNIT OWNERSHIP.

7.1 The percentage of undivided interest in the common areas and facilities appertaining to each unit and its owner for all purposes, including voting, is set forth in Appendix A. Such percentages have been computed by taking as a basis the approximate square footage of the individual units in relation to the total approximate square footage of all units in the property.

7.2 A unit owner shall have the exclusive ownership and use of his unit, subject to the provisions of this declaration and bylaws, and shall have a common right to share with other unit owners in the common areas and facilities of the property.

8. PURPOSE OF THE PROPERTY.

8.1 The purpose of the property is to provide residential housing for unit owners, their respective families, guests and servants.

8.2 The units and common areas and facilities shall be occupied and used as follows:

8.2.1 A unit owner shall not permit his unit to be occupied or used other than as a private residence for a single family, without the express approval of the management committee or its designee.

8.2.2 A unit owner shall not permit his parking space(s) to be used for any other purpose except to park a motor vehicle, motorcycle or other wheeled conveyance. No other storage shall be allowed in such parking spaces. Each unit owner in addition to his assigned parking space may park no more than one vehicle on the common parking areas which are unassigned.

8.2.3 A unit owner shall not obstruct the common areas and facilities. A unit owner shall not place or store anything within the common areas and facilities without the prior written consent of the management committee or its designee.

8.2.4 Without the prior written consent of the management committee or its designee, a unit owner shall not permit anything to be done or kept in his unit or in the limited common areas and facilities appurtenant to his unit that would result in an increase in the cost of insurance on the property, or that would result in the cancellation of insurance with respect to all or any part of the property, or that would be in violation of any governmental law, ordinance or regulation.

8.2.5 Without prior written consent of the management committee or its designee, a unit owner shall not permit any signs, pictures, banners, posters or other objects of any kind to be displayed to the public view from his unit or from the limited common areas and facilities appurtenant to his unit.

8.2.6 A unit owner shall not permit any animals of any kind to be raised, bred or kept in his unit or in the limited common areas and facilities appurtenant to his unit.

8.2.7 A unit owner shall not alter, construct in, or remove anything from the common areas and facilities, except with the prior written consent of the management committee or its designee.

8.2.8 A unit owner shall not violate any of the rules and regulations for the use of units, common areas and facilities or limited common areas and facilities adopted by the management committee and furnished in writing to the unit owners.

9. ASSOCIATION OF UNIT OWNERS; MANAGEMENT COMMITTEE.

9.1 The persons or entities who are at the time of reference the unit owners constitute an unincorporated association and not a legal entity, the characteristics and nature of which are determined by the act, the declaration and the bylaws. The name in which contracts shall be entered into, title to property shall be acquired, held, dealt with and disposed of, bank accounts shall be opened and suits shall be brought and

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defended by the management committee or officers thereof on behalf of, or as agent for the unit owners in the manner specified by the Act, this declaration and/or the bylaws, is: "The Gatewood Condominiums Association of Unit Owners."

9.2 The management and maintenance of the property and the administration of the affairs of the Gatewood Condominiums ("association"), shall be conducted by a management committee consisting of three (3) natural persons who need not be unit owners. The management committee shall be elected as provided in the bylaws. The rights, duties and functions of the management committee may be exercised by declarant until May 1, 1986, unless it should, at its sole option, turn over such rights, duties and functions to the management committee at an earlier date. *

9.3 The management committee shall have all the powers, duties and responsibilities as are now or may hereafter be provided by the Act, this declaration and bylaws, including but not limited to the following:

9.3.1 To make and enforce all rules and regulations covering the operation and maintenance of the property.

9.3.2 To engage the services of a manager or managing company, accountants, attorneys or other employees or agents and to pay to said persons a reasonable compensation therefor.

9.3.3 To operate, maintain, repair, improve and replace the common areas and facilities.

9.3.4 To determine and pay common expenses.

9.3.5 To assess and collect the proportionate share of common expenses from the unit owners.

9.3.6 To enter into contracts, deeds, leases and/or other written instruments or documents and to authorize the execution and delivery thereby by the appropriate officers.

9.3.7 To open bank accounts on behalf of the association and to designate the signatures therefor.

9.3.8 To purchase, hold, sell, convey, mortgage or lease (if leasing is otherwise permitted under all other pertinent legal documents) any one or more units in the name of the association or its designee. "Any leasing shall conform, comply with Veterans Administration R. 4358(c)(6)."

9.3.9 To bring, prosecute and settle litigation for itself, the association and the property, provided that it shall make no settlement which results in a liability against the management committee, the association or the property in excess of \$1,000 without prior approval of a majority of unit owners.

* The declarant shall retain responsibility for maintenance of the common areas and facilities until at least 75% of the units have been sold and the Mayor or the Community Development Director has determined that the Homeowner's Association has assumed control of the maintenance functions.

9.3.10 To obtain insurance for the association with respect to the units and the common areas and facilities, as well as workmen's compensation insurance.

9.3.11 To repair or restore the property following damage or destruction of a permanent taking by the power of or power in the nature of eminent domain or by an action or deed in lieu of condemnation not resulting in the removal of the property from the provisions of the act.

9.3.12 To own, purchase or lease, hold and sell or otherwise dispose of, on behalf of the unit owners, items of personal property necessary to or convenient to the management of the business and affairs of the association and the management committee and in the operation of the property, including without limitation, furniture, furnishings, fixtures, maintenance equipment, appliances and office supplies.

9.3.13 To keep adequate books and records.

9.3.14 To form a non-profit corporation to conduct the affairs of the association in lieu of the unincorporated association constituted under paragraph 9.1 hereof.

9.3.15 To do all other acts necessary for the operation and maintenance of the property, including the maintenance and repairs of any unit if the same is necessary to protect or preserve the property.

9.4 The management committee may delegate to a manager or managing company all of the foregoing powers, duties and responsibilities referred to in paragraph 9.3 above, except the final determination of common expenses, budgets and assessments based thereon; the promulgation of rules and regulations; the power to enter into any contract involving more than \$2,000 in any one fiscal year; the opening of bank accounts; the power to purchase, hold, sell, convey, mortgage, or lease any units in the name of the association; the authority to bring, prosecute and settle litigation or the power to form a non-profit corporation.

9.5 Members of the management committee, the officers and any assistant officers, agents and employees of the association (i) shall not be liable to the unit owners as a result of their activities as such for any mistake of judgment, negligence or otherwise, except for their own willful misconduct or bad faith; (ii) shall have no personal liability in contract to a unit owner or any other person or entity under any agreement, instrument or transaction entered into by them on behalf of the association in their capacity as such; (iii) shall have no personal liability in tort to any unit owner or any person or entity, direct or imputed, by virtue of acts performed by them, except for their

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own willful misconduct or bad faith, nor for acts performed for them in their capacity as such; and (iv) shall have no personal liability arising out of the use, misuse or condition of the property, which might in any way be assessed against or imputed to them as a result or by virtue of their capacity as such.

9.6 The unit owners shall indemnify and hold harmless any person, his heirs and personal representatives, from and against all personal liability and all expenses, including attorney's fees, incurred or imposed, or arising out of or in settlement of any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, instituted by any one or more unit owners, or any other persons or entities, to which he shall be or shall be threatened to be made a party by reason of the fact that he is or was a member of the management committee or an officer or assistant officer, agent or employee of the association, other than to the extent, if any, that such liability or expense shall be attributable to his willful misconduct or bad faith, provided that in the case of any settlement, the management committee shall have approved the settlement, which approval is not to be unreasonably withheld. Such right of indemnification shall not be deemed exclusive of any other rights to which such person may be entitled as a matter of law or agreement, vote of unit owners or the management committee or otherwise. The indemnification by the unit owners as contained herein shall be paid by the management committee on behalf of the unit owners and shall constitute a common expense and shall be assessed and collectible as such.

10. MAINTENANCE, ALTERATION AND IMPROVEMENT.

10.1 The maintenance, replacement and repair of the common areas and facilities, excluding limited common areas, shall be the responsibility of the management committee, and the cost thereof shall be a common expense. The management committee shall also maintain, replace and repair all parking areas, balconies and patios, except for normal cleaning as noted under paragraph 10.2, and all conduits, ducts, plumbing and wiring and other facilities for the furnishing of heat, gas, light, power, air conditioning, water and sewer service contained in the portions of the units that service part or parts of the property other than the unit in which they are contained. All incidental damages caused to a unit by the maintenance, replacement and repairs of the common areas and facilities or utility services shall be repaired promptly and the costs thereof charged as a common expense.

10.2 A unit owner shall be responsible to maintain, repair, replace and keep in a clean and sanitary condition, at the unit owner's expense, all portions of his unit, except those portions to be maintained, repaired and replaced by the manage-

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ment committee. Each unit owner shall also be responsible to maintain, repair, replace, and keep in a clean and sanitary condition, at his expense, all portions of the limited common area which are designated for the unit owner's sole use and enjoyment. Each unit owner shall keep clean and in a sanitary condition his storage areas and patios, if any. The management committee shall be responsible for the cleaning and general maintenance of all parking areas, and other general common areas and facilities. However, should any respective unit owner fail to maintain his assigned limited common area as required, the management committee may cause such limited common area to be cleaned and maintained, and assess all costs therefore against the unit owner responsible for such maintenance.

11. INSURANCE.

11.1 The management committee shall obtain and maintain at all times insurance of the type and kind as provided herein and including insurance for such other risks of a similar or dissimilar nature as are or shall hereafter customarily be covered with respect to other properties similar to the property in construction, design and use. The management committee shall make every reasonable effort to obtain insurance with the following provisions or endorsements:

11.1.1 Exclusive authority to adjust losses shall be vested in the management committee as insurance trustee;

11.1.2 The insurance coverage shall not be brought into contribution with insurance purchased by individual unit owners or their respective mortgages;

11.1.3 Each unit owner may obtain additional insurance covering his real property interest at his own expense;

11.1.4 The insurer waives its right of subrogation as to any claims against each unit owner;

11.1.5 The insurance coverage cannot be cancelled, invalidated or suspended because of the conduct of any one or more individual unit owners or their respective tenants, employees, agents, contractors and guests;

11.1.6 The insurance coverage cannot be cancelled, invalidated or suspended because of the conduct of any officer or employee of the association or management committee or their employees, agents or contractors, without prior demand in writing that the management committee cure the defect, and then only if the defect is not cured within fifteen (15) days after receipt of said demand by the management committee.

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11.2 The management committee, for the benefit of the property and the unit owners, shall maintain a policy or policies of casualty and multi-risk "all peril" insurance on the property, with the provisions and endorsements as set forth in paragraph 11.1 above, if obtainable, and with extended coverage endorsements for the full insurable replacement value of the units, common areas and facilities, common personal property and fixtures payable to the management committee as insurance trustee to be disbursed in accordance with the terms of this declaration. The limits and coverage of said insurance shall be reviewed at least annually by the management committee and shall include an appraisal of the property, if the management committee deems it necessary. Said policy or policies shall provide for a separate loss payable endorsement in favor of the mortgagee or mortgagees, if any, of each unit.

11.3 The management committee shall obtain a policy or policies of insurance insuring the management committee, the unit owners and their respective tenants, servants, agents or guests against any liability to the public or to the owners of units, members of the households or unit owners and their respective invitees or tenants arising out of and incident to the ownership and/or use of the property, including the personal liability exposure of the unit owners incident to the ownership and/or use of the property. Limits of liability under such insurance shall not be less than One Million Dollars (\$1,000,000) for all persons injured in any one occurrence, and shall not be less than Three Hundred Thousand Dollars (\$300,000) for any one person injured in each occurrence, and shall not be less than One Hundred Thousand Dollars (\$100,000) for any property damage in each occurrence. The limits in coverage of said liability policy or policies shall be reviewed at least annually by the management committee and increased or decreased at its discretion, provided that such limits shall not fall below the minimums specified in this paragraph. Said policy or policies shall be issued on a comprehensive liability basis, and if possible, shall provide cross-liability endorsements for possible claims of any one or more or group of insureds against any one or more or group of insureds without prejudice to the right of a named insured under the policies to maintain an action against another named insured.

11.4 Each unit owner shall be required to notify the management committee of all improvements made to his unit, the value of which is in excess of One Thousand Dollars (\$1,000) and shall be liable for any increased insurance premium for insurance maintained by the management committee occasioned thereby. Each unit owner shall bear the risk of loss for all improvements made to his unit that were not the subjects of notice to the management committee.

11.5 Any unit owner who obtains individual insurance coverage covering any portion of the property, other than

personal property belonging to such unit owner, shall be required to file a copy of such individual policy or policies with the management committee within thirty (30) days after obtaining such insurance coverage.

11.6 No unit owner shall be entitled to exercise his right to maintain insurance coverage in such a way as to decrease the amount that the management committee on behalf of all the unit owners may realize under any insurance policy that the management committee may have in force covering the property or any part thereof at any time.

12. DESTRUCTION OR DAMAGE.

12.1 In case of fire or any other disaster which causes damage or destruction to all or part of the buildings, the management committee, with the help of an independent appraisal, if necessary, shall determine the percentage of each individual building that was destroyed or substantially damaged. If less than two-thirds (2/3) of any such building was destroyed or substantially damaged, the management committee shall arrange for the prompt repair and restoration thereof, using the proceeds of insurance on the building for that purpose, and the unit owners shall be liable for assessment for any deficiency in proportion to their respective percentages of undivided interest in the common areas and facilities. Reconstruction of the building shall be to substantially the same condition in which it existed prior to the damage or destruction, with each unit and the common areas and facilities having the same vertical and horizontal boundaries as before, unless the destruction or damage is by reason of eminent domain, in which event the provisions of Section 14 hereof shall apply.

12.2 If two-thirds (2/3) or more of any individual building is destroyed or substantially damaged, the management committee shall, within one hundred (100) days after such destruction or damage, call a special meeting of the association for the purpose of deciding whether or not such building shall be repaired and restored. If owners holding three-fourths (3/4) or more of the undivided interests in the property, in person or by proxy, vote to repair or restore such building, the management committee shall promptly arrange for the reconstruction of the building using the proceeds of insurance on the building for that purpose, and the unit owners shall be liable for assessment for any deficiency in proportion to their respective percentages of undivided interest in the common areas and facilities. If the destruction or damage is by reason of eminent domain, the provisions of Section 14 hereof shall apply. At such election, if owners holding three-fourths (3/4) or more of the undivided interest in the property do not vote either in person or by proxy to make provisions for reconstruction, the management committee

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shall record with the Recorder of Salt Lake County, a notice setting forth such facts, and upon the recording of such notice (i) the property shall be deemed to be owned in tenancy in common by those unit owners who owned the units in the specific building which was destroyed; (ii) 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 owners which owned units in the building that was destroyed. The net proceeds of sale, together with the net proceeds of the insurance on the property, shall be considered as one fund and shall be divided among all unit owners which owned units in the destroyed building in a percentage equal to the interest of such unit owner in the destroyed building, after first paying out of the respective shares of the unit owners, to the extent sufficient for the purpose, all liens on the undivided interest in the property owned by each unit owner.

12.3 For purposes of this Section 12, the terms "disaster", "destruction" or "substantial damage" shall also mean and include a temporary or permanent taking, injury or destruction of all or part of the common areas and facilities or one or more units or portions thereof by the exercise of the power of or power in the nature of eminent domain or by an action or deed in lieu of condemnation.

13. TERMINATION.

13.1 In the event that such fraction or percentage of any individual building is destroyed or substantially damaged so as to bring into effect the provisions of paragraph 12.2 above and the unit owners do not vote to reconstruct the building as provided therein, the property shall be removed from the provisions of the act without further agreement one hundred and one (101) days after such destruction or damage.

13.2 All of the unit owners may remove the property from the provisions of the act by an instrument duly recorded to that effect, provided that the holders of all liens affecting any of the units consent or agree by instruments duly recorded that their liens be transferred to the percentage or the undivided interest of the unit owners in the property.

13.3 After removal of the property from the act, the unit owners shall own the property and all assets of the association as tenants in common and their respective mortgagees and lienors shall have mortgages and liens upon the respective undivided interests of the unit owners. Such undivided interests of the unit owners shall be the same as the percentage of undivided interest in the common areas and facilities appurtenant to the owners' units prior to removal from the act.

13.4 This Section 13 cannot be amended without consent of all unit owners and all record owners or mortgages on units.

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14. EMINENT DOMAIN.

14.1 Whenever any proceeding is instituted that could result in the temporary or permanent taking, injury or destruction of all or part of the common areas and facilities or one or more units or portions thereof by the exercise of the power of or power in the nature of eminent domain or by an action or deed in lien of condemnation, the management committee and each unit owner shall be entitled to notice thereof and the management committee shall and the unit owners at their respective expense may participate in the proceedings incident thereto.

14.2 With respect to the common or limited common areas and facilities, any damages or awards shall be determined for such taking, injury or destruction as a whole and not for each unit owner's interest therein. After such determination, each unit owner shall be entitled to a share in the damages in the same proportion as his percentage of undivided interest in the common areas and facilities. This provision does not prohibit a majority of unit owners from authorizing the management committee to use such damages or awards for replacing or restoring the common areas and facilities so taken on the remaining land or on other acquired land, provided that this declaration and the map are duly amended.

14.3 With respect to one or more units or portions thereof, the damages or awards for such taking shall be deemed to be proceeds from insurance on account of damage or destruction pursuant to Section 12 above and shall be deposited with the management committee as trustee. Even though the damage or awards may be payable to one or more unit owners, the unit owners shall deposit the damages or awards with the management committee as trustee. In the event a unit owner refuses to so deposit his award with the management committee, then at the option of the management committee, either a special assessment shall be made against the defaulting unit owner and his unit in the amount of this award or the amount of such award shall be set off against the sum hereafter made payable to such unit owner.

14.4 In the event the property is removed from the provisions of the Act pursuant to Section 12 and 13 above, the proceeds of the damages or awards shall be distributed or used in accordance with and the owners of the affected units shall have the rights provided in paragraph 12.2 above.

14.5 If one or more units are taken, in whole or in part, and the property is not removed from the provisions of the act, the taking shall have the following effects:

14.5.1 If the taking reduces the size of a unit and the remaining portion of the unit may be made tenantable, the

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unit shall be made tenantable. If the cost of such work exceeds the amount of the award, the additional funds required shall be assessed against the owner of the unit. The balance of the award, if any, shall be distributed to the unit owner. If there is a balance of the award distributed to the unit owner or a mortgagee, the unit owner's percentage of undivided interest in the common areas and facilities shall be equitably reduced. This shall be done by reducing such interest in the proportion by which the floor area of the unit is reduced by taking, and then recomputing the percentages of undivided interest of all unit owners in the common areas and facilities.

14.5.2 If the taking destroys or so reduces the size of a unit that it cannot be made tenantable, the award shall be distributed to the mortgagee or mortgagees, contract sellers, or other security interest holders of the unit to the extent of the unpaid balance of their respective interests, and the excess, if any, shall be distributed to the unit owner. The remaining portion of such unit, if any, shall become a part of the common elements and shall be placed in condition for use by all unit owners in the manner approved by the management committee. The percentages of undivided interest in the common areas and facilities appurtenant to the units that continue as part of the property shall be equitably adjusted to distribute the ownership of the common areas and facilities among the reduced number of unit owners.

14.6 Changes in units, in the common areas and facilities and in the ownership of the common areas and facilities that are affected by the taking referred to in this Section 14 shall be evidenced by an amendment to this declaration and the map which need not be approved by the unit owners.

15. MORTGAGE PROTECTION.

15.1 The term "mortgage" as used herein shall mean any recorded mortgage having priority over other mortgages and shall include a recorded deed of trust. The term "mortgagee" shall mean the owner and holder of a mortgage and shall include a beneficiary under a deed of trust.

15.2 The management committee shall maintain a roster of unit owners from the evidence of change of ownership furnished to the management committee, which roster shall include the mailing addresses of all unit owners. The foregoing provision does not purport to authorize in any way, any type of change of ownership if the same is prohibited by due-on-sale or non-assumption clauses in other pertinent legal documents. The management committee will also maintain a roster containing the name and addresses of each mortgagee of a unit if the committee is provided notice of such mortgage by way of a certified copy of

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the recorded instrument evidencing the mortgage and containing the name and address of the mortgagee. The mortgagee shall be stricken from the roster upon request by such mortgagee or upon receipt by the management committee of a certified copy of a recorded release or satisfaction of the mortgage. Notice of such removal shall be given to the mortgagee unless the removal is requested by the mortgagee.

15.3 The management committee shall give to any mortgagee on the roster written notification of any default by the mortgagor of the respective units in the performance of such mortgagor's obligations under the declaration which is not cured within thirty (30) days.

15.4 A mortgagee of any unit who comes into possession of the unit pursuant to the remedies provided in the mortgage or foreclosure of the mortgage, or by way of deed or assignment in lieu of foreclosure shall take the property free of any claims for unpaid assessments or charges against the mortgaged unit which accrued prior to the time such mortgagee comes into the 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 assessment or charges on all units, including the mortgaged unit.

15.5 Any liens created under the act or pursuant to this declaration or the bylaws upon any unit shall be subject and subordinate to and shall not affect the rights of a mortgagee under a mortgage on such unit made in good faith and for value, provided, however, that any lien created after a foreclosure sale shall have the same effect and be enforced in the same manner as provided in the act, the declaration and/or the bylaws.

15.6 No amendment to this paragraph shall adversely affect a mortgagee who has recorded a valid mortgage prior to the recordation of any such amendment.

16. ENCROACHMENTS.

16.1 None of the rights and obligations of any unit owners created by this declaration, bylaws or by a deed conveying a unit shall be affected in any way by an encroachment (i) by any portion of the common areas and facilities upon any unit; (ii) building or other structures, including the rebuilding of the building and taking or delivery of a deed in lieu of condemnation, unless there occurs an encroachment that results from the willful or negligent owners of the units to which the use of the encroaching limited common areas and facilities is appurtenant, or of the management committee in the event of an encroachment by any portion of the common areas and facilities other than the limited common areas and facilities.

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16.2 There are hereby created valid easements for the maintenance of any encroachments permitted by this Section 16 of this declaration so long as such encroachments exist.

17. CONVEYANCES; EASEMENTS.

17.1 Every deed or other applicable legal instrument may describe a unit by its identity number as set forth in Appendix A and in the map. Every such description shall be deemed good and sufficient for all purposes and shall be deemed to convey, transfer, encumber or otherwise affect the unit owners corresponding percentage of undivided ownership in the common areas and facilities as set forth in Appendix A even though the same is not exactly mentioned or described.

17.2 Every deed or other similar instrument shall be deemed to:

17.2.1 Except and reserve with respect to a unit (i) any portion of the common areas and facilities lying within said unit, (ii) easements through said unit appurtenant to the common areas and facilities and all other units for support and repair of the common areas and facilities and all other units; and (iii) easements appurtenant to the common areas and facilities for encroachments upon the air space of said units by those portions of the common areas and facilities located within said unit.

17.2.2 Include, with respect to a unit, non-exclusive easements for ingress and support of said unit through the common areas and facilities for the repair of said unit through all other units and through the common areas and facilities and for the use of the balcony, patio and parking spaces as indicated in Appendix A and the map.

17.2.3 Except and reserve with respect to the percentage of undivided interest in the common areas and facilities non-exclusive easements through each unit for support and repair of the common areas and facilities and non-exclusive easements for encroachments upon the air space of all of the units by and for the portions of the common areas and facilities lying within the units.

18. COMBINATION OF UNITS.

18.1 An owner of two adjoining units shall have the right upon approval of the management committee, to combine such units or portions thereof, as long as all underlying mortgages, contract sales interests, or other similar interests have been paid in full, or the express prior written consent of such persons has been obtained.

18.2 An amendment to the declaration, together with an amended map containing the same information with respect to the altered units as required in the initial declaration and the map with respect to the initial units shall be prepared and recorded at the expense of the unit owner making such combination.

18.3 An amendment to the declaration or the map pursuant to this Section 18 shall reflect the changes occasioned by the combination to include a change in the percentages of undivided interest in the common areas and facilities which are appurtenant to the units involved. The remaining combined unit, if two units are totally combined, will acquire the total of the percentages of undivided interest in the common areas and facilities appurtenant to the units that were combined, the resulting units shall acquire a proportionate percentage of the total undivided interest in the common areas and facilities of the units involved in the combination on the basis of the approximate square footage remaining in the respective combined units; provided however, that the resultant percentage shall be equal to the sum of the undivided interests in the affected units prior to such combination. The percentage of undivided interest in the common areas and facilities appurtenant to all unaffected units shall not be changed. All such amendments must in all instances be consented to by the management committee and also all other persons holding interests in the units affected. The consent of other unit owners need not be obtained to make such amendments or alterations valid, providing the percentages of undivided interest in the common areas and facilities of the other unit owners remain unchanged.

18.4 All such amendments to the declaration and the map must be approved by attorneys employed by the management committee to insure the continuing legality of the declaration and the map. The cost of such review by the attorneys shall be borne by the person wishing to combine the units.

19. AMENDMENT.

Except as otherwise provided in this declaration and except as prohibited in the act, the provisions of this declaration may be amended by an instrument in writing signed and acknowledged by unit owners who own three-fourths (3/4) or more of the undivided interests in the common areas and facilities, which amendment shall be effective upon recording.

20. ASSESSMENTS.

20.1 The making and collection of assessments from unit owners for their share of common expenses shall be pursuant to the bylaws and subject to the following provisions:

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20.1.1 Each unit owner shall be liable for a proportionate share of the common expenses, such share being the same as the percentage of undivided interest in the common areas and facilities appurtenant to the unit owned by him.

20.1.2 Assessments and any installments thereof not paid on or before ten (10) days after the date when due shall bear interest at the minimum rate of twelve percent (12%) per annum, or at such higher rate of interest as may be set by the management committee, from the date when due until paid. All payments on account shall be first applied to interest and then to the assessment payment first due.

20.1.3 There shall be a lien upon the applicable unit for unpaid assessments which shall also secure reasonable attorney's fees and all costs and expenses, including taxes, if any, incurred by the management committee because of such a lien. The lien for assessments shall be superior (prior) to all other liens and encumbrances except assessments, liens and charges in favor of the State or any political subdivision thereof, for taxes past due and unpaid on the unit, and amounts due under duly recorded mortgages and installment land contracts.

20.1.4 In any foreclosure of a lien for assessments, the unit owner subject to the lien shall be required to pay a reasonable rental for the unit, and the management committee shall be entitled to the appointment of a receiver to collect the same.

20.2 The management committee may include in the monthly assessments amounts representing contributions to the capital of the association to be used for the replacement of or additions to capital items or improvement in the property. Said amounts shall be setup as capital accounts for each unit. In the event of transfer of a unit, the capital account shall be deemed transferred to the transferee of the unit.

20.3 In assessing the unit owners for capital improvements to the common areas and facilities, there shall be no single improvement exceeding the sum of One Thousand Dollars (\$1,000) made by the management committee without the same having been first voted on and approved by two-thirds (2/3) or more vote in percentage ownership interest of those present in person or by proxy at a meeting of the association duly called for that purpose. The foregoing shall not apply in connection with damage or destruction referred to in Section 12 hereof or to such structural alterations of capital additions or capital improvements to the common areas and facilities as are necessary in the management committee's reasonable judgment to preserve or maintain the integrity of the common areas and facilities.

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20.4 If a unit owner shall at any time lease his unit and shall default for a period of one month in the payment of assessments, the management committee may, at its option for so long as such default shall continue and subject to all underlying mortgages and contract interests, demand and receive from any tenant of the unit owner the rent due or becoming due and the payment of such rent to the management committee shall be sufficient payment and discharge of such tenants and the unit owner for such assessments to the extent of the amount so paid. The foregoing provision does not purport to authorize, in any way, any type of leasing or change of ownership if the same is prohibited by non-leasing, due-on-sale, or non-assumption clauses in other pertinent legal documents.

20.5 The management committee shall handle all assessments hereunder, whether for common expenses or as capital contributions, so as to comply with applicable provisions of the Internal Revenue Code and the regulations adopted thereunder as well as applicable state and local tax laws and to avoid undue adverse tax consequences that might result to the association or individual unit owners.

21. VOTING.

At any meeting of the association, each unit owner, including declarant, either in person or by proxy, shall be entitled to the same number of votes as the percentage of undivided interest of the common areas and facilities assigned to his unit in Appendix A to this declaration. If there is more than one unit owner with respect to a particular unit, any or all of such unit owners may attend any meeting of the association, but it shall be necessary for all such unit owners present, in person or by proxy, to act unanimously in order to cast the votes appertaining to their units.

22. NOTICES.

Any notice permitted or required to be delivered as provided herein may be delivered either personally or by mail. If delivery is made by mail, it shall be deemed to be delivered twenty-four (24) hours after a copy of the same has been deposited in the U.S. postal service, postage prepaid, return receipt requested. Notices to unit owners shall be addressed to each unit owner at the address given by such unit owners to the management committee for the purpose of service of such notice to the management committee. Such address may be changed from time to time by notice in writing to the management committee. Notice to the management committee shall be addressed to: Management Committee, Gatewood Condominiums, 9100 South 790 East, Sandy, Utah 84070.

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23. NO WAIVER.

The failure of the management committee or its agents or designees to insist, in one or more instances, upon the strict performance of any of the terms, covenants, conditions or restrictions of this declaration or the bylaws, to exercise any right or option herein, contained or to serve any notice or to institute any action shall not be construed as a waiver or a relinquishment for the future of such term, covenant, condition or restriction; but such term, covenant, condition or restriction shall remain in full force and effect. The receipt and acceptance by the management committee or its agent or designee of the payment of any assessment from a unit owner with knowledge of the breach of any covenant hereof shall not be deemed a waiver of such breach, and no waiver by the management committee of any provision hereof shall be deemed to have been made unless expressed in writing and signed by the management committee.

24. ENFORCEMENT.

Each unit owner shall strictly comply with the provisions of the declaration, the bylaws, the rules and regulations and decisions issued pursuant thereto. Failure to so comply shall be grounds for an action to recover sums due for damages or injunctive relief or both, maintainable by the management committee or its agent or designee on behalf of the unit owners, or in an appropriate case, by an aggrieved unit owner.

25. DECLARANT AND DECLARANT'S USE.

25.1 The term "declarant" as used herein shall mean and include D & S Sales & Construction, a Utah Partnership and any person or persons who might acquire title from it through foreclosure or deed in lieu of foreclosure.

25.2 Declarant and persons it may select from time to time shall have the rights granted under Section 57-8-13.14 of the Act, including but not limited to the right of ingress and egress over, upon and across the common areas and facilities and limited common areas and facilities and the right to store materials therein and to make such other use thereof as may be necessary and incident to the development and sale of all of the units as determined by the declarant in its sole discretion. Such rights shall be exercised in accordance with the provisions of Veterans Administration Reg. 4359(A).

26. SEVERABILITY.

These provisions of this declaration shall be deemed independent and severable, and the invalidity or partial invalidity

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or unenforceability of any one provision or portion hereof shall not affect the validity or enforceability of any other provision hereof.

27. CAPTION.

The captions in this declaration are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of this declaration or the intent of any provision hereof.

28. LAW CONTROLLING.

This declaration, the map and the bylaws shall be construed and controlled by and under the laws of the State of Utah.

29. DESIGNATED AGENT.

Dale Terry whose place of business is at 11342 Clifford Circle, Sandy, Salt Lake Utah 84121 is hereby designated as the person to receive process in connection with the condominium project for all purposes provided by the Act; provided however, that the management committee shall have the right to appoint a successor or substitute process agent. Such successor or substitute process agent shall be designated and appointed by instrument duly executed and filed by or on behalf of the management committee in the office of the County Recorder of Salt Lake County; State of Utah, for attachment to this declaration as an amendment.

30. This declaration shall take effect when recorded.

IN WITNESS WHEREOF, the undersigned has executed this instrument this 30th day of July, 1980.

D & S SALES & CONSTRUCTION

By: _____

Attested to by:

APPROVED SANDY CITY:

Approved as to Form
Sandy City Attorney's Office
[Signature]

[Signature]
Lawrence P. Smith, Mayor

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EXHIBIT "A"

2. Description of the land:

The land is located in Salt Lake County, State of Utah, legally described as follows:

Beginning at a point North 1860.695 feet and East 713.26 feet from the Southwest corner of Section 5, Township 3 South, Range 1 East, Salt Lake Base and Meridian, said point of beginning is also the Northwest corner of Lot 434, of Pebble Glen No. 4 Subdivision, and running thence South 0 degrees 07 minutes West 116.50 feet to the North line of Lazon Drive; thence North 89 degrees 22 minutes 15 seconds West along said North line 200.0 feet; thence North 0 degrees 07 minutes East 232.11 feet; thence South 89 Degrees 14 minutes 13 seconds East 810.89 feet; thence South 115.09 feet to a point on the North line of Pebble Glen No. 1 Subdivision; thence North 89 degrees 13 minutes 13 seconds West along the North line of Pebble Glen Subdivision No. 1 & 4, 611.12 feet to the point of beginning.

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APPENDIX A
GATEWOOD CONDOMINIUMS

<u>Unit No.</u>	<u>Approximate Sq. Footage</u>	<u>Percentage Interest In Common Areas & Facilities</u>	<u>Assigned Parking Space</u>
1A-1F	8 @ 1050	.030303	8 per bldg.
2A-2H	8 @ 1050	.030303	8 per bldg.
3A-3K	8 @ 1050	.030303	8 per bldg.
4A-4H	8 @ 1050	.030303	8 per bldg.
5 Upper Units	1050	.030303	1 space
5 Lower Levels - Clubhouse			
TOTAL	<u>34,650 sq. feet</u>	100.0%	33 assigned spaces

APPENDIX B

BYLAWS

Gatewood Condominiums Association of Unit Owners

The administration of Gatewood Condominiums and the Gatewood Condominiums Association of Unit Owners ("association") shall be governed by the Utah Condominium Ownership Act (the "Act"), the declaration and these bylaws.

1. APPLICATION OF BYLAWS.

All present and future unit owners, mortgagees, lessees and occupants of units and their employees, and any other persons who may use the facilities of the property in any manner are subject to the declaration, these bylaws and all rules made pursuant hereto and any amendments hereof. The acceptance of a deed or conveyance or the entering into of a lease or the act of occupancy of a unit shall constitute an agreement that the provisions of the declaration and these bylaws and any rules and regulations made pursuant hereto, as they may be amended from time to time, are accepted, ratified and will be complied with.

2. MANAGEMENT COMMITTEE.

2.1 The management and maintenance of the property and the administration of the affairs of the association shall be conducted by a management committee consisting of three natural persons who need not be unit owners. The rights, duties and functions of the management committee may be exercised by declarant until June 1, 1984, unless it should, at its sole option, turn over such rights, duties and functions to the management committee at an earlier date.

2.2 Beginning with the first annual meeting and at every annual meeting thereafter, the association shall elect the members of the management committee to fill those positions becoming vacant at such meeting. Nominations for positions on the management committee may be made by petition filed with the secretary of the association at least seven (7) days prior to the annual meeting of the association, which petition shall be signed by the nominee named therein indicating his willingness to serve as a member of the management committee, if elected.

2.3 Members of the management committee shall serve for terms of two (2) years beginning immediately upon their election by the association; provided, however, that one member of the management committee elected at the first annual meeting at which

members are chosen by vote of unit owners shall serve for an initial term of one (1) year and the two other members shall serve for initial terms of two (2) years. Thereafter, all management committee members elected shall serve for two-year terms. The members of the management committee shall serve until their respective successors are elected, or until their death, resignation or removal. Any member of the management committee who fails to attend three consecutive management committee meetings or who fails to attend at least 25% of the management committee meetings held during any fiscal year shall be deemed to have tendered his resignation and upon acceptance by the management committee his position shall be vacant.

2.4 Any member of the management committee may resign at any time by giving written notice to the president of the association or to the remaining management committee members. Any member of the management committee may be removed from membership on the management committee by a two-thirds majority vote of the association. Whenever there shall occur a vacancy on the management committee due to death, resignation, removal or any other cause, the remaining members shall elect a successor member to serve until the next annual meeting of the association, at which meeting said vacancy shall be filled by the association for the unexpired term, if any.

2.5 The members of the management committee shall receive no compensation for their services unless expressly approved by a majority of the association; provided, however, that any member of the management committee may be employed by the association in another capacity and receive compensation for such employment; provided further, that such employment shall be approved by vote or in writing by all members of the management committee not including the member to be employed.

2.6 The members of the management committee shall appoint one of its members as president of the association and chairman of the committee. Such chairman shall then preside at all meetings of the committee and association and the president may exercise the powers ordinarily allowable to the presiding officer of an association, including general supervision of the affairs of the association, and the signing of all instruments required to be signed by the association.

2.7 The members of the management committee shall also appoint one of its members as secretary/treasurer of the association, and as such he shall keep minutes of all proceedings of the committee and the association, shall keep such books and records as shall be appropriate for the association, and shall be responsible for the fiscal affairs of the association.

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2.8 The management committee, for the benefit of the property and the association, shall manage the business, property and affairs of the property and the association and enforce the provisions of the declaration, these bylaws, and the rules and regulations governing the property. The management committee shall have the powers, duties and responsibilities with respect to the property as contained in the Act, the declaration and these bylaws.

2.9 The meetings of the management committee shall be held at such places within the State of Utah as the management committee shall determine. Two (2) members of the management committee shall constitute a quorum, and if a quorum is present, the decision of a majority of those present shall be the act of the management committee.

2.10 Special meetings of the management committee may be called by any two management committee members. The person or persons calling a special meeting of the management committee shall give notice thereof by a usual means of communication at least five (5) days before the meeting. Such notice need not specify the purpose for which the meeting is called, and if an agenda is prepared for such a meeting, the meeting need not be restricted to discussions of those items listed on the agenda.

2.11 Regular meetings of the management committee may be held without call or notice.

2.12 Any member of the management committee may, at any time, waive notice of any meeting of the management committee in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the management committee at a meeting shall constitute a waiver of notice to him of such meeting unless such management committee member attends the meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called. If all the members of the management committee are present at any meeting of the management committee, no notice shall be required and any business may be transacted at such meeting.

2.13 After the election of the members of the management committee at the first annual meeting of the association, delcarant shall execute, acknowledge and record an affidavit stating the names of the members of the newly elected management committee. Thereafter, any two (2) persons who are designated of record as being members of the most recent management committee, whether or not they shall still be members, may execute, acknowledge and record an affidavit stating the names of all of the members of the then current management committee. The most recently recorded of such affidavits shall be prima facie evidence that the persons named therein are all of the incumbent

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members of the management committee and shall be conclusive evidence thereof in favor of all persons who rely thereon in good faith.

2.14 The fiscal year shall be determined by the management committee.

3. MEETING OF THE ASSOCIATION.

3.1 The first annual meeting of the association shall be held on or before _____ 1985. Thereafter there shall be an annual meeting of the association on the _____ of _____ at _____ p.m. at the property or at such other reasonable place or time not more than sixty (60) days before or after such date as may be designated by written notice by the management committee delivered to the unit owners not less than fifteen (15) days prior to the date set for said meeting. At or prior to an annual meeting, the management committee shall furnish to the unit owners (i) a list of the names of the nominees for the positions on the management committee to be filled at that meeting; (ii) a budget for the coming fiscal year which shall itemize the estimated allocation thereof to each unit owner; and (iii) a statement of the common expenses itemizing receipts and disbursements for the previous and current fiscal year, together with the allocation thereof to each unit owner. Within ten (10) days after the annual meeting, the budget and the statement of common expenses shall be delivered to the unit owners who were not present at the annual meeting.

3.2 Special meetings of the association may be held at any time at the property or at such other reasonable place to consider matters which, by the terms of the declaration, require the approval of all or some of the unit owners or for any other reasonable purpose. Special meetings shall be called by written notice signed by a majority of the management committee or by unit owners representing at least one-third (1/3) or more of the undivided interests in the common areas and facilities, which shall be delivered to all unit owners not less than fifteen (15) days prior to the date fixed for said meeting. Such notice shall specify the date, time and place of the meeting, and the matters to be considered.

3.3 The presence in person or by proxy of unit owners holding more than fifty (50%) percent of the undivided interest in the property at any meeting of the association held in response to notice to all unit owners of record properly given shall constitute a quorum. In the event that a quorum is not present in person or by proxy, the meeting shall be adjourned for twenty-four (24) hours, after which time it shall reconvene and any number of unit owners present at such subsequent meeting shall constitute a quorum. Unless otherwise expressly provided

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in the Act, the declaration and these bylaws, any action may be taken at any meeting of the unit owners upon a majority vote of the unit owners who are present in person or by proxy and who are voting, as provided in Section 21 of the declaration.

3.4 Robert's Rules of Order (latest edition) shall govern the conduct of the association's meetings when not in conflict with the declaration or these bylaws.

4. COMMON EXPENSES: ASSESSMENTS.

4.1 All assessments shall be made in accordance with the general provisions of Section 20 of the declaration.

4.2 Not less than thirty (30) days prior to the annual meeting of the association, the management committee shall estimate the common expenses and capital contributions for the coming fiscal year. The estimated capital contributions may include such amounts as the management committee may deem proper for general working capital, for the general operating reserve, and shall take into account any expected income, surplus or deficit in the common expenses for any prior year. These estimated capital contributions and common expenses shall be assessed on a monthly basis to the unit owners in proportion to their percentages of undivided interest in the common areas and facilities as set forth in Appendix A of the declaration. If the estimated common expenses prove inadequate for any reason, including nonpayment of any unit owner's assessments, the management committee may, by resolution duly adopted, make additional assessments, which shall be assessed to the unit owners in the same manner as the estimated common expenses. Each unit owner shall be obligated to pay to the management committee assessments made pursuant to this paragraph on or before the first day of each month, or in such other reasonable manner as the management committee shall designate. The funds received by the management committee from assessments shall be kept in either capital accounts or in the common expense fund and shall be expended by the management committee only in accordance with the provisions of the Act, the declaration and these bylaws.

4.3 The failure by the management committee before the expiration of any fiscal year to estimate the common expenses as required herein shall not be deemed a waiver or modification in any respect of the provisions of the declaration or these bylaws or a release of the unit owner from the obligation to pay any past or future assessments, and the estimated common expenses fixed for the previous and current year shall continue until a new estimate is made.

4.4 No unit owner may exempt himself from liability for common expenses by waiver of the use or enjoyment of any of the

common areas and facilities or by abandonment of his unit.

4.5 The secretary/treasurer shall keep detailed records of all receipts and expenditures, including expenditures affecting the common areas and facilities, specifying and itemizing the maintenance, repair and replacement expenses of the common areas and facilities and any other expenses incurred. Such records shall be available for examination by the unit owners during regular business hours. In accordance with the actions of the management committee assessing common expenses against the units and unit owners, the secretary/treasurer shall keep an accurate record of such assessments and of the payments thereof by each unit owner.

4.6 All common expense assessments shall be a separate, distinct and personal liability of the owner of the unit at the time each assessment is made. The management committee shall have the rights and remedies contained in the Act and in the declaration to enforce the collection of assessments for common expenses.

4.7 Any person who shall have entered into a written agreement to purchase a unit shall be entitled to obtain a written statement from the secretary/treasurer setting forth the amount of unpaid assessments charged against the unit and its owners, and if such statement does not reveal the full amount of the unpaid assessments as of the date it is rendered, neither the purchaser nor the unit shall be liable for the payment of an amount in excess of the unpaid assessments shown thereon, provided that the former unit owner shall remain so liable. Any such excess which cannot be promptly collected from the former unit owner-grantor shall be reassessed by the management committee as a common expense to be collected from all unit owners, including without limitation the purchaser of the unit, his successors and assigns. The new unit owner shall, and the former unit owner shall not, be liable for any assessments made after the date of transfer of title of a unit, even though the common expenses and such other expenses incurred or the advances made by the management committee for which the assessment is made relate in whole or in part to any period prior to that date.

4.8 In addition to the statements issuable to purchasers of units, the management committee shall provide to the unit owner, to any person who shall have entered into a binding agreement to purchase the unit and to any mortgagee on request at reasonable intervals a current statement of unpaid assessments for common expenses and for any expenses of and advances by the management committee with respect to the unit.

4.9 In all cases where all or part of any assessment for common expenses and for any expenses of and advances by the management committee cannot be promptly collected from the

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persons or entities liable therefor under the Act, the declaration or these bylaws, the management committee shall reassess the same as a common expense without prejudice to its rights of collection against such persons or entities, or without prejudice to its lien for such assessments.

4.10 Any mortgagee who takes either a deed in lieu of foreclosure or termination, or who accomplishes a trust deed termination, shall be exempt from delinquent assessment charges.

4.11 Amendments to this Section 4 shall be effective only upon unanimous written consent of the unit owners and their mortgagees.

5. LITIGATION.

5.1 If any action is brought by a member of the management committee on behalf of the association and recovery is had, the expenses of suit, including reasonable attorney's fees, shall be a common expense.

5.2 Any action brought against the association, the management committee or the officers, employees or agents thereof, in their respective capacities as such, or the property as a whole, shall be directed to the management committee, which shall promptly give written notice thereof to the unit owners and any mortgagees and shall be defended by the management committee; and the unit owners and mortgagees shall have no right to participate in such defense other than through the management committee. Actions against one or more, but less than all unit owners shall be directed to such unit owners, who shall promptly give written notice thereof to the management committee and to the mortgagees of such units, and shall be defended by such unit owners.

6. ABATEMENT AND ENJOYMENT OF VIOLATIONS BY UNIT OWNERS.

6.1 The violation of any rules or regulations adopted by the management committee, the breach of any provision of the declaration shall give the management committee the right, in addition to any other rights set forth in these bylaws to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach.

6.2 These remedies are cumulative to other remedies provided in the Act, the declaration and these bylaws or in any other applicable laws.

7. ACCOUNTING.

7.1 The books and accounts of the association shall be kept in accordance with generally accepted accounting procedures under the direction of the treasurer.

7.2 The books and accounts of the association shall be available for inspection at the office of the association by any unit owner or his authorized representative during regular business hours.

8. SPECIAL COMMITTEES.

The management committee by resolution may designate one or more special committees, each committee to consist of two (2) or more unit owners, which to the extent provided in said resolution shall have and may exercise the powers set forth in said resolution. Such special committee or committees shall have such name or names as may be determined from time to time by the management committee. All special committees shall keep regular minutes of their proceedings and report the same to the management committee when required. The members of such special committee or committees designated shall be appointed by the management committee or the president. The management committee or the president may appoint unit owners to fill vacancies on each of said special committees occasioned by death, resignation, removal or inability to act for any extended period of time.

9. RENTAL OR LEASE OF UNITS BY UNIT OWNERS.

9.1 Any unit owner who rents or leases his unit shall file with the management committee or manager a copy of the rental or lease agreement affecting said unit. The provisions of Section 7 of these bylaws shall apply with equal force to renters or lessees of units.

9.2 Any unit owner who rents or leases his unit shall be responsible for the conduct of his tenants, and upon written notice from the management committee or the manager said unit

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owner shall be responsible for correcting violations of the declaration, bylaws, or rules and regulations committed by such tenants.

9.3. If a unit owner fails to correct violations by tenants within 72 hours of such notice, the management committee or manager shall be deemed to be the agent of the unit owner and empowered to take any enforcement action the unit owner would be entitled to take, the costs of such action to be assessed to the unit owner and payable within 30 days of assessment. Such costs shall be collected and enforced in the manner as common assessments under Section 5 of these bylaws.

9.4 The power of the management committee or manager hereunder shall include but not be limited to any and all legal remedies available under the laws of the State of Utah. Any unit owner by the act of renting or leasing his unit shall be deemed to have consented to these procedures and shall indemnify and hold harmless the management committee and the manager from and against any and all liability therefor. It is expressly understood that the remedies available to the management committee or manager shall include but not be limited to the right to seek eviction of the tenant without any liability to the unit owner.

9.5 It is expressly understood, however, that the above provisions do not purport to authorize, in any way, any type of leasing or change of ownership if the same is prohibited by non-pertinent legal documents.

10. AMENDMENT OF BYLAWS.

Except as otherwise provided in the Act, the declaration or these bylaws, the bylaws may be amended by a vote of owners holding two-third (2/3) or more of the undivided interests in person or by proxy at a meeting duly called for such purpose. Upon such an affirmative vote, the management committee shall acknowledge the amended bylaws, setting forth the fact of the required affirmative vote of the unit owners and the amendment shall be effective upon recording.

11. SEVERABILITY.

The provisions hereof shall be deemed independent and severable, and the invalidity of partial invalidity or unenforceability of any one provision or portion hereof shall not affect the validity or enforceability of any other provision hereof.

12. CAPTIONS.

The captions herein are inserted only as a matter of convenience and for reference and in no way to define, limit or describe the scope of these bylaws nor the intent of any provision hereof.

13. EFFECETIVE DATE.

These bylaws shall take effect upon recording of the declaration of which they are a part.

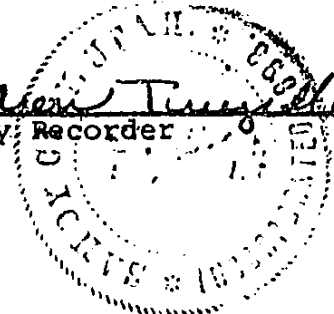
SANDY CITY APPROVAL

On this 30th day of July, 1984, Sandy City Corporation, a body corporate and politic in the municipality in which Gate-wood Condominiums is to be located, hereby gives final approval to the said condominium project, to the foregoing Declaration and Bylaws attached thereto and to those attributes of said condominium project which are mentioned in Section 57-8-35(3) of the Utah Condominium Ownership Act as amended.

Sandy City Corporation

By: Lawrence P. Smith
Mayor

Karen Trujillo
City Recorder



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

On this 30th day of July, 1984, personally appeared before me Lawrence P. Smith and Karen Trujillo, known to me to be the Mayor and City Recorder respectively of Sandy City Corporation, a body corporate and politic who duly acknowledged to me that they executed the foregoing instrument on behalf of said municipality pursuant to authority.



John Clayton
Notary Public
Residing in Salt Lake County, UT
Commission Expires: 8-8-86

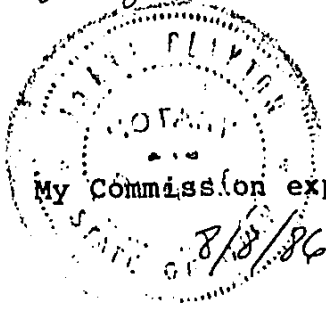
STATE OF UTAH)
) ss.
COUNTY OF SALT LAKE)

On this 30 day of July, 1984, personally appeared Wendell Terry and Dale Terry, who after being first duly sworn, state that they are the General Partners in D & S Sales & Construction, and are authorized to sign the foregoing instrument, and that they executed the foregoing instrument for the purpose and consideration therein expressed.

Wendell Terry
Wendell Terry

Dale Terry
Dale Terry

SUBSCRIBED AND SWORN to before me this 30th day of July, 1984.



John Clayton
Notary Public - Residing in
Salt Lake County, Utah

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