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DECLARATION OF CONDOMINIUM  
OF THE  
EMBASSY CONDOMINIUMS

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TABLE OF CONTENTS

	<u>Page</u>
RECITALS .....	1
<b>ARTICLE I</b>	
<b>- DEFINITIONS</b> .....	2
1.1 Defined Terms .....	2
1.2 "Association" .....	2
1.3 "Board of Trustees" or "Board" .....	2
1.4 "Buildings" .....	2
1.5 "Common Areas" .....	2
1.6 "Common Expense Fund" .....	2
1.7 "Common Facilities" .....	2
1.8 "Condominium" .....	2
1.9 "Condominium Act" .....	2
1.10 "Declarant" .....	3
1.11 "FHA" .....	3
1.12 "FHLMC" .....	3
1.13 "First Mortgagee" .....	3
1.14 "FNMA" .....	3
1.15 "Land" .....	3
1.16 "Lease" .....	3
1.17 "Limited Common Areas" .....	3
1.18 "Manager" .....	3
1.19 "Map" .....	3
1.20 "Mortgage" .....	3
1.21 "Mortgagee" .....	3
1.22 "Mortgage Insurer" .....	3
1.23 "Mortgage Servicer" .....	4
1.24 "Owner" .....	4
1.25 "Project" .....	4
1.26 "Total Votes of the Association" .....	4
1.27 "Unit" .....	4
1.28 "VA" .....	4
<b>ARTICLE II</b>	
<b>- SUBMISSION AND DIVISION OF PROJECT</b> .....	4
2.1 Submission to Condominium Act .....	4
2.2 Division into Condominiums .....	5

<b>ARTICLE III</b>	
- BUILDINGS AND IMPROVEMENTS . . . . .	5
3.1 Buildings and Improvements . . . . .	5
3.2 Description of Units . . . . .	5
3.3 Description of Common Areas . . . . .	5
3.4 Description of Limited Common Areas . . . . .	6
3.5 Principal Construction Materials . . . . .	6
 <b>ARTICLE IV</b>	
- NATURE AND INCIDENTS OF CONDOMINIUM OWNERSHIP . . . . .	6
4.1 Interior of Units . . . . .	6
4.2 Maintenance of Units . . . . .	6
4.3 Title . . . . .	7
4.4 Ownership of Common Areas . . . . .	7
4.5 Inseparability . . . . .	7
4.6 No Partition . . . . .	7
4.7 Separate Mortgage by Owners . . . . .	7
4.8 Separate Taxation . . . . .	8
4.9 Mechanics Lien . . . . .	8
4.10 Description of Condominium . . . . .	8
 <b>ARTICLE V</b>	
- EASEMENTS . . . . .	8
5.1 Easements for Encroachments . . . . .	8
5.2 Easements for Maintenance, Cleaning and Repair . . . . .	9
5.3 Right to Ingress, Egress and Support . . . . .	9
5.4 Association's Right to Use Common Areas . . . . .	9
5.5 Easement for Improving and Marketing the Project . . . . .	9
5.6 Easements Deemed Created . . . . .	9
 <b>ARTICLE VI</b>	
- RESTRICTIONS ON USE . . . . .	10
6.1 Single-Family Residential Use . . . . .	10
6.2 No Noxious or Offensive Activity . . . . .	10
6.3 Restrictions on Signs . . . . .	10
6.4 Pets and Animals . . . . .	10
6.5 No Alterations . . . . .	10
6.6 No Obstructions . . . . .	11
6.7 No Overloading . . . . .	11
6.8 Prohibition of Damage and Certain Activities . . . . .	11
6.9 Rules and Regulations . . . . .	11
6.10 Leases . . . . .	11

<b>ARTICLE VII</b>		
- THE ASSOCIATION . . . . .		12
7.1 Membership . . . . .		12
7.2 Board of Trustees . . . . .		12
7.3 Votes . . . . .		12
7.4 Professional Management . . . . .		12
7.5 Amplification . . . . .		13
<b>ARTICLE VIII</b>		
- CERTAIN RIGHTS AND OBLIGATIONS OF THE ASSOCIATION - AND BOARD OF TRUSTEES . . . . .		13
8.1 The Common Areas . . . . .		13
8.2 Miscellaneous Goods and Services . . . . .		13
8.3 Real and Personal Property . . . . .		14
8.4 Rules and Regulations . . . . .		14
8.5 Granting Easements . . . . .		14
8.6 Statutory Duties and Powers . . . . .		14
8.7 Implied Rights . . . . .		14
8.8 Power of Attorney and Amendments . . . . .		14
<b>ARTICLE IX</b>		
- ASSESSMENTS . . . . .		15
9.1 Agreement to Pay Assessments . . . . .		15
9.2 Annual Assessments . . . . .		15
9.3 Special Assessments . . . . .		17
9.4 Uniform Rate of Assessment . . . . .		18
9.5 Notice and Quorum for Any Action Authorized Under Sections 9.1 and 9.3 . . . . .		18
9.6 Lien for Assessments . . . . .		18
9.7 Personal Obligation of Owner . . . . .		19
9.8 Personal Liability of Purchaser . . . . .		19
9.9 Reserves and Working Capital . . . . .		19
9.10 Evidence of Payment of Annual and Special Assessments . . . . .		20
9.11 Amendment of Article . . . . .		20
<b>ARTICLE X</b>		
- INSURANCE . . . . .		21
10.1 Insurance . . . . .		21
10.2 Additional Coverage . . . . .		25
10.3 Owner's Own Insurance . . . . .		26
<b>ARTICLE XI</b>		
- DAMAGE OR DESTRUCTION . . . . .		26
11.1 Association as Attorney-in-Fact . . . . .		26
11.2 Definition of Repair and Reconstruction . . . . .		26

11.3	Procedures . . . . .	26
11.4	Repair or Reconstruction . . . . .	28
11.5	Disbursement of Funds for Repair and Reconstruction . . . . .	28
11.6	Amendment of Article . . . . .	29
 <b>ARTICLE XII</b>		
	<b>- CONDEMNATION . . . . .</b>	<b>29</b>
12.1	Condemnation . . . . .	29
12.2	Proceeds . . . . .	29
12.3	Complete Taking . . . . .	29
12.4	Partial Taking . . . . .	29
 <b>ARTICLE XIII</b>		
	<b>- TERMINATION AND SALE . . . . .</b>	<b>32</b>
13.1	Required Vote . . . . .	32
13.2	Termination Agreement . . . . .	32
13.3	Sale of Project . . . . .	32
13.4	Association Duties . . . . .	32
13.5	Proceeds of Sale . . . . .	33
 <b>ARTICLE XIV</b>		
	<b>- MORTGAGEE PROTECTION . . . . .</b>	<b>33</b>
14.1	Notice of Action . . . . .	33
14.2	Matters Requiring Prior Eligible Mortgagee Approval . . . . .	33
14.3	Availability of Project Documents and Financial Statements . . . . .	35
14.4	Subordination of Lien . . . . .	35
14.5	Payment of Taxes . . . . .	35
14.6	Additional Information Made Available to Holders, Insurers and Guarantors of First Mortgages . . . . .	36
14.7	Priority of First Mortgagee in Event of Damage . . . . .	36
14.8	Priority of First Mortgagee in Event of Condemnation . . . . .	36
14.9	No Right of First Refusal . . . . .	36
 <b>ARTICLE XV</b>		
	<b>- COMPLIANCE WITH DECLARATION AND BYLAWS . . . . .</b>	<b>36</b>
15.1	Compliance . . . . .	36
15.2	Enforcement and Remedies . . . . .	36
 <b>ARTICLE XVI</b>		
	<b>- GENERAL PROVISIONS . . . . .</b>	<b>37</b>
16.1	Intent and Purpose . . . . .	37
16.2	Construction . . . . .	37
16.3	Lists of Owners and Eligible Mortgagees . . . . .	37
16.4	Amendment . . . . .	38

16.5	Effective Date	38
16.6	Agent for Service	38
16.7	Limitation on Association's Liability	39
16.8	Owner's Obligations	39
16.9	Model Units, Sales Offices and Advertising Signs	39
16.10	Rights of Action	39
16.11	General Obligations	39

**DECLARATION OF CONDOMINIUM  
OF THE  
EMBASSY CONDOMINIUMS**

This Declaration of Condominium, hereinafter referred to as the "Declaration" is made and executed this \_\_\_\_ day of \_\_\_\_\_, 1994, by Ning Zhou and Tong Cheng, hereinafter collectively referred to as the "Declarant".

**RECITALS**

A. **Description of Land.** The Declarant is the owner of the following-described parcel of land, hereinafter referred to as the "Land," which is located in the County of Salt Lake, State of Utah:

BEGINNING AT A POINT NORTH 89°50'41" EAST 169.00 FEET FROM THE NORTHWEST CORNER OF LOT 7, BLOCK 31, TEN ACRE PLAT "A", BIG FIELD SURVEY, AND RUNNING THENCE NORTH 89°50'41" EAST 265.00 FEET TO THE WEST RIGHT OF WAY LINE OF BLAIR STREET; THENCE SOUTH 0°18'03" WEST ALONG SAID WEST LINE 143.40 FEET; THENCE SOUTH 89°50'41" WEST 265.00 FEET; THENCE NORTH 0°18'03" EAST 143.40 FEET TO THE POINT OF BEGINNING.

B. **Buildings and Improvements.** The Land is improved with two Buildings and other improvements as shown on the Map referred to below.

C. **Record of Survey Map.** The Declarant intends to execute, acknowledge and record in the office of the County Recorder of Salt Lake County, State of Utah, a certain instrument pertaining to the Project and entitled "Record of Survey Map for Embassy Condominiums, a Utah Condominium Project."

D. **Intent and Purpose.** The Declarant intends by recording this Declaration and the Map to submit the Land, the Buildings and all other improvements situated in or upon the Land to the provisions of the Utah Condominium Ownership Act, as amended, Utah Code Annotated, Section 57-8-1, *et seq.* (hereinafter referred to as the "Condominium Act") as a fee simple Condominium Project and to impose upon said property mutually beneficial restrictions under a general plan of improvement for the benefit of all Condominiums within said Project and the Owners thereof.

NOW, THEREFORE, the Declarant does hereby make the following declaration:

## ARTICLE I

### DEFINITIONS

1.1 Defined Terms. Unless the context clearly indicates otherwise, certain terms as used in this Declaration shall have the meanings set forth in this Article I.

1.2 "Association" shall mean Embassy Condominium Owners Association, Inc., a Utah nonprofit corporation, organized to be the Association referred to herein.

1.3 "Board of Trustees" or "Board" shall mean the governing board of the Association which constitutes the management committee under the Condominium Act and which shall be appointed or elected in accordance with the Declaration and in accordance with the Articles of Incorporation and Bylaws of Embassy Condominium Owners Association, Inc., attached hereto as Exhibit "B" and Exhibit "C" respectively, and incorporated herein by this reference.

1.4 "Buildings" shall mean the Buildings in the Project, each of which contains Units that have been constructed on the Land, as such Buildings are shown on the Map.

1.5 "Common Areas" shall mean all physical portions of the Project except all Units.

1.6 "Common Expense Fund" shall mean the fund created or to be created pursuant to the provisions of Article IX of this Declaration and into which all monies of the Association shall be deposited.

1.7 "Common Facilities" shall mean all furniture, furnishings, equipment, facilities and other property (real, personal or mixed) and interests therein at any time leased, acquired, owned or held by the Association for the use and benefit of the Owners and all other property (real, personal or mixed) hereafter purchased in accordance with this Declaration with monies from the Common Expense Fund. Common Facilities shall be deemed to be part of the Common Areas, except to the extent otherwise expressly provided in this Declaration.

1.8 "Condominium" shall mean a Unit and the undivided interest (expressed as a fraction or percentage of the entire ownership interest) in the Common Areas appurtenant to such Unit, as set forth in Exhibit "A" attached hereto and by this reference made a part hereof.

1.9 "Condominium Act" shall mean the Utah Condominium Ownership Act, Utah Code Annotated (1953), as amended, Section 57-8-1, et seq.



1.10 "Declarant" shall mean Ning Zhou and Tong Cheng, individually and collectively, and their successors and assigns.

1.11 "FHA" shall mean the Federal Housing Administration.

1.12 "FHLMC" shall mean the Federal Home Loan Mortgage Corporation.

1.13 "First Mortgagee" shall mean a Mortgagee which has a first mortgage lien on any Condominium in the Project. "Eligible First Mortgagee" shall mean any First Mortgagee who has requested notice of those certain matters referred to in Section 14.1.

1.14 "FNMA" shall mean the Federal National Mortgage Association.

1.15 "Land" shall mean the Land upon which the Project is situated, as more particularly described in Paragraph A of the recitals above.

1.16 "Lease" shall mean any agreement for the leasing or rental of the Project.

1.17 "Limited Common Areas" shall mean any Common Areas designated as reserved for use of a certain Unit or Units to the exclusion of the other Units in the Project.

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

1.19 "Map" shall mean the Record of Survey Map for Embassy Condominiums, a Utah Condominium Project, recorded concurrently with this Declaration, and any Supplemental Maps pertaining to the Project and recorded or to be recorded in the office of the County Recorder of Salt Lake County, State of Utah. A reduced copy of the Map is attached hereto as Exhibit "D".

1.20 "Mortgage" shall mean any mortgage or deed of trust by which a Condominium or any part thereof is encumbered. "First Mortgage" shall mean any first mortgage or deed of trust by which a Condominium or any part thereof is encumbered.

1.21 "Mortgagee" shall mean (i) any persons or entities named as the mortgagee or beneficiary under any Mortgage or Deed of Trust by which the interest of any Owner is encumbered, (ii) any successor to the interest of such person or entity under such Mortgage or Deed of Trust or (iii) any insurer or guarantor of such person or entity under such Mortgage or Deed of Trust.

1.22 "Mortgage Insurer" shall mean FHA or VA.

1.23 "Mortgage Servicer" shall mean a Mortgagee who services any Mortgage on any individual Condominium in the Project on behalf of FHLMC and/or FNMA.

1.24 "Owner" shall mean the person or persons, including the Declarant, owning in fee simple a Condominium in the Project, as such ownership is shown by the records of the County Recorder of Salt Lake County, State of Utah. The term "Owner" shall not refer to any Mortgagee (unless such Mortgagee has obtained title in fee simple to a Condominium pursuant to a judicial or nonjudicial action, including, without limitation, a foreclosure proceeding or any deed or other arrangement in lieu of foreclosure) or to any person or persons purchasing a Condominium under contract (until such contract is fully performed and legal title conveyed of record).

1.25 "Project" shall mean the Land, the Buildings and all improvements submitted by this Declaration and the Map to the provisions of the Condominium Act.

1.26 "Total Votes of the Association" shall mean the total number of votes appertaining to all Condominiums in the Project, as shown in Exhibit "A" attached hereto.

1.27 "Unit" shall mean an individual air space unit, consisting of enclosed rooms occupying part of a Building and bounded by the unfinished interior surfaces of the walls, floors, ceilings, windows and doors along the perimeter boundaries of the air space, as said boundaries are shown on the Map, together with all the fixtures and improvements therein contained. Paint and other wall, ceiling or floor coverings on interior surfaces shall be deemed to be part of the Unit. Notwithstanding the fact that they may be within the boundaries of such air space, the following are not part of a Unit insofar as they are necessary for the support or for the use and enjoyment of another Unit: bearing walls, floors, ceilings and roofs (except the interior surfaces thereof), foundations, ceiling equipment, tanks, pumps, pipes, vents, ducts, shafts, flues, chutes, conduits, wires and other utility installations, except the outlets thereof when located within the Unit. The interior surfaces of a window or door mean the points at which such surfaces are located when the window or door is closed.

1.28 "V.A." shall mean the Veteran's Administration.

## ARTICLE II

### SUBMISSION AND DIVISION OF PROJECT

2.1 Submission to Condominium Act. The Declarant hereby submits the Land, the Buildings and all other improvements now or hereafter made in or upon the Land to the provisions of the Condominium Act. All of said property is and shall be held, conveyed, hypothecated, encumbered, leased, rented, used and improved as a fee simple Condominium Project to be known as the Embassy Condominium Project. All of said property is and shall be subject to the covenants, conditions, restrictions, uses, limitations and obligations set forth

herein, each and all of which are declared and agreed to be for the benefit of said Project and in furtherance of a plan for improvement of said property and division thereof into Condominiums; further, each and all of the provisions hereof shall be deemed to run with the Land and shall be a burden and a benefit on the Land and shall be binding upon the Declarant, its successors and assigns, and to any person acquiring, leasing or owning an interest in the real property and improvements comprising the Project and to their respective personal representatives, heirs, successors and assigns.

2.2 Division into Condominiums. The Project is hereby divided into Condominiums, each such Condominium consisting of a Unit and an appurtenant undivided interest in the Common Areas, as set forth in Exhibit "A" attached hereto and incorporated herein by reference.

### ARTICLE III

#### BUILDINGS AND IMPROVEMENTS

3.1 Buildings and Improvements. The Buildings and other improvements constructed on the Land are shown on the Map. Each of the two Buildings consists of three stories and contains 12 units. There are a total of 24 Units in the Project. The Project contains 24 covered parking spaces, each of which will be designated as Limited Common Area reserved for the use of a specific Unit, as set forth on attached Exhibit "A". In addition, the Project contains uncovered parking spaces, as shown on the Map, designated as Common Area, available for use by all of the Owners. The Project also includes a free-standing brick building containing laundry facilities, as well as a wood frame shed, both of which are designated as Common Areas.

3.2 Description of Units. The Map contains the Unit number, location and dimensions of each Unit in the Project and all other information necessary to identify each Unit. The boundary lines of each Unit are the undecorated or unfinished interior surfaces of its perimeter walls, lowermost floor and uppermost ceiling, and the interior surfaces of windows and doors. The Unit shall include the interior of the living area of the Unit. Each Unit shall include the portions of the Building that are not Common Areas within such boundary lines and the space so encompassed. 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 serving only that Unit.

3.3 Description of Common Areas. The location of the Common Areas is shown on the Map and described herein. The Common Areas include the Land and all portions of the Project not contained within any Unit, including, without limitation, the foundations, columns, girders, beams, supports, main walls, roofs, stairways and any common entrances, exits and exterior halls of the Buildings; the grounds; the areas used for storage of janitorial supplies and maintenance equipment and materials; installations of all central services,

including power, gas, water, sewer, garbage collection, and, in general, all apparatuses and installations existing for common use; all outdoor lighting, fences, landscaping, sidewalks and roads; all driveways; all uncovered parking spaces; 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 Project necessary or convenient to its existence, maintenance and safety, or normally in common use, or which have been designated as Common Areas on the Map; and all repairs and replacements of any of the foregoing.

3.4 Description of Limited Common Areas. Limited Common Areas are those portions of the Common Areas reserved for the use of certain Units to the exclusion of other Units, as shown on the Map. The Limited Common Areas consist of the balconies or decks attached to each of the third-floor units and the covered parking spaces in the Project. The use and occupancy of designated Limited Common Areas and Facilities shall be reserved to their associated Units. Exhibit "A" to the Declaration designates the covered parking stall assigned and appurtenant to each Unit. The decks are appurtenant to, and reserved for the use of, the respective Unit to which each is attached.

3.5 Principal Construction Materials. The Buildings in the Project rest on reinforced concrete footings and foundations. The Buildings are constructed of wood framing with brick siding. The Buildings are supplied with electricity, gas, water and sewerage service.

#### ARTICLE IV

##### NATURE AND INCIDENTS OF CONDOMINIUM OWNERSHIP

4.1 Interior of Units. Each Owner shall have the exclusive right to paint, repaint, tile, paper, carpet or otherwise decorate the interior surfaces of the walls, ceilings, floors and doors forming the boundaries of his Unit and the surfaces of all walls, ceilings, floors and doors within such boundaries, construct and remove partition walls, fixtures and other improvements within the boundaries of his Unit; provided, however, that such improvements (i) shall not impair the structural soundness or integrity of the Buildings; (ii) shall not interfere with facilities necessary for the support, use or enjoyment of any other part of the Project; (iii) shall be built to construction standards comparable or better than the original construction of the Project; and (iv) shall not encroach upon the Common Areas or any part thereof, unless the Board of Trustees shall consent in writing to such encroachment.

4.2 Maintenance of Units. Each Owner shall keep the interior of his Unit, including, without limitation, interior walls, windows, ceilings, floors and permanent fixtures and appurtenances thereto, in a clean and sanitary condition and in a state of good repair. In the event that any such Unit shall develop an unsanitary or unclean or unsafe condition or fall into a state of disrepair, and in the event that the Owner of such Unit shall fail to correct such condition or state of disrepair promptly following written notice from the Board of

Trustees, the Board of Trustees in behalf of the Association shall have the right, at the expense of the Owner and without liability to the Owner for trespass or otherwise, to enter said Unit and correct or eliminate said unsanitary or unclean condition or state of disrepair; provided, however, that the Association shall in no event have the obligation to correct or eliminate any such condition or state of disrepair.

4.3 Title. Title to a Condominium within the Project may be held or owned by any person or entity, or any combination thereof, 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.

4.4 Ownership of Common Areas. The undivided interest in the Common Areas appurtenant to each Unit in the Project shall be as set forth in Exhibit "A" attached hereto. The undivided interest appurtenant to each Unit as shown in said Exhibit "A" shall have a permanent character and shall not be altered except with the unanimous written consent of all Owners expressed in an amendment to this Declaration duly recorded. Except as otherwise provided in this Declaration, any Owner shall be entitled to nonexclusive use of the Common Areas (other than Limited Common Areas) in any manner that does not hinder or encroach upon the rights of other Owners and is not contrary to any rules and regulations promulgated by the Association. Except as otherwise provided in this Declaration, any Owner shall have the exclusive right to use and enjoy any Limited Common Areas that may be designated for exclusive use by such Owner. The Association shall have the right and obligation to maintain and repair all Common Areas and Limited Common Areas.

4.5 Inseparability. Title to no part of a Condominium within the Project may be separated from any other part thereof, and each Unit and the undivided interest in the Common Areas appurtenant to each Unit shall always be conveyed, devised, encumbered and otherwise affected only as a complete Condominium. Every devise, encumbrance, conveyance or other disposition of a Condominium, or any part thereof, shall be construed to be a devise, encumbrance, conveyance or other disposition, respectively, of the entire Condominium, together with all appurtenant rights created by law or by this Declaration, including appurtenant membership in the Association as hereinafter set forth. Any purported conveyance, encumbrance, judicial sale or other transfer (voluntary or involuntary) of an individual interest in the Common Areas shall be void unless the Unit to which such interest is allocated is also transferred.

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

4.7 Separate Mortgage by Owners. Each Owner shall have the right separately to mortgage or otherwise encumber his Condominium. No Owner shall attempt to or shall have the right to mortgage or otherwise encumber the Common Areas or any part thereof, except the undivided interest therein appurtenant to his Condominium. Any Mortgage or other encumbrance of any Condominium within the Project shall be subordinate to all of the

provisions of this Declaration, and in the event of foreclosure the provisions of this Declaration shall be binding upon any owner whose title is derived through foreclosure by private power of sale, judicial foreclosure or otherwise.

4.8 Separate Taxation. Each Condominium within the Project, including each Unit and appurtenant undivided interest in the Common Areas, shall be deemed to be a parcel and shall be assessed separately for all taxes, assessments and other charges of the State of Utah or of any political subdivision or of any special improvement district or of any other taxing or assessing authority. For purposes of such assessment, the valuation of the Common Areas shall be apportioned among the Units in accordance with the Condominium Act. All such taxes, assessments and other charges on each respective Condominium shall be separately levied against the Owner thereof. No forfeiture or sale of any Condominium for delinquent taxes, assessments or other governmental charges shall divest or in any way affect the title to any other Condominium.

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

4.10 Description of Condominium. Every contract for the sale of a Condominium and every other instrument affecting title to a Condominium within the Project may describe a Unit by its identifying number or symbol as indicated in this Declaration or as shown on the Map. Each Unit shall be described by the street number of the Building in which it is located (either 2846 or 2850) followed by the Unit number (1-12) in such Building. For example, Unit 2846-5 describes and refers to Unit 5, as shown on the Map, in the Building located at 2846 South Blair Street. Such description will be construed to describe the Unit, together with its appurtenant undivided interest in the Common Areas, and to incorporate all of the rights incident to ownership of a Condominium within the Project and all of the limitations on such ownership.

## ARTICLE V

### EASEMENTS

5.1 Easements for Encroachments. In the event the construction, reconstruction, repair, shifting, settlement or other movement of any portion of the improvements causes any part of the Common Areas to encroach upon any Unit or any part of a Unit built in substantial accord with the boundaries for such Unit as depicted on the Map encroaches or shall encroach upon the Common Areas, or upon an adjoining Unit for any such reasons, an easement for such encroachment and for the maintenance of the same shall and does exist.

5.2 Easements for Maintenance, Cleaning and Repair. Some of the Common Areas are or may be located within the Units or may be conveniently accessible only through the Units. The Association shall have the irrevocable right 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, cleaning, repair (emergency or otherwise) or replacement of any Common Areas or for making emergency repairs at any time therein necessary to prevent damage to the Common Areas or to any Unit. In addition, agents of the Association may enter any Unit when necessary in connection with any cleaning, maintenance, repair, replacement, landscaping, construction or reconstruction for which the Association is responsible. Such entry shall be made with as little inconvenience to the Owners as practicable, and any damage caused thereby shall be repaired by the Association with funds from the Common Expense Fund.

5.3 Right to Ingress, Egress and Support. Each Owner shall have the unrestricted right to ingress and egress over, upon and across the Common Areas as necessary for access to such Owner's Unit and to any Limited Common Areas appurtenant to such Unit and shall have the right to horizontal, vertical and lateral support of such Unit, and such rights shall be perpetual and shall be appurtenant to and pass with title to each Condominium.

5.4 Association's Right to Use Common Areas. The Association shall have an easement to make such use of the Common Areas as may be necessary or convenient to perform the duties and functions that it is obligated or permitted to perform pursuant to this Declaration, including, without limitation, the right to construct and maintain in the Common Areas (other than Limited Common Areas) facilities for use by Owners generally or by the Association and its agents exclusively.

5.5 Easement for Improving and Marketing the Project. The Declarant shall have a transferable easement over and on the Common Areas for the purpose of making improvements to the Project, marketing the Units for sale to the public, and for the purpose of doing all things reasonably necessary or appropriate in connection therewith. To the extent that damage is inflicted on any part of the Project by any person utilizing said easement, the Declarant and the person causing the damage shall be liable to the Association for the prompt repair of such damage.

5.6 Easements Deemed Created. All conveyances of Condominiums within the Project hereafter made, whether by the Declarant or otherwise, shall be construed to grant and reserve such reciprocal easements as are provided herein, even though no specific reference to such easements appears in any such conveyance.

## ARTICLE VI

### RESTRICTIONS ON USE

6.1 Single-Family Residential Use. All Units are intended to be used for single-family residential housing purposes and are restricted to such use.

6.2 No Noxious or Offensive Activity. No noxious, destructive or offensive activity shall be carried on or placed in or upon any Unit, or in the Common Areas, or Limited Common Areas, or any part thereof, which shall interfere with the legal rights of other Owners nor shall anything be done therein which is or may become an annoyance or nuisance to any other Owner or to any person at any time lawfully residing in the Project. No activities shall be conducted, nor improvements constructed, in or upon any part of the Project which are or may become unsafe or hazardous to any person or property. The Common Areas shall be used only in a manner which is consistent with their community nature and with use restrictions applicable to the Units. Without limiting the breadth of the foregoing sentence: (i) no automobile or other vehicle shall be parked at any location within the Project which impairs or tends to impair vehicular or pedestrian access within the Project or to and from its various parts; (ii) no radio or television antenna or any wiring for any purpose may be installed on the exterior of the Buildings without the prior written approval of the Board of Trustees; (iii) no garments, rugs, or other household items, or washlines of any kind may be hung, erected, or maintained outside of an Owner's Unit; and (iv) no Owner shall discard or permit to fall any items from the windows of his Unit.

6.3 Restrictions 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 Board of Trustees, except as may be necessary temporarily to caution or warn of danger, and reasonable and customary signs advertising a Unit for sale or lease. If the Board consents to the erection of any such signs or devices, the same shall be removed promptly at the request of the Board.

6.4 Pets and Animals. No animals of any kind may be raised, bred or kept in any Unit or anywhere else in the Project, except for common household pets; provided, however, that no pet in the Project shall weigh more than twenty (20) pounds. Any resident having a pet at the Project shall comply with all applicable leash and other animal control laws, and no pet shall be permitted to create a nuisance for other residents of the Project, whether by emitting loud or offensive noises, odors or other offensive behavior.

6.5 No Alterations. No Owner shall, without the prior written consent of the Board of Trustees in each specific instance, make or cause to be made any alteration, addition, removal or improvement (including but not limited to placement of screens, bars or outdoor carpet) in or to the Common Areas, or any part thereof, or do any act that would impair the structural soundness or integrity of the Buildings or other improvements or



jeopardize the safety of persons or property or impair any easement or hereditament appurtenant to the Project.

6.6 No Obstructions. No Owner shall obstruct the Common Areas or any part thereof. No Owner shall store or cause to be stored in the Common Areas any property whatsoever, unless the Board of Trustees shall consent thereto in writing.

6.7 No Overloading. No Owner shall bring anything into his Unit or permit anything to be done in his Unit that will cause damage to the Buildings. No Owner shall overload the floor of his Unit. No Owner shall permit the use or operation in his Unit of any equipment, machinery or other apparatus that will in any manner injure, vibrate or shake the Buildings or portions thereof.

6.8 Prohibition of Damage and Certain Activities. Except with the prior written consent of the Board of Trustees, nothing shall be done or kept in any Unit, in the Common Areas or in any other part of the Project that would result in cancellation of the insurance on the Project or any part thereof nor shall anything be done or kept in any Unit that would increase the rate of insurance on the Project or any part thereof over that which 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 in violation of any statute, rule, ordinance, regulation, permit or other validly imposed requirement of any governmental authority. No damage to, or waste of, the Common Areas or any part thereof shall be committed by any Owner or guest of any Owner, and each Owner shall indemnify and hold harmless the Association and the other Owners from and against all loss resulting from any such damage or waste caused by such Owner or by the guests, tenants, licensees or invitees of such Owner.

6.9 Rules and Regulations. Each Owner shall comply strictly with all rules and regulations adopted by the Association for the governance of the Units, the Common Areas and the Project, as such rules and regulations may be modified, amended and construed by the Association in the sole discretion of its Board of Trustees.

6.10 Leases. Any Lease between an Owner and a lessee respecting a Condominium shall be subject in all respects to the provisions of this Declaration, the Articles and Bylaws and any failure by the lessee to comply with the terms of such documents shall be a default under the Lease. Each Lease shall be in writing. Other than the foregoing, there is no restriction on the right of any Owner to lease his Condominium. An Owner shall be responsible and liable for any damage to the Project caused by its tenant.

## ARTICLE VII

### THE ASSOCIATION

7.1 Membership. Each Owner shall be entitled and required to be a member of the Association. Membership will begin immediately and automatically upon becoming an Owner and shall terminate immediately and automatically upon ceasing to be an Owner. If title to a Condominium is held by more than one person, the membership appurtenant to that Condominium shall be shared by all such persons in the same proportionate interest and by the same type of tenancy in which title to the Condominium is held. An Owner shall be entitled to one membership for each Condominium owned by him or her. Each membership shall be appurtenant to the Condominium to which it relates and shall be transferred automatically by conveyance of that Condominium. Ownership of a Condominium within the Project cannot be separated from membership in the Association appurtenant thereto, and any devise, encumbrance, conveyance or other disposition, respectively, of the Owner's membership in the Association and rights appurtenant thereto. No person or entity other than an Owner may be a member of the Association, and membership in the Association may not be transferred except in connection with the transfer of a Condominium.

7.2 Board of Trustees. Until such time as the responsibility for electing the Trustees of the Association is turned over to the Owners, the Declarant shall have the exclusive right to appoint and to remove all such Trustees. This exclusive right shall terminate after the first to occur of the following:

(a) Three (3) years from the date on which the first Condominium in the Project is conveyed; or

(b) The first annual meeting of the Association following the date that Condominiums to which seventy-five percent (75%) of the undivided interest in the Common Areas appertain have been conveyed by Declarant to the purchasers thereof.

7.3 Votes. The number of votes appurtenant to each Condominium shall be the same as the percentage of undivided interest appurtenant to such Condominium, as set forth in Exhibit "A." The number of votes appurtenant to each Condominium shall have a permanent character and shall not be altered without the unanimous written consent of all owners expressed in a duly recorded amendment to this Declaration. The Declarant shall have full voting rights with respect to each Condominium which it owns.

7.4 Professional Management. The Association may carry out through the Manager those of its functions which are properly the subject of delegation. The Manager so engaged shall be an independent contractor and not an agent or employee of the Association shall be responsible for managing the Project for the benefit of the Association and the Owners, and shall, to the extent permitted by law and by 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 Association itself. Any such management agreement executed on or before the termination of Declarant control or the appointment of the Board of Trustees as described in Section 7.2 hereof may be terminated by the Association without cause at any time after transfer of such control. The above term and termination provisions shall not apply to any other types of service contracts.

7.5 Amplification. The provisions of this Article VII may be amplified by the Articles and the Bylaws; provided, however, that no such amplification shall substantially alter or amend any of the rights or obligations of the owners set forth in this Declaration. The initial Bylaws of the Association shall be in the form of Exhibit "C".

## ARTICLE VIII

### CERTAIN RIGHTS AND OBLIGATIONS OF THE ASSOCIATION AND BOARD OF TRUSTEES

8.1 The Common Areas. The Board of Trustees, acting on behalf of the Association and, subject to the rights and duties of the Owners as set forth in this Declaration, shall be responsible for the exclusive management and control of the Common Areas and all improvements thereon (including the Common Facilities) and shall keep the same in a good, clean, attractive, safe and sanitary condition, order and repair; provided, however, that unless otherwise stated herein, each Owner shall keep the Limited Common Areas designated for use in connection with his Unit, if any, in a clean, sanitary and attractive condition. The Association shall be responsible for the maintenance and repair of the exterior of the Buildings, other improvements, and grounds, including, without limitation, painting thereof, cleaning, repair and replacement of exterior trim, roofs, fences, parking areas, landscaping, walkways and driveways. The Board of Trustees shall also be responsible for maintenance, repair and replacement of Common Areas within the Buildings, including, without limitation, landings, stairways, utility lines, Common Facilities and all improvements and other items located within or used in connection with the Common Areas. The specification of duties of the Board of Trustees with respect to particular Common Areas shall not be construed to limit its duties with respect to other Common Areas. All goods and services procured by the Board of Trustees in performing its responsibilities under this section shall be paid for with funds from the Common Expense Fund.

8.2 Miscellaneous Goods and Services. The Board of Trustees may, in behalf of the Association, obtain and pay for the services of such personnel as the Board of Trustees shall determine to be necessary or desirable for the proper operation of the Project, whether such personnel are furnished or employed directly by the Association or by any person or entity with whom or which it contracts. The Board of Trustees may, in behalf of the Association, 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. In addition to the foregoing, the Board of Trustees may, in behalf of the Association, acquire and pay for out of the Common Expense Fund water, sewer, garbage collection, electrical,

gas and other necessary or desirable utility services for the Common Areas (and for the Units to the extent not separately metered or billed), insurance, bonds and other goods and services common to the Units.

**8.3 Real and Personal Property.** The Board of Trustees may acquire and hold on behalf of the Association real, personal and mixed property of all types for the use or benefit of all of the Owners and may dispose of such property by sale or otherwise, provided that any acquisition or disposition of any real, personal or mixed property by the Board of Trustees wherein the value of such property exceeds Five Thousand Dollars (\$5,000) must be approved by a vote of at least fifty-one percent (51%) of the Total Votes of the Association at a meeting duly called for that purpose. All such property, including Common Facilities, shall be paid for out of the Common Expense Fund and all proceeds from the disposition thereof shall be part of such fund.

**8.4 Rules and Regulations.** The Board of Trustees may make reasonable rules and regulations governing the use of the Units, the Common Areas, the Limited Common Areas and all parts of the Project, which rules and regulations shall be consistent with the rights and duties established by this Declaration. The Board of Trustees in behalf of the Association may take judicial action against any Owner to enforce compliance with such rules and regulations or other obligations of such Owner arising hereunder, or to obtain damages for noncompliance therewith, as permitted by law. In the event of such judicial action, the Association shall be entitled to recover its costs, including reasonable attorneys' fees, from the offending Owner.

**8.5 Grants, Easements.** The Board of Trustees may, without the vote or consent of the Owners or of any other person, grant or create, on such terms as it deems advisable, permits easements, licenses and rights-of-way over, under, across and through the Common Areas for utilities, roads and other purposes reasonably necessary or useful for the proper maintenance or operation of the Project.

**8.6 Statutory Duties and Powers.** All duties, responsibilities, rights and powers imposed upon or granted to the "management committee" or to the "manager" under the Condominium Act shall be duties, responsibilities, rights and powers of the Board of Trustees hereunder.

**8.7 Implied Rights.** The Association may exercise any right, power or privilege given to it expressly by this Declaration or by law, and every other right or privilege reasonably implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege.

**8.8 Power of Attorney and Amendments.** Each Owner makes, constitutes and appoints the Association his true and lawful attorney in his name, place and stead to make, execute, sign, acknowledge and file with respect to the Project such amendments to this

Declaration and the Map as may be required by law or by vote taken pursuant to the provisions of this Declaration.

## ARTICLE IX

### ASSESSMENTS

9.1 Agreement to Pay Assessments. The Declarant for each Condominium owned by it within the Project and each Owner of any Condominium by the acceptance of instruments of conveyance and transfer therefor, whether or not it be so expressed in said instruments, shall be deemed to covenant and agree with each other and with the Association to pay to the Association all assessments made by the Association for the purposes provided in this Declaration. Such assessments shall be fixed, established and collected from time to time as provided in this Article IX. All Condominiums shall be allocated the then applicable assessments upon conveyance of the first Condominium. Notwithstanding anything contained herein to the contrary, until January 1 of the year immediately following the conveyance of the first Condominium to an Owner, the maximum annual assessment shall be Six Hundred Sixty and No/100 Dollars (\$660.00) for a one-bedroom Condominium and Eight Hundred Forty and No/100 Dollars (\$840.00) for a two-bedroom Condominium.

(a) From and after January 1 of the year immediately following the conveyance of the first Condominium to an Owner, the maximum annual assessment may be increased each year by up to fifteen percent (15%) above the maximum assessment for the previous year without a vote of the Owners.

(b) From and after January 1 of the year immediately following the conveyance of the first Condominium to an Owner, the maximum annual assessment may be increased above fifteen percent (15%) if approved by a vote of sixty-seven percent (67%) or more of the votes of Owners who are voting in person or by proxy, at a meeting duly called for this purpose.

(c) The Board may fix the annual assessment at an amount not in excess of the maximum.

9.2 Annual Assessments. Annual assessments shall be computed and assessed against all Condominiums in the Project as follows:

(a) Common Expense. Annual assessments shall be based upon advance estimates of the Association's cash requirements to provide for payment of all estimated expenses arising out of or connected with the maintenance and operation of the Common Areas and furnishing common utility services and other common items to the Condominiums. Such estimated expenses may include, without limitation, the following: expenses of management; real property taxes and special assessments (unless and until the Condominiums are separately assessed); premiums for all

insurance that the Association is required or permitted to maintain hereunder; repairs and maintenance; wages of Association employees, including fees for a Manager; utility charges, including charges for utility services to the Condominiums to the extent not separately metered or billed; legal and accounting fees; any deficit remaining from a previous period; creation of an adequate contingency reserve, major maintenance reserve and/or sinking fund; creation of an adequate reserve fund for maintenance repairs, and replacement of those Common Areas that must be replaced on a periodic basis; 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. Such shall constitute the Common Expense, and all funds received from assessments under this Section 9.2(a) shall be part of the Common Expense Fund. Two separate and distinct funds shall be created and maintained hereunder, one for operating expenses and one for capital expenses which together shall constitute the Common Expense Fund.

(b) Apportionment. Common Expenses shall be apportioned among and assessed to all Condominiums and their Owners in accordance with their respective percentage of undivided interest in the Common Areas, as set forth on Exhibit "A". The Declarant shall be liable for the amount of any assessments against Condominiums owned by it.

(c) Annual Budget. Annual assessments shall be determined on the basis of a fiscal year beginning January 1 and ending December 31 next following, provided the first fiscal year shall begin on the date of this Declaration, and, on or before December 1 of each year thereafter, the Board of Trustees shall prepare and furnish to each Owner, or cause to be prepared and furnished to each Owner, an operating budget for the upcoming fiscal year. The budget shall itemize the estimated expenses of Common Expense for such fiscal year, anticipated receipts (if any) and any deficit or surplus from the prior operating period. The budget shall serve as the supporting document for the annual assessment for the upcoming fiscal year and as the major guideline under which the Project shall be operated during such annual period.

(d) Notice and Payment. Except with respect to the first fiscal year, the Board of Trustees shall notify each Owner in writing as to the amount of the annual assessment against his or her Condominium on or before December 1 each year for the fiscal year beginning on January 1 next following. Except as otherwise provided by the Board, each annual assessment shall be payable in twelve equal monthly installments, one such installment due on the first day of each calendar month during the fiscal year to which the assessment relates; provided, however, the annual assessment for the first fiscal year shall be based upon such portion of the first fiscal year. The Association shall have the right to charge a late fee equal to five percent (5%) of any assessment not paid within fifteen (15) days of the due date thereof. In addition, all unpaid installments of any annual assessment shall bear interest at the

rate established by the Board not to exceed eighteen percent (18%) per annum from fifteen (15) days after the date each such installment became due until paid. In the event that any installment of the annual assessment is not paid within fifteen (15) days of the date such installment becomes due, the Association may, at its option, and upon fifteen (15) days prior written notice to the Owner, accelerate the due date for all remaining unpaid installments of the annual assessment for the remainder of the fiscal year and all accrued but unpaid interest thereon. Payment of the annual assessment installments so accelerated shall be due at the expiration of said fifteen (15) day notice period and interest shall accrue on the entire sum at the rate established by the Board not to exceed eighteen percent (18%) per annum from such date until paid in full. The failure of the Board of Trustees to give timely notice of any annual assessment as provided herein shall not be deemed a waiver or modification in any respect of the provisions of this Declaration, or a release of any Owner from the obligation to pay such assessment or any other assessment; but the date when the payment shall become due in such case shall be deferred to a date fifteen (15) days after notice of such assessment shall have been given to the Owner in the manner provided in this Declaration.

(e) Inadequate Funds. In the event that the Common Expense Fund proves inadequate at any time for whatever reason, including nonpayment of any Owner's assessment, the Board of Trustees may, on behalf of the Association, levy additional assessments in accordance with the procedure set forth in Section 9.3 below, except that the vote therein specified shall be unnecessary.

9.3 Special Assessments. In addition to the annual assessments authorized by this Article IX, the Board of Trustees may, on behalf of the Association, levy, at any time and from time to time, upon the affirmative vote of at least fifty-one percent (51%) of the Total Votes of the Association who are voting in person or by proxy at a meeting called for such purpose, special assessments, payable over such periods as the Board of Trustees may determine, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of the Project or any part thereof, or for any other expenses incurred or to be incurred as provided in this Declaration (including, without limitation, Common Expenses). This Section shall not be construed as an independent source of authority for the Association to incur expenses but shall be construed to prescribe the manner of assessing for expenses authorized by other sections or articles hereof. Any amounts assessed pursuant hereto shall be assessed to Owners in accordance with their respective percentage of undivided interest in the Common Areas, as set forth on Exhibit "A". Notice in writing of the amount of each such special assessment and the time for payment thereof shall be given promptly to the Owners; no payment shall be due less than fifteen (15) days after such notice shall have been given. All unpaid portions of any special assessment shall bear interest at the rate established by the Board not to exceed eighteen percent (18%) per annum from the date such portions become due until paid. All funds received from assessments under this section shall be part of the Common Expense Fund. In connection with any such special assessment, Owners qualifying for paying only

twenty-five percent (25%) of the annual assessment, attributable to their ownership pursuant to Section 9.4 below shall also be required to pay only twenty-five percent (25%) of the special assessment otherwise attributable to each such ownership. The provisions of this Section are not intended to preclude or limit the assessment, collection or use of annual assessments for the aforesaid purposes.

9.4 Uniform Rate of Assessment. The amount of any annual or special assessment against each Condominium shall be fixed at a uniform rate, except that an Owner shall pay only twenty-five percent (25%) of the annual assessment attributable to his ownership until completion of the improvement and renovation of a Condominium in connection with the creation of this condominium regime, and the first occupancy of such Condominium after such renovation. If the Owner of a Condominium ceases to qualify for the reduced twenty-five (25%) rate during the period to which an annual assessment is attributable, the assessment attributable to the ownership shall be prorated between the applicable rates on the basis of the number of days in the period that the Owner qualified for each rate. Annual assessments may be collected on a monthly basis and special assessments may be collected as specified by the Board unless otherwise determined by the resolution of the Owners of the Association approving the special assessment. So long as the Declarant qualifies for the reduced assessment rate with respect to the Condominiums which it owns, if the assessments for any fiscal year of the Association shall fail to equal or exceed the actual expenses incurred by the Association during any such fiscal year because of the Declarant's right to pay reduced assessments, then the Declarant shall pay to the Association a sufficient amount, up to the amount for that fiscal year of the full assessment for each Condominium owned by Declarant to meet any such deficit, so long as a written notice of such deficit is given by the Association to the Declarant within sixty (60) days following the termination of the fiscal year for which the assessment is made.

9.5 Notice and Quorum for Any Action Authorized Under Sections 9.1 and 9.3. Written notice of any meeting called for the purpose of taking any action authorized under Sections 9.1 or 9.3 of this Article shall be sent to all Owners no less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Owners or of proxies entitled to cast sixty percent (60%) of all the votes (exclusive of suspended voting rights) shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

9.6 Lien for Assessments. All sums assessed to Owners of any Condominium within the Project pursuant to the provisions of this Article IX, together with penalties and interest thereon as provided herein, shall be secured by a lien on such Condominium in favor of the Association. To evidence a lien for sums assessed pursuant to this Article IX, the Board of Trustees may prepare a written notice of lien setting forth the amount of the assessment, the date due, the amount remaining unpaid, the name of the Owner of the



Condominium and a description of the Condominium. Such a notice shall be signed and acknowledged by a duly authorized officer of the Association and may be recorded in the office of the County Recorder of Salt Lake County, State of Utah. No notice of lien shall be recorded until there is a delinquency in payment of the assessment. Such lien may be enforced by sale or foreclosure conducted in accordance with the provisions of law applicable to the exercise of powers of sale or judicial foreclosure of deeds of trust or mortgages or in any other manner permitted by law. In any such foreclosure, the Owner shall be required to pay the costs and expenses of such proceeding (including reasonable attorneys' fees), and such costs and expenses shall be secured by the lien being foreclosed. The Owner shall also be required to pay to the Association any assessments against the Condominium which shall become due during the period of foreclosure, and all such assessments shall be secured by the lien being foreclosed. The Board of Trustees shall have the right and power in behalf of the Association to bid in at any foreclosure sale and to hold, lease, mortgage or convey the subject Condominium in the name of the Association. For any non-judicial foreclosure sale by exercise of the power of sale granted herein, the Board of Trustees shall designate a trustee, satisfying the qualifications set forth in Utah Code Ann. § 57-1-21, or any successor statute, to give the appropriate notices, conduct the foreclosure sale and issue a trustee's deed to the purchaser at any such sale.

9.7 Personal Obligation of Owner. The amount of any annual or special assessment against any Condominium shall be the personal obligation of the Owner of such Condominium 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 such personal obligation by waiver of the use and enjoyment of any of the Common Areas or by abandonment of his Condominium or by waiving any services or amenities provided for in this Declaration. In the event of any suit to recover a money judgment of unpaid assessments hereunder, the involved Owner shall pay the costs and expenses incurred by the Association in connection therewith, including reasonable attorneys' fees.

9.8 Personal Liability of Purchaser. The personal obligation of an Owner to pay unpaid assessments against his Condominium as described in Section 9.7 shall not pass to successors in title unless assumed by them. However, a lien to secure unpaid assessments shall not be affected by the sale or transfer of the Condominium unless foreclosure by a First Mortgagee is involved in which case the foreclosure will extinguish the lien for any assessments that were payable before the foreclosure sale, but shall not relieve any subsequent Owner from paying further assessments.

9.9 Reserves and Working Capital. The Association shall establish the following funds:

(a) Reserve Fund. The Association shall establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of improvements to the Common Areas and Limited Common Areas the Association

may be obligated to maintain, repair or replace. The reserve fund shall be maintained out of regular assessments for Common Expenses.

(b) Working Capital Fund. The Declarant shall establish and maintain for the Project, a working capital fund equal to at least two monthly installments of the annual assessment for each Condominium. Each Condominium's share of the working capital fund must be collected and transferred to the Association at the time of the closing of sale of that Condominium. Notwithstanding the foregoing, the contribution to the working capital fund for each unsold Condominium shall be paid by the Declarant to the Association within sixty (60) days after the date of the conveyance of the first Condominium in the Project. With respect to each Condominium for which the Declarant pays the contribution to the working capital fund, Declarant shall be reimbursed for such contribution either by the purchaser of such Condominium at the time of the closing of the sale to such purchaser or by the Association upon termination of the Declarant control of the Association as described in Section 7.2 hereof, whichever is earlier. The working capital fund must be maintained in a segregated account for the use and benefit of the Association. The purpose of the working capital fund is to ensure that the Association will have cash available to meet unforeseen expenditures or to acquire additional equipment or services deemed necessary or desirable by the Association. Amounts paid into the working capital fund are not to be considered advance payments of any regular assessment. The working capital fund shall be transferred to the Association for deposit to a segregated fund when control of the Association is transferred to the Owners. The Declarant shall not use the working capital fund to defray any of its expenses, reserve contributions, or construction costs or to make up any budget deficits while it is in control of the Association.

9.10 Evidence of Payment of Annual and Special Assessments. Upon receipt of a written request by an Owner or any other person, the Association within a reasonable period of time thereafter shall issue to such Owner or other person a written certificate stating (a) that all annual and special assessments (including interest, costs and attorneys' fees, if any, as provided in Section 9.2 above) have been paid with respect to any specified Condominium as of the date of such certificate, or (b) if all annual and special assessments have not been paid, the amount of such annual and special assessments (including interest, costs and attorneys' fees, if any) due and payable as of such date. The Association may make a reasonable charge for the issuance of such certificates, which charges must be paid at the time the request for any such certificate is made. Any such certificate, when duly issued as herein provided, shall be conclusive and binding with respect to any matter therein stated as against any bona fide purchaser of, or Mortgagee on, the Condominium in question.

9.11 Amendment of Article. This Article IX shall not be amended unless Owners entitled to vote at least seventy-five percent (75%) of the votes of all Condominiums consent and agree to such amendment and the Association reflects such consent and agreement in an instrument executed and recorded in accordance with the terms of this Declaration.

## ARTICLE X

### INSURANCE

10.1 Insurance. The Association shall at all times maintain in force insurance meeting the following requirements:

(a) Hazard Insurance. A "master" or "blanket" type policy of property insurance shall be maintained covering the entire Project, including: Common Areas, Limited Common Areas, the Buildings including all Units (other than the interior content thereof), fixtures, building service equipment, personal property and supplies comprising a part of the Common Areas or owned by the Association and any such property that is within the Units which are encumbered by a Mortgage held by an Eligible Mortgagee regardless of whether such property is part of the Common Facilities and which are of a class typically encumbered by Mortgages held by FNMA or other similar institutional mortgage investors; but excluding land, foundations, excavations, and other items normally not covered by such policies. References herein to a "master" or "blanket" type policy of property insurance are intended to denote single entity condominium insurance coverage. As a minimum, such "master" or "blanket" policy shall afford protection against loss or damage by fire, by other perils normally covered by the standard extended coverage endorsement, and by all other perils which are customarily covered with respect to projects similar to the Project in construction, location, and use, including (without limitation) all perils normally covered by the standard "all risk" endorsement, where such endorsement is available. Such "master" or "blanket" policy shall be in an amount not less than one hundred percent (100%) of current replacement cost of all elements of the Project covered by such policy, exclusive of land, foundations, excavation, and other items normally excluded from coverage. The insurance policy shall include either of the following endorsements to assure full insurable value replacement cost coverage: (1) a Guaranteed Replacement Cost Endorsement (under which the insurer agrees to replace the insurable property regardless of the cost) and, if the policy includes a co-insurance clause, an Agreed Amount Endorsement (which waives the requirement for co-insurance); or (2) a Replacement Cost Endorsement (under which the insurer agrees to pay up to one-hundred percent of the property's insurable replacement cost but no more) and, if the policy includes a co-insurance clause, an Agreed Amount Endorsement (which waives the requirement for co-insurance). The maximum deductible amount for such policy shall be the lesser of Ten Thousand Dollars (\$10,000) or one percent (1%) of the policy face amount. All premiums shall be paid as a Common Expense.

(b) Flood Insurance. If any part of the Project is or comes to be situated in a Special Flood Hazard Area as designated on a Flood Insurance Rate Map, a "master" or "blanket" policy of flood insurance shall be maintained covering the Buildings, any machinery, equipment and other common property that are not part of

the Buildings and all Common Areas within the Project (hereinafter "Insurable Property") in an amount deemed appropriate, but not less than the lesser of: (1) the maximum limit of coverage available under the National Flood Insurance Administration Program for all the Insurable Property within any portion of the Project located within a designated flood hazard area; or (2) one hundred percent (100%) of the insurable value of all such facilities. Provided, however, the building coverage shall equal one hundred percent (100%) of the insurable value of the Buildings, including machinery and equipment that are part of the Buildings. The contents coverage must include 100% of the insurable value of all contents, including any machinery and equipment that are not part of the Buildings, but which are owned in common by the Association members. The maximum deductible amount for any such policy shall be the lesser of Five Thousand Dollars (\$5,000.00) or one percent (1%) of the policy face amount.

(i) The name of the insured under each policy required to be maintained by the foregoing items (a) and (b) shall be the Association for the use and benefit of the individual Owners. (Said Owners shall be designated by name, if required.) Notwithstanding the requirement of the two immediately foregoing sentences, each such policy may be issued in the name of an authorized representative of the Association, including any Insurance Trustee with whom the Association has entered into an Insurance Trust Agreement, or any successor to such Trustee, for the use and benefit of the individual Owners. Loss payable shall be in favor of the Association (or Insurance Trustee), as a trustee for each Owner and each such Owner's Mortgagee. Each Owner and each such Owner's Mortgagee, if any, shall be beneficiaries of such policy. Evidence of insurance shall be issued to each Owner and Mortgagee upon request.

(ii) Each policy required to be maintained by the foregoing items (a) and (b), shall contain the standard mortgage clause, or equivalent endorsement (without contribution), commonly accepted by private institutional mortgage investors in the area in which the Project is located. If FNMA is a holder of one or more Mortgages on Condominiums within the Project, such mortgage clause shall name FNMA or FNMA's servicer of such Mortgages as Mortgagee. If FNMA's servicer is named as mortgagee in such mortgage clause, such servicer's name shall be followed therein by the phrase "its successors and assigns". In addition, such mortgage clause or another appropriate provision of each such policy shall provide that the policy may not be cancelled or substantially modified without at least ten (10) days' prior written notice to the Association and to each Mortgagee which is listed as a scheduled holder of a Mortgage in the policy.

(iii) Each policy required to be maintained by the foregoing items (a) and (b), shall provide, if available, for the following: recognition of any

insurance trust agreement; a waiver of the right of subrogation against Owners individually; the insurance is not prejudiced by any act or neglect of individual Owners which is not in the control of such Owners collectively; and the policy is primary in the event the Owner has other insurance covering the same loss.

(iv) Each policy required to be maintained by the foregoing item (a) shall also contain or provide the following: (1) "Inflation Guard Endorsement", if available; (2) "Building Ordinance or Law Endorsement", if the enforcement of any building, zoning, or land use law will result in loss or damage, increased cost of repairs or reconstruction, or additional demolition and removal costs. (The endorsement must provide for contingent liability from the operation of building laws, demolition costs, and increased costs of reconstruction); and (3) "Steam Boiler and Machinery Coverage Endorsement", if the project has central heating or cooling, which shall provide that the insurer's minimum liability per accident at least equals the lesser of Two Million Dollars (\$2,000,000.00) or the insurable value of the Building containing the boiler or machinery. In lieu of obtaining this as an endorsement to the commercial package property, the Association may purchase separate stand-alone boiler and machinery coverage.

(c) Fidelity Bonds. In the event the Project ever contains more than twenty (20) Units, the Association shall at all times maintain in force and pay the premiums for "blanket" fidelity bonds for all officers, members, and employees of the Association and for all other persons handling or responsible for funds of or administered by the Association whether or not that individual receives compensation for services. Furthermore, where the Association has delegated some or all of the responsibility for the handling of funds to a Manager, the Manager shall provide "blanket" fidelity bonds, with coverage identical to such bonds required of the Association, for the Manager's officers, employees and agents handling or responsible for funds of, or administered on behalf of, the Association. The total amount of fidelity bond coverage required shall be based upon the Association's best business judgment and shall not be less than the estimated maximum of funds, including reserve funds, in the custody of the Association, or the Manager, as the case may be, at any given time during the term of each bond. A lesser amount of fidelity insurance coverage is acceptable for the Project so long as the Association and the Manager adhere to the following financial controls: (1) the Association or the Manager maintains separate bank accounts for the working account and the reserve account, each with appropriate access controls, and the bank in which funds are deposited sends copies of the monthly bank statements directly to the Association; (2) the Manager maintains separate records and bank accounts for each Association that uses its services and the Manager does not have authority to draw checks on or to transfer funds from the Association's reserve account; or (3) two members of the Board must sign any checks written on the reserve account. Nevertheless, in no event may the amount of such bonds be less than the sum equal to three months' aggregate

assessments on all Condominiums. The bonds required shall meet the following additional requirements: (1) the fidelity bonds shall name the Association as obligee; (2) the bonds shall contain waivers by the issuers of the bonds of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees", or similar terms or expressions; (3) the premiums on all bonds required herein for the Association (except for premiums on fidelity bonds maintained by the Manager for its officers, employees and agents) shall be paid by the Association as part of the Common Expenses; and (4) the bonds shall provide that they may not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least ten (10) days' prior written notice to the Association, to any Insurance Trustee, and to each servicer of loans on behalf of FNMA.

(d) Liability Insurance. The Association shall maintain in force, and pay the premium for a policy providing comprehensive general liability insurance coverage covering all of the Common Areas, public ways in the Project, if any, all other areas of the Project that are under the Association's supervision, and commercial spaces owned by the Association, if any, whether or not such spaces are leased to some third party. The coverage limits under such policy shall be in amounts generally required by private institutional Mortgage investors for projects similar to the Project in construction, location, and use. Nevertheless, such coverage shall be for at least One Million Dollars (\$1,000,000) for bodily injury, including deaths of persons, and property damage arising out of a single occurrence. Coverage under such policy shall include, without limitation, legal liability of the insureds for property damage, bodily injuries and deaths of persons in connection with the operation, maintenance, or use of the Common Areas and legal liability arising out of lawsuits related to employment contracts of the Association. Additional coverages under such policy shall include protection against such other risks as are customarily covered with respect to projects similar to the Project in construction, location, and use, including but not limited to (where economically feasible and if available), host liquor liability, contractual and all-written contract insurance, employers liability insurance, and comprehensive automobile liability insurance. If such policy does not include "severability of interest" in its terms, the policy shall include a special endorsement to preclude an insurer's denial of any Owner's claim because of negligent acts of the Association or any other Owner. Such policy shall provide that it may not be cancelled or substantially modified, by any party, without at least ten (10) days' prior written notice to the Association and to each First Mortgagee on an individual Unit in the Project.

(e) Insurance Trustees and General Requirements Concerning Insurance. Notwithstanding any of the foregoing provisions and requirements relating to property or liability insurance, there may be named as an insured on behalf of the Association, the Association's authorized representative, including any trustee with whom the Association may enter into any Insurance Trust Agreement or any successor to such trustee (each of whom shall be referred to herein as the "Insurance Trustee"), who

shall have exclusive authority to negotiate losses under any policy providing such property or liability insurance. Each Owner hereby appoints the Association, or any Insurance Trustee or substitute Insurance Trustee designated by the Association, as his or her attorney-in-fact for the purpose of purchasing and maintaining such insurance, including: the collection and appropriate disposition of the proceeds thereof; the negotiation of losses and execution of releases of liability; the execution of all documents; and the performance of all other acts necessary to accomplish such purpose. The Association or any Insurance Trustee, shall receive, hold, or otherwise properly dispose of any proceeds of insurance in trust for the use and benefit of the Owners and their Mortgagees, as their interests may appear.

Each insurance policy maintained pursuant to the foregoing Sections (a), (b), (c) and (d) shall be written by an insurance carrier which is licensed to transact business in the State of Utah and which has a B or better general policyholder's rating or a financial performance index of 6 or better in the Best's Key Rating Guide or an A or better rating from Demotech, Inc., or which is written by Lloyd's of London. No such policy shall be maintained where: (1) under the terms of the carrier's charter, bylaws, or policy, contributions may be required from, or assessments may be made against, an Owner, a Mortgagee, the Board, the Association, FNMA, or the designee of FNMA; (2) by the terms of the carrier's charter, bylaws, or policy, loss payments are contingent upon action by the carrier's board of directors, policyholders, or members; or (3) the policy includes any limiting clauses (other than insurance conditions) which could prevent the party entitled (including, without limitation, the Board, the Association, an Owner, or FNMA) from collecting insurance proceeds. The provisions of this Section (e) and of the foregoing Sections (a), (b), (c) and (d) shall not be construed to limit the power or authority of the Association to obtain and maintain insurance coverage, in addition to any insurance coverage required hereunder, in such amounts and in such forms as the Association may deem appropriate from time to time.

(f) Annual Review of Policies. All insurance policies shall be reviewed at least annually by the Board in order to ascertain whether the coverage contained in the policies is sufficient to make any necessary repairs or replacement of the Project which may have been damaged or destroyed. In addition, such policies shall be reviewed to determine their compliance with the provisions of this Declaration.

10.2 Additional Coverage. 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. Notwithstanding any other provisions contained herein to the contrary, the Association shall maintain in effect such casualty, flood and liability insurance and fidelity bonds meeting the insurance and fidelity bond requirements for condominium development projects insured by PHA, VA, FNMA and FHLMC, so long as any of them is a Mortgagee, Mortgage Insurer,

Mortgage Servicer or Owner of a Condominium within the Project, except to the extent such coverage is not available or has been waived in writing by FHA, VA, FNMA or FHLMC.

10.3 Owner's Own Insurance. Each Owner, at his own expense, may procure and maintain at all times fire and extended coverage insurance covering personal property of such Owner and additional fixtures and improvements added by such Owner against loss by fire and other casualties, including, without limitation, vandalism and malicious mischief. All policies providing such casualty insurance shall provide that they do not diminish the insurance carrier's coverage for liability arising under insurance policies obtained by the Association pursuant to this article. Notwithstanding the provisions hereof, such Owner may obtain insurance at his own expense providing such other coverage upon his Condominium, his personal property, for his personal liability and covering such other risks as he may deem appropriate, provided that each such policy shall provide that it does not diminish the insurance carrier's coverage for liability arising under insurance policies obtained by the Association pursuant to this article. If obtainable under industry practice without an unreasonable additional charge for such waiver, all such insurance shall contain a waiver of the insurance company's right of subrogation against the Association, the Declarant, the Manager, other Owners and their respective servants, agents and guests.

## ARTICLE XI

### DAMAGE OR DESTRUCTION

11.1 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 an 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. All insurance proceeds shall be payable to the Association except as otherwise provided in this Declaration.

11.2 Definition of Repair and Reconstruction. Repair and reconstruction of the improvements as used herein means restoring the Project to substantially the same condition in which it existed prior to the damage or destruction, with each Unit and the Common Areas having substantially the same vertical and horizontal boundaries as before.

11.3 Procedures. In the event all or any part of the Project is damaged or destroyed, and subject to the provisions of Article XIV below, the Association shall proceed as follows:



(a) Notice to First Mortgagees. The Association shall give timely written notice to any holder of any First Mortgage on a Unit in the event of substantial damage to or destruction of any Unit or any part of the Common Areas.

(b) Estimate of Costs. As soon as practicable after an event causing damage to or destruction of any part of the Project, the Association shall obtain complete and reliable estimates of the costs to repair and reconstruct the part of the Project damaged or destroyed.

(c) Sufficient Insurance. If the proceeds of the insurance maintained by the Association exceed the estimated costs to repair and reconstruct the damaged or destroyed part of the Project, such repair and reconstruction shall be carried out.

(d) Insufficient Insurance--Less than Seventy-Five Percent (75%) Destruction. If the proceeds of the insurance maintained by the Association are less than the estimated costs to repair and reconstruct the damaged or destroyed part of the Project and if less than seventy-five percent (75%) of the Project is damaged or destroyed, such repair and reconstruction shall nevertheless be carried out. The Association shall levy a special assessment sufficient to provide funds to pay the actual costs of such repair and reconstruction to the extent that such insurance proceeds are insufficient to pay such costs. Such special assessment shall be allocated and collected as provided in Section 9.3 hereof, except that the vote therein specified shall be unnecessary. Further levies may be made in like manner if the amounts collected (together with the proceeds of insurance) are insufficient to pay all actual costs of such repair and reconstruction.

(e) Insufficient Insurance--Seventy-Five Percent (75%) or More Destruction. If the proceeds of the insurance maintained by the Association are less than the estimated costs to repair and reconstruct the damaged or destroyed part of the Project and if seventy-five percent (75%) or more of the Project is damaged or destroyed, such damage or destruction shall be repaired and reconstructed, but only if, within one hundred (100) days following the damage or destruction, the Owners shall elect by a vote of at least seventy-five percent (75%) of the Total Votes of the Association to carry out such repair and reconstruction. If, however, the Owners do not, within one hundred (100) days after such damage or destruction, elect by a vote of at least seventy-five percent (75%) of the Total Votes of the Association to carry out such repair and reconstruction, but rather elect to terminate the Project and if Eligible Mortgagees who represent at least fifty-one percent (51%) of the votes on Condominiums subject to Mortgages held by Eligible Mortgagees approve such termination, the Association shall record in the office of the County Recorder of Salt Lake County, State of Utah, a notice setting forth such facts. Upon the recording of such notice, the following shall occur:

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

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

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

(iv) The Project shall be subject to an action for partition at the suit of any Owner, in which event the net proceeds of any sale resulting from such suit for partition, together with the net proceeds of the insurance of the Project, if any, shall be considered as one fund and shall be divided among all Owners in a percentage equal to the percentage of undivided interest owned by each respective Owner in the Common Areas, as set forth in Exhibit "A" hereto, after first paying out of the respective share of each Owner, to the extent sufficient for the purposes, all liens on the undivided interest in the Project owned by such Owner.

(f) In no event shall an Owner of a Unit or any other party have priority over the holder of any First Mortgage on such Unit with respect to the distribution to such Unit of any insurance proceeds.

11.4 Repair or Reconstruction. If the damage or destruction is to be repaired and reconstructed as provided above, the Association shall, as soon as practicable after receiving the said estimate of costs, commence and diligently pursue to completion the repair and reconstruction of that part of the Project damaged or destroyed. The Association may take all necessary or appropriate action to effect repair and reconstruction, as attorney in fact for the Owners, and no consent or other action by any Owner shall be necessary in connection therewith (except as otherwise expressly provided herein). The Project shall be restored or repaired to substantially the same condition in which it existed prior to the damage or destruction, with each Unit and the Common Areas having the same vertical and horizontal boundaries as before. Any restoration or repair of the Project, after a partial condemnation or damage due to an insurable hazard, shall be performed substantially in accordance with the Declaration and the original architectural plans and specifications.

11.5 Disbursement of Funds for Repair and Reconstruction. If repair or reconstruction is to occur, the insurance proceeds held by the Association and any amounts received from assessments made pursuant to Section 11.3(d) hereof shall constitute a fund for the payment of costs of repair and reconstruction after casualty. It shall be deemed that the first money disbursed in payment for costs of repair and reconstruction shall be made from insurance proceeds; if there is a balance after payment of all costs of such repair and

reconstruction, such balance shall be distributed to the Owners in proportion to their respective percentages of ownership of the Common Areas.

11.6 Amendment of Article. This Article XI shall not be amended unless the Owners of Units to which seventy-five percent (75%) of the undivided interest in the Common Areas appertain consent and agree to such amendment in an instrument duly executed and recorded accordance with the provisions of this Declaration.

## ARTICLE XII

### CONDEMNATION

12.1 Condemnation. If at any time or times all or any part of the Project shall be taken or condemned by any public authority under power of eminent domain, the provisions of this article shall apply. A voluntary sale or conveyance of all or any part of the Project in lieu of condemnation, but under threat of condemnation, shall be deemed to be a taking by power of eminent domain. 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 Board of Trustees shall give prompt written notice of any such proceeding or proposed acquisition to each Owner in the Project and to any First Mortgagee. The Association shall represent the Owners in any condemnation proceedings or in negotiations, settlements and agreements with the condemning authority for acquisition of the Common Areas, or any part thereof, and each Owner hereby appoints the Association as such Owner's attorney-in-fact for the purposes of such representation.

12.2 Proceeds. All compensation, damages and other proceeds from any such taking by power of eminent domain (hereinafter the "condemnation award") shall be made payable to the Association and shall be distributed by the Board of Trustees, on behalf of the Association as herein provided.

12.3 Complete Taking. In the event the entire Project is taken by power of eminent domain, condominium ownership pursuant thereto shall terminate and the condemnation award shall be allocated among and distributed to the Owners in proportion to their respective undivided interests in the Common Areas. Provided, however, to the extent that there are differences in the fair market values of the Condominiums immediately prior to the condemnation, the Owners shall divide the condemnation award based upon the relative values of the Condominiums immediately prior to the condemnation. Such distribution shall be made by check payable jointly to the respective owners and their respective Mortgagees, as appropriate.

12.4 Partial Taking. In the event less than the entire Project is taken by power of eminent domain, the following shall occur:

(a) Allocation of Award. As soon as practicable, the Board of Trustees shall, on behalf of the Association, reasonably and in good faith, apportion the condemnation award between compensation, severance damages or other proceeds and shall allocate such apportioned amounts and pay the same to the Owners as follows:

(i) The total amount apportioned to taking of or injury to the Common Areas shall be allocated among and distributed to all Owners (including Owners whose entire Units have been taken) in proportion to their respective undivided interests in the Common Areas;

(ii) The total amount apportioned to severance damages shall be allocated among and distributed to the Owners of those Condominiums that have not been taken in proportion to their respective undivided interests in the Common Areas;

(iii) The respective amounts apportioned to the taking of or injury to a particular Unit shall be allocated and distributed to the Owner of such Unit;

(iv) The total amount apportioned to consequential damages and any other takings or injuries shall be allocated and distributed as the Association determines to be equitable under the circumstances;

(v) If apportionment or allocation is already established by negotiation, judicial decree, statute or otherwise, the Association shall employ such apportionment and allocation to the extent it is relevant and applicable;

(vi) Distribution of allocated proceeds shall be made by check payable jointly to individual Owners and their respective Mortgagees, as their interests may appear; and

(vii) No provision of this Article XII or any other provisions in this Declaration, the Articles or the Bylaws shall entitle the Owner of a Unit or other party to priority over any First Mortgagee holding such Unit with respect to the distribution to such Unit of the proceeds of any award, settlement or proceeds from any eminent domain or condemnation proceeding.

(b) Continuation and Reorganization. If less than the entire Project is taken by power of eminent domain, condominium ownership pursuant hereto shall not terminate but shall continue. In such event the Project shall be reorganized as follows:

(i) If any partial taking results in the taking of an entire Unit, then the Owner thereof shall cease to be a member of the Association and all voting rights and the undivided interest in the Common Areas appertaining to such

Unit shall be reallocated to, and shall appertain to, the remaining Units in proportion to their respective undivided interest in the Common Areas;

(ii) If any partial taking results in the taking of a portion of a Unit and if no determination is made by the Board of Trustees, after duly considering any recommendations, proposals or other input from the Owners, that such taking does not make it impractical to use the remaining portion of such Unit for any lawful purpose permitted by this Declaration, then, unless the interests of the Units in the Common Areas are equal, all voting rights and the undivided interest in the Common Areas appertaining to such Unit shall be reduced in proportion to the reduction in square footage of floor area of such Unit resulting from the taking. The voting rights and undivided interest in the Common Areas so divested from such Unit shall be reallocated to, and shall appertain to, such Unit and the other Units in the Project in proportion to their respective undivided interests in the Common Areas; provided, however, that such Unit shall participate in such reallocation on the basis of the undivided interest reduced in accordance with the preceding sentence;

(iii) If any partial taking results in the taking of a portion of a Unit and if there is a determination made by the Board of Trustees, after duly considering any recommendations, proposals, or other input from the Owners, that such taking makes it impractical to use the remaining portion of such Unit for any lawful purpose permitted by this Declaration, then all voting rights and the entire undivided interest in the Common Areas appertaining to such Unit shall be reallocated to, and shall appertain to, the remaining Units in proportion to their respective undivided interests in the Common Areas, and the remaining portion of such Unit shall thenceforth be part of the Common Areas;

(iv) The Board of Trustees, after duly considering any recommendations, proposals or other input from the Owners, shall have the duty and authority to make all determinations and to take all actions necessary or appropriate to effectuate reorganization of the Project under the provisions of this Section 12.4(b); provided, however, that if any such determination shall have been or such action taken by judicial decree, the Board of Trustees shall defer thereto and proceed in accordance therewith.

(c) Repair and Reconstruction. Any repair and reconstruction necessitated by condemnation shall be governed by the provisions specified in Article XI hereof for cases of Damage or Destruction; provided, however, that the provisions of said article dealing with sufficiency or insufficiency of insurance proceeds shall not be applicable.

## ARTICLE XIII

### TERMINATION AND SALE

13.1 Required Vote. Except as otherwise provided in Article XI and Article XII, the Project may be terminated only by agreement of Owners entitled to vote at least seventy-five percent (75%) of the votes of all Condominiums at a meeting of Owners duly called for such purpose.

13.2 Termination Agreement. An agreement to terminate shall be evidenced by the execution or ratification of a termination agreement, in the same manner as a deed, by the requisite number of Owners. Such an agreement to terminate shall also be approved by Eligible Mortgagees who represent at least sixty-seven percent (67%) of the votes of Condominiums subject to First Mortgages held by Eligible Mortgagees. Such approval (and any other approval related to an amendment to this Declaration) shall be deemed given when an Eligible Mortgagee fails to submit a response within thirty days after it receives proper notice of the proposal, provided the notice was delivered by certified or registered mail, with a "return receipt" requested. The termination agreement shall specify a date after which the agreement will be void unless it is recorded before that date. A termination agreement, including all ratifications of such termination agreement, shall be recorded in Salt Lake County, Utah and is effective only on recordation.

13.3 Sale of Project. A termination agreement may provide that all the Project shall be sold following termination. If, pursuant to the agreement, any real estate in the Project is to be sold following termination, the termination agreement shall set forth the minimum terms of the sale.

13.4 Association Duties. The Association, on behalf of the Owners, may contract for the sale of real estate in the Project, but the contract is not binding on the Owners until approved pursuant to Sections 13.1 and 13.2. If any real estate in the Project is to be sold following termination, title to that real estate on termination vests in the Association as trustee for all Owners. Thereafter, the Association has all powers necessary and appropriate to effect the sale. Until the sale has been concluded and the proceeds of the sale distributed, the Association continues in existence with all powers it had before termination. Proceeds of the sale shall be distributed to Owners and Mortgagees as their interests may appear, based on the relative value of each Condominium. Unless otherwise specified in the termination agreement, as long as the Association holds title to the real estate, each Owner and their successors in interest have an exclusive right to occupancy of the portion of the real estate that formerly constituted their Condominium in accordance with the terms of this Declaration. During the period of that occupancy right, each Owner and their successors in interest remain liable for all assessments and other obligations imposed on Owners by this Declaration.

13.5 Proceeds of Sale. Following termination of the Project, the proceeds of any sale of real estate, together with the assets of the Association, shall be held by the Association as trustee for Owners and divided among all Owners in a percentage equal to the percentage of undivided interest owned by each respective Owner in the Common Areas, as set forth in Exhibit "A" hereto, subject to the rights of Mortgagees with respect to such proceeds. Following termination, Mortgagees holding Mortgages on the Condominiums which were recorded before termination may enforce those liens in the same manner as any lienholder.

#### ARTICLE XIV

#### MORTGAGEE PROTECTION

14.1 Notice of Action. Upon written request made to the Association by a First Mortgagee, or an insurer or governmental guarantor of a First Mortgage, which written request shall identify the name and address of such First Mortgagee, insurer or governmental guarantor and the number and address of the Condominium, any such First Mortgagee, insurer or governmental guarantor shall be entitled to timely written notice of:

(a) Any condemnation loss or any casualty loss which affects a material portion of the Project or any Condominium on which there is a First Mortgage held, insured or guaranteed by such First Mortgagee, insurer or governmental guarantor;

(b) Any delinquency in the payment of assessments or charges owed by an Owner, whose Condominium is subject to a First Mortgage held, insured or guaranteed by such First Mortgagee, insurer or governmental guarantor, which default remains uncured for a period of sixty (60) days;

(c) Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association; and

(d) Any proposed action which would require the consent of a specified percentage of Eligible Mortgagees as specified in Section 14.2 below or elsewhere herein.

14.2 Matters Requiring Prior Eligible Mortgagee Approval. Except as provided elsewhere in this Declaration, the prior written consent of Owners entitled to vote at least sixty-seven percent (67%) of the votes of the Condominiums in the Association (unless pursuant to a specific provision of this Declaration the consent of Owners entitled to vote a greater percentage of the votes in the Association is required, in which case such specific provisions shall control), and Eligible Mortgagees holding First Mortgages on Condominiums having at least fifty-one percent (51%) of the votes of the Condominiums subject to First Mortgages held by Eligible Mortgagees shall be required to:

(a) Abandon or terminate the legal status of the Project after substantial destruction or condemnation occurs.

(b) Add or amend any material provision of the Declaration, Articles, Bylaws or Map, which establishes, provides for, governs or regulates any of the following (an addition or amendment to such documents shall not be considered material if it is for the purpose of correcting technical errors or for clarification only):

- (i) voting rights;
- (ii) increases in assessments that raise the previously assessed amount by more than 25%, assessment liens, or the priority of assessment liens;
- (iii) reductions in reserves for maintenance, repair, and replacement of Common Areas;
- (iv) responsibility for maintenance and repairs;
- (v) reallocation of interests in the Common Areas, or rights to their use;
- (vi) redefinition of any Condominium boundaries;
- (vii) convertibility of Units into Common Areas or vice versa;
- (viii) expansion or contraction of the Project, or the addition, annexation, or withdrawal of property to or from the Project;
- (ix) hazard or fidelity insurance requirements;
- (x) imposition of any restrictions on the leasing Condominiums;
- (xi) imposition of any restrictions on Owner's right to sell or transfer his or her Condominium;
- (xii) a decision by the Association of the Project that consists of 50 or more units to establish self-management if professional management had been required previously by the Declaration or by an Eligible Mortgagee.
- (xiii) restoration or repair of the Project (after damage or partial condemnation) in a manner other than that specified in the Declaration; or



(xiv) any provisions that expressly benefit Mortgagees, insurers, or guarantors.

Any Mortgagee, insurer or governmental guarantor who receives a written request from the Association to approve additions or amendments to the constituent documents and who fails to deliver or post to the Association a negative response within thirty (30) days shall be deemed to have approved such request, provided the written request was delivered by certified or registered mail, with a "return receipt" requested.

14.3 Availability of Project Documents and Financial Statements. The Association shall maintain and have current copies of the Declaration, Articles, Bylaws, and other rules concerning the Project as well as its own books, records, and financial statements available for inspection by Owners or by holders, insurers, and guarantors of First Mortgages that are secured by Condominiums in the Project. Generally, these documents shall be available during normal business hours.

In the event the Project comes to contain 50 or more Condominiums, the Association shall make an audited financial statement for the preceding fiscal year (if the Project has been established for a full fiscal year) available to the holder, insurer, or guarantor of any First Mortgage on submission of a written request for it. The audited financial statement shall be made available within 120 days of the Association's fiscal year-end. If the Project consists of fewer than 50 units and there is no audited statement available, any First Mortgagee shall have the right to have an audited financial statement prepared at its own expense.

14.4 Subordination of Lien. To the extent permitted by the Condominium Act, the lien or claim against a Condominium for unpaid assessments or charges levied by the Association pursuant to this Declaration shall be subordinate to the First Mortgage affecting such Condominium if the First Mortgage was recorded before the delinquent assessment was due, and the First Mortgagee thereunder which comes into possession of or which obtains title to the Condominium shall take the same free of such lien or claim for unpaid assessment or charges, but only to the extent of assessments or charges which accrue prior to foreclosure of the First Mortgage, exercise of a power of sale available thereunder, or taking of a deed or assignment in lieu of foreclosure. No assessment, charge, lien, or claim which is described in the preceding sentence as being subordinate to a First Mortgage or as not to burden a First Mortgagee which comes into possession or which obtains title shall be collected or enforced by the Association from or against a First Mortgagee, a successor in title to a First Mortgagee, or the Condominium affected or previously affected by the First Mortgage concerned.

14.5 Payment of Taxes. In the event any taxes or other charges which may or have become a lien on the Common Elements are not timely paid, or in the event the required hazard insurance described in Section 10.1(a) lapses, is not maintained, or the premiums therefore are not paid when due, any Mortgagee or any combination of Mortgagees may jointly or singly, pay such taxes or premiums or secure such insurance. Any Mortgagee

which expends funds for any of such purposes shall be entitled to immediate reimbursement therefor from the Association.

14.6 Additional Information Made Available to Holders, Insurers and Guarantors of First Mortgages. In addition to the rights granted in Section 14.3, any holder, insurer or guarantor shall, upon request, be entitled to written notice of all meetings of the Association and be permitted to designate a representative to attend all such meetings.

14.7 Priority of First Mortgagee in Event of Damage. In the event of substantial damage to or destruction of any Unit or any part of the Common Areas, no provision of the Declaration, Articles or Bylaws or any amendment thereto shall entitle the owner of a Unit or other party to priority over any First Mortgagee with respect to the distribution to such Owner of any insurance proceeds.

14.8 Priority of First Mortgagee in Event of Condemnation. 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, no provision of the Declaration, Articles or Bylaws or any amendment thereto shall entitle the Owner of a Unit, or any other party, to priority over any First Mortgagee with respect to the distribution to such Unit of the proceeds of any award or settlement.

14.9 No Right of First Refusal. No "right of first refusal" shall be included or added by amendment to the Declaration, Articles or Bylaws.

## ARTICLE XV

### COMPLIANCE WITH DECLARATION AND BYLAWS

15.1 Compliance. Each Owner shall comply strictly with the provisions of this Declaration, the Articles and Bylaws of the Association, rules and regulations promulgated by the Association and the decisions and resolutions of the Association adopted pursuant thereto, as the same may lawfully be modified and amended from time to time. Failure to comply with any of the same shall be grounds for an action to recover sums due for damages or for injunctive relief or for both, maintainable by the Association or, in a proper case, by an aggrieved Owner.

15.2 Enforcement and Remedies. The obligations, provisions, covenants, restrictions and conditions contained in this Declaration, or in any Supplemental or Amended Declaration, with respect to the Association or Condominiums within the Project shall be enforceable by the Declarant or by any Owner of a Condominium within the Project, subject to this Declaration, by a proceeding for a prohibitive or mandatory injunction or by a suit or action to recover damages or to recover any amount due or unpaid. The obligations, provisions, covenants, restrictions and conditions contained in this Declaration, or in any

supplemental or Amended Declaration, with respect to a person or entity or property of a person or entity other than the Association shall be enforceable by the Declarant or by the Association or, in a proper case, by an aggrieved owner by a proceeding for a prohibitive or mandatory injunction or by a suit or action to recover damages or to recover any amount due or unpaid. No summary abatement or similar procedure may be utilized through nonjudicial means to alter or demolish items of construction.

## ARTICLE XVI

### GENERAL PROVISIONS

16.1 Intent and Purpose. The provisions of this Declaration, and any Supplemental or Amended Declaration, shall be liberally construed to effectuate the purpose of creating a uniform plan for the development and operation of a condominium project. Failure to enforce any provision, restriction, covenant or condition contained 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.

16.2 Construction. The provisions of this Declaration shall be in addition and supplemental to the provisions of the Condominium Act and all other provisions of law. Whenever used herein, unless the context shall otherwise require, the singular shall include the plural, the plural shall include the singular, the whole shall include any part thereof and any gender shall include both genders. The article and section headings set forth herein are for convenience and reference only and are not intended to expand, limit or otherwise affect the meaning or interpretation of this Declaration or any provision hereof. The provisions hereof shall be deemed independent and several, and the invalidity or partial invalidity or unenforceability of any one provision or portion thereof shall not affect the validity or enforceability of any other provisions hereof.

16.3 Lists of Owners and Eligible Mortgagees. The Board shall maintain up-to-date records showing: (i) the name of each person who is an Owner, the address of such person, and the Condominium which is owned by him; (ii) the name of each person or entity who is an Eligible Mortgagee, the address of such person or entity and the Condominium which is encumbered by the Mortgage held by such person or entity; and (iii) the name of each person or entity who is an insurer or governmental guarantor, the address of such person or entity, and the Condominium which is encumbered by the Mortgage insured or guaranteed by such person or entity. In the event of any transfer of a fee or undivided fee interest in a Condominium, either the transferor or transferee shall furnish the Board with evidence establishing that the transfer has occurred and that the Deed or other instrument accomplishing the transfer is of record in the office of the County Recorder of Salt Lake County, Utah. The Board may for all purposes act and rely on the information concerning Owners and Condominium ownership which is thus acquired by it or, at its option, the Board may act and rely on current ownership information respecting any Condominium or

Condominiums which is obtained from the office of the County Recorder of Salt Lake County, Utah. The address of an Owner shall be deemed to be the address of the Condominium owned by such person unless the Board is otherwise advised.

16.4 Amendment. Except as provided elsewhere in this Declaration, any amendment to this Declaration shall require the affirmative vote of at least sixty-seven percent (67%) of the Total Votes of the Association present in person or represented by proxy entitled to be cast at a meeting duly called for such purpose or otherwise approved in writing by such Owners. Any amendment authorized pursuant to this Section shall be accomplished through the recordation in the office of the Salt Lake County Recorder of an instrument executed by the Association. In such instrument an officer or Trustee of the Association shall certify that the vote required by this Section for an amendment has occurred. Anything in this Article or Declaration to the contrary notwithstanding, Declarant reserves the unilateral right to amend all or any part of this Declaration to such extent and with such language as may be requested by FHA, VA, the FHLMC or FNMA and to further amend to the extent requested by any other federal, state or local governmental agency which requests such an amendment as a condition precedent to such agency's approval of the Declaration, or by any federally chartered lending institution as a condition precedent to lending funds upon the security of any Condominium(s) or any portions thereof. Any such amendment shall be effected by the recordation by Declarant of an amendment duly signed by or on behalf of the authorized officers of Declarant with their signatures acknowledged, specifying the federal, state or local governmental agency or the federally chartered lending institution requesting the amendment and setting forth the amendatory language requested by such agency or institution. Recordation of such an amendment shall be deemed conclusive proof of the agency's or institution's request for such an amendment, and such amendment, when recorded, shall be binding upon all of the Project and all persons having an interest therein. It is the desire of Declarant to retain control of the Association and its activities during the anticipated period of planning and development. If any amendment requested pursuant to the provisions of this Section deletes, diminishes or alters such control, Declarant alone shall have the right to amend this Declaration to restore such control. Within ten (10) years from the date of recording this Declaration and so long as the Declarant is the owner of any Condominium in the Project this Declaration may be amended or terminated only with the written approval of the Declarant. The Declarant alone may amend or terminate this Declaration prior to the closing of a sale of any Condominium.

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

16.6 Agent for Service. The name and address of the person to receive service of process in all cases provided by the Condominium Act shall be the registered agent and address of the Association as shown on the official corporate records maintained in the office of the Division of Corporations and Commercial Code of the State of Utah. On the date of this Declaration, the registered agent of the Association is Ning Zhou, whose address is 1169 South 2000 East, Salt Lake City, Utah 84108.

**16.7 Limitation on Association's Liability.** The Association shall not be liable for any failure of water service or other utility service (if any) to be obtained and paid for by the Association hereunder, or for injury or damage to any person in or upon the Project, or resulting from electricity, water, rain, snow or ice which may leak or flow from outside or from any parts of the Buildings or their drains, pipes, conduits, appliances or equipment, or from any other place, unless caused by the grossly negligent or willful misconduct of the Association. No diminution or abatement of any assessments under this Declaration shall be claimed or allowed for inconvenience or discomfort arising from the making of any repairs or improvements to or maintaining the Project or any part thereof, or from any action taken to comply with the provisions of this Declaration or with the laws, ordinances, regulations, rules or order of any governmental authority.

**16.8 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 be leasing, renting or selling under contract his Condominium. The Owner of a Condominium within the Project shall have no obligation for expenses or other obligations accruing after he conveys such Condominium.

**16.9 Model Units, Sales Offices and Advertising Signs.** Declarant and Declarant's duly authorized agents, representatives and employees shall have the right to establish and maintain model units and sales offices of any size on the Land and in the Buildings within the Project and the right to use such model units and sales offices during the period that Condominiums in the Project remain unsold. No more than two model units and one sales office will be established and maintained by Declarant in the Project. Declarant reserves the right to relocate such facilities from time to time within the Project. Declarant further reserves the right to maintain advertising signs on the Project and to place the same in any location and to relocate, replace and remove the same at the sole discretion of Declarant during the period that Units in the Project remain unsold.

**16.10 Rights of Action.** The Association and any aggrieved Owner shall have a right of action against Owners who fail to comply with the provisions of the Declaration or the decisions of the Association. Owners shall have a similar right of action against the Association.

**16.11 General Obligations.** Each Owner shall enjoy and be subject to all rights and duties assigned to Owners pursuant to this Declaration. With respect to unsold Condominiums, the Declarant shall enjoy the same rights and assumes the same duties with respect to each unsold Condominium.

IN WITNESS WHEREOF, the undersigned Declarant has executed this Declaration the day and year first above written.

DECLARANT:

*Ning Zhou*

Ning Zhou

*Tong Cheng*

Tong Cheng

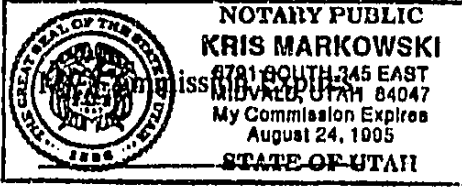
STATE OF UTAH )  
: ss.  
COUNTY OF SALT LAKE )

The foregoing instrument was acknowledged before me this 22nd day of December, 1994, by Ning Zhou.

*Kris Markowski*

NOTARY PUBLIC

Residing at: \_\_\_\_\_



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

The foregoing instrument was acknowledged before me this 22nd day of December, 1994, by Tong Cheng.

*Kris Markowski*

NOTARY PUBLIC

Residing at: \_\_\_\_\_

My Commission Expires:





EXHIBIT "A"

UNITS, UNDIVIDED OWNERSHIP INTERESTS, VOTES AND PARKING SPACES

Unit	Square Footage	Undivided Ownership Interests	Appurtenant Covered Parking Space
2846-1	761	4.333%	N-1
2846-2	619	3.525%	N-2
2846-3	757	4.310%	N-3
2846-4	790	4.498%	N-4
2846-5	761	4.333%	N-5
2846-6	619	3.525%	N-6
2846-7	757	4.310%	N-7
2846-8	790	4.498%	N-8
2846-9	761	4.333%	N-9
2846-10	619	3.525%	N-10
2846-11	757	4.310%	N-11
2846-12	790	4.498%	N-12
2850-1	761	4.333%	S-1
2850-2	619	3.525%	S-2
2850-3	757	4.310%	S-3
2850-4	790	4.498%	S-4
2850-5	761	4.333%	S-5
2850-6	619	3.525%	S-6
2850-7	757	4.310%	S-7
2850-8	790	4.498%	S-8
2850-9	761	4.333%	S-9
2850-10	619	3.525%	S-10
2850-11	757	4.310%	S-11
2850-12	790	4.498%	S-12
Total	17,562	100.00 <sup>1</sup>	

<sup>1</sup>Amounts may equal slightly more or less than 100% due to rounding.



EXHIBIT "B"

ARTICLES OF INCORPORATION

OF

EMBASSY CONDOMINIUM OWNERS ASSOCIATION, INC.

A Utah Nonprofit Corporation

Ning Zhou, the undersigned natural person over the age of twenty-one years, acting as incorporator of a nonprofit corporation pursuant to the Utah Nonprofit Corporation and Cooperative Association Act, hereby adopts the following Articles of Incorporation for such nonprofit corporation.

ARTICLE I

NAME

The name of the nonprofit corporation is Embassy Condominium Owners Association, Inc., hereinafter referred to as the "Association."

ARTICLE II

DEFINITIONS

Except as otherwise provided herein or as may be required by the context, all terms defined in Article I of the Declaration of Condominium of the Embassy Condominiums, a Utah condominium project, hereinafter referred to as the "Declaration," shall have such defined meanings when used in these Articles of Incorporation.

ARTICLE III

DURATION

The Association shall exist perpetually or until dissolved pursuant to law.

## ARTICLE IV

### PURPOSES

The Association is organized as a nonprofit corporation and shall be operated exclusively for the purpose of maintaining, operating and governing the Embassy Condominiums, hereinafter referred to as the "Project," which is located upon the following described real property in the County of Salt Lake, State of Utah:

BEGINNING AT A POINT NORTH 89°50'41" EAST 169.00 FEET FROM THE NORTHWEST CORNER OF LOT 7, BLOCK 31, TEN ACRE PLAT "A", BIG FIELD SURVEY, AND RUNNING THENCE NORTH 89°50'41" EAST 265.00 FEET TO THE WEST RIGHT OF WAY LINE OF BLAIR STREET; THENCE SOUTH 0°18'03" WEST ALONG SAID WEST LINE 143.40 FEET; THENCE SOUTH 89°50'41" WEST 265.00 FEET; THENCE NORTH 0°18'03" EAST 143.40 FEET TO THE POINT OF BEGINNING.

The Association is organized and shall be operated to perform the functions and provide the services contemplated in the Declaration, which document is to be recorded in the office of the County Recorder of Salt Lake County, State of Utah. No dividend shall be paid and no part of the net income of the Association, if any, shall be distributed to the members, trustees or officers of the Association, except as otherwise provided herein, in the Declaration or under Utah law.

## ARTICLE V

### POWERS

Subject to the purposes declared in Article IV above and any limitations herein expressed, the Association shall have and may exercise each and all of the following powers and privileges:

(a) The power to do any and all things that the Association is authorized or required to do under the Declaration, as the same may from time to time be amended, including, without limiting the generality of the foregoing, the specific power to fix, levy and collect the charges and assessments provided for in the said Declaration;

(b) The power to purchase, acquire, own, hold, lease, mortgage, sell and dispose of any and all kinds and character of real, personal and mixed property (the foregoing particular enumeration in no sense being used by way of exclusion or limitation) and, while owner of any of the foregoing, to exercise all rights, powers and privileges appertaining thereto; and

(c) The power to do any and all things that a nonprofit corporation may now or hereafter do under the laws of the State of Utah.

## ARTICLE VI

### MEMBERSHIP

The members of the Association shall be all of the record Owners of Condominiums in the Project, as such Owners are shown on the records of the County Recorder of Salt Lake County, State of Utah. The term "record owner" shall not include any mortgagee, trustee or beneficiary under any mortgage, trust deed or other security instrument by which a Condominium or any part thereof is encumbered (unless such mortgagee, trustee or beneficiary has acquired title for other than security purposes by means of judicial or nonjudicial action, including, without limitation, a foreclosure proceeding or any deed or other arrangement in lieu of foreclosure) nor shall it include persons or entities purchasing a Condominium under contract (until such contract is fully performed and legal title conveyed). If record ownership of a Condominium in the Project is jointly held, the membership appertaining to such Condominium shall also be jointly held. Each membership in the Association shall be appurtenant to and shall not be separated from the Condominium to which it relates. No person or entity other than an Owner of a Condominium in the Project may be a member of the Association.

## ARTICLE VII

### MEMBERSHIP CERTIFICATES

The Association may issue certificates of membership, but such certificates shall not be necessary to evidence membership in the Association. Membership in the Association shall begin immediately and automatically upon becoming a record owner of the Condominium to which such membership appertains and shall cease immediately and automatically upon an Owner ceasing to be a record owner of such Condominium.

## ARTICLE VIII

### VOTING RIGHTS

All voting rights of the Association shall be exercised by the members, each membership being entitled to the number of votes relating to the Condominium appertaining to such membership, as set forth in the Declaration. If a membership is jointly held, any or all holders thereof may attend any meeting of the members. Where membership is jointly

held by two individuals, and such holders must act unanimously to cast the votes relating to their joint membership. Where three or more individuals jointly hold the membership, such holders shall cast the votes relating to such membership as the majority of said holders shall agree amongst themselves. Any designation of a proxy to act for joint holders of a membership must be signed by all such holders. With respect to matters to be voted upon by the members as provided in the Declaration, the voting requirements and proportions shall be as set forth in the Declaration. Cumulative voting is not permitted.

#### ARTICLE IX

#### ASSESSMENTS

Members of the Association shall be subject to assessments by the Association from time to time in accordance with the provisions of the Declaration and shall be liable to the Association for payment of such assessments. Members shall not be individually or personally liable for the debts or obligations of the Association. However, the foregoing in no way relieves the members of their personal liability on the assessments as such assessments are assessed from time to time against their individual Condominiums.

#### ARTICLE X

#### PRINCIPAL OFFICE AND REGISTERED AGENT

The address of the initial principal office of the Association is 1196 South 2000 East, Salt Lake City, Utah 84108, and the name of the initial registered agent of the Association at such address is Ning Zhou. By executing these Articles of Incorporation, said registered agent accepts appointment as such.

#### ARTICLE XI

#### BOARD OF TRUSTEES

The affairs of the Association shall be managed by a Board of Trustees, consisting of not less than three (3) or more than seven (7) as prescribed in the Bylaws. Until such time as the responsibility for electing the Trustees of the Association is turned over to the members in accordance with Utah law, the Declarant or its successors or assigns shall have the exclusive right to appoint and remove such Trustees. Except for Trustees appointed as herein provided, Trustees must be members of the Association. The number of Trustees constituting the initial Board of Trustees shall be three (3). The names and addresses of the persons who are to serve on the initial Board of Trustees until the first annual meeting of the

Association and until the successors of such Trustees are elected and shall qualify are as follows:

Ning Zhou  
1196 South 2000 East  
Salt Lake City, Utah 84108

Tong Cheng  
1196 South 2000 East  
Salt Lake City, Utah 84108

Rick Nosseir  
2180 South 1300 East, Suite 140  
Salt Lake City, Utah 84106

## ARTICLE XII

### MANAGER

The Board of Trustees may by written contract delegate to a professional management organization or individual some of its managerial duties, responsibilities, functions and powers as are properly delegable.

## ARTICLE XIII

### BYLAWS, RULES AND REGULATIONS

The Board of Trustees may adopt, amend, repeal and enforce Bylaws and reasonable rules and regulations governing the operation of the Association and the operation and use of the Project, to the extent that the same are not inconsistent with these Articles of Incorporation or the Declaration.

## ARTICLE XIV

### INCORPORATOR

The name and address of the incorporator of the Association is as follows:

Ning Zhou  
1196 South 2000 East  
Salt Lake City, Utah 84108

ARTICLE XV

AMENDMENTS

Except as otherwise provided by law or by the Declaration (e.g., Article XIV of the Declaration), these Articles of Incorporation may be amended by sixty seven (67%) of the Total Votes of the Association.

DATED this 22 day of December, 1994.

INCORPORATOR AND REGISTERED AGENT:

  
\_\_\_\_\_  
Ning Zhou



EXHIBIT "C"

BYLAWS

OF

EMBASSY CONDOMINIUM OWNERS ASSOCIATION, INC.

A Utah Nonprofit Corporation

Pursuant to the provisions of the Utah Nonprofit Corporation and Co-operative Association Act, the Board of Trustees of Embassy Condominium Owners Association, Inc., a Utah nonprofit corporation, hereby adopts the following Bylaws for such nonprofit corporation.

ARTICLE I

NAME AND PRINCIPAL OFFICE

1.1 Name. The name of the nonprofit corporation is Embassy Condominium Owners Association, Inc., hereinafter referred to as the "Association".

1.2 Offices. The initial principal office of the Association shall be at 1196 South 2000 East, Salt Lake City, Utah 84108.

ARTICLE II

DEFINITIONS

2.1 Definitions. Except as otherwise provided herein or as may be required by the context, all terms defined in Article I of the Declaration of Condominium (hereinafter referred to as the "Declaration") of the Embassy Condominiums, a Utah condominium project (hereinafter referred to as the "Project"), shall have such defined meaning when used in these Bylaws.



## ARTICLE III

### MEMBERS

3.1 Annual Meetings. The annual meeting of members shall be held on the second Tuesday in January of each year at the hour of 7:00 o'clock p.m., beginning with the year following the year in which the Articles of Incorporation are filed, for the purpose of electing Trustees and transacting such other business as may come before the meeting. If the election of Trustees shall not be held on the day designated herein for the annual meeting of the members, or at any adjournment thereof, the Board of Trustees shall cause the election to be held at a special meeting of the members to be convened as soon thereafter as may be convenient. The Board of Trustees may from time to time by resolution change the date and time for the annual meeting of the members.

3.2 Special Meetings. Special meetings of the members may be called by the Board of Trustees, the President or upon the written request of members holding not less than ten percent (10%) of the Total Votes of the Association, such written request to state the purpose or purposes of the meeting and to be delivered to the Board of Trustees or the President.

3.3 Place of Meetings. Meetings of the Association shall be held at the Project, or at such other suitable place in Salt Lake County, State of Utah, as may be designated by the Board of Trustees and stated in the notice of the meeting.

3.4 Notice of Meetings. The Board of Trustees shall cause written or printed notice of the time, place and purposes of all meetings of the members (whether annual or special) to be delivered, not more than fifty (50) nor less than ten (10) days prior to the meeting, to each member of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the U.S. mail addressed to the member at his registered address, with first-class postage thereon prepaid. Each member shall register with the Association such member's current mailing address for purposes of notice hereunder. Such registered address may be changed from time to time by notice in writing to the Association. If no address is registered with the Association, a member's Unit address shall be deemed to be his registered address for purposes of notice hereunder.

3.5 Members of Record. Upon purchasing a Condominium in the Project, each Owner shall promptly furnish to the Association a certified copy of the recorded instrument by which ownership of such Condominium has been vested in such Owner, which copy shall be maintained in the records of the Association. For the purpose of determining members entitled to notice of or to vote at any meeting of the members, or any adjournment thereof, the Board of Trustees may designate a record date, which shall not be more than fifty (50) nor less than ten (10) days prior to the meeting, for determining members entitled to notice of or to vote at any meeting of the members. If no record date is designated, the date on which notice of the meeting is mailed shall be deemed to be the record date for determining

members entitled to notice of or to vote at the meeting. The persons or entities appearing in the records of the Association on such record date as the owners of record of Condominiums in the Project shall be deemed to be the members of record entitled to notice of and to vote at the meeting of the members.

3.6 Quorum. At any meeting of the members, the presence of members holding, or holders of proxies entitled to cast, more than fifty-one percent (51%) of the Total Votes of the Association shall constitute a quorum for the transaction of business. In the event a quorum is not present at a meeting, the members present (whether represented in person or by proxy), though less than a quorum, may adjourn the meeting to a date no later than thirty(30) days from the date of the originally scheduled meeting. If the time and place for an adjourned meeting is not fixed by those in attendance at the original meeting, or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be delivered to the members in the manner prescribed for regular meetings of the Association. At the reconvened meeting, the members and proxy holders present shall constitute a quorum for the transaction of business.

3.7 Proxies. At each meeting of the members, each member entitled to vote shall be entitled to vote in person or by proxy; provided, however, that the right to vote by proxy shall exist only where the instrument authorizing such proxy to act shall have been executed by the member himself or by his attorney thereunto duly authorized in writing. If a membership is jointly held, the instrument authorizing a proxy to act must have been executed by all holders of such membership or their attorneys thereunto duly authorized in writing. Such instrument authorizing a proxy to act shall be delivered at the beginning of the meeting to the Secretary of the Association or to such other officer or person who may be acting as secretary of the meeting. The secretary of the meeting shall enter a record of all such proxies in the minutes of the meeting.

3.8 Votes. With respect to each matter submitted to a vote of the members, each member entitled to vote at the meeting shall have the right to cast, in person or by proxy, the number of votes appertaining to the Condominium of such member. The number of votes which may be cast for each Condominium shall equal the percentage of undivided interest in the Common Areas appurtenant to such Condominium. The affirmative vote of a majority of the votes entitled to be cast by the members present or represented by proxy at a meeting at which a quorum was initially present shall be necessary for the adoption of any matter voted on by the members, unless a greater proportion is required by the Articles of Incorporation, these Bylaws, the Declaration or Utah law. The election of Trustees shall be by secret ballot. If a membership is jointly held, all or any holders thereof may attend each meeting of the members. Where membership is jointly held by two individuals, such holders must act unanimously to cast the votes relating to such membership. Where three or more individuals jointly hold the membership, such holders shall cast the votes relating to such membership as the majority of said holders shall agree among themselves.

3.9 Waiver of Irregularities. All inaccuracies and irregularities in calls or notices of meetings and in the manner of voting form of proxies, and method of ascertaining members present, shall be deemed waived if no objection is made at the meeting.

3.10 Informal Action by Members. Any action that is required or permitted to be taken at a meeting of the members may be taken without a meeting, if a consent in writing, setting forth the action so taken, shall be signed by all of the members entitled to vote with respect to the subject matter thereof.

## ARTICLE IV

### BOARD OF TRUSTEES

4.1 General Powers. The property, affairs and business of the Association shall be managed by its Board of Trustees. The Board of Trustees may exercise all of the powers of the Association, whether derived from law or the Articles of Incorporation, except such powers as are by law, by the Articles of Incorporation, by these Bylaws or by the Declaration vested solely in the members. The Board of Trustees may by written contract delegate, in whole or in part, to a professional management organization or person such of its duties, functions and powers as are properly delegable.

4.2 Number, Tenure and Qualifications. The number of Trustees of the Association shall be no less than three (3) or more than seven (7). The initial Board of Trustees specified in the Articles of Incorporation shall serve until either Declarant elects substitute Trustees for such initial Board or the Declarant turns over to the members, as provided in Section 7.2 of the Declaration, the responsibility for electing Trustees, whichever first occurs. At the first annual meeting of the members held after the Declarant turns over to the members responsibility for electing Trustees, the members shall elect three (3) Trustees to replace all of the then serving Trustees and to serve for the following respective terms: two (2) Trustees to serve for a term of two (2) years each and one (1) Trustee to serve for a term of one (1) year. At each annual meeting thereafter, the members shall elect for terms of two (2) years each the appropriate number of Trustees to fill all vacancies created by expiring terms of Trustees. All Trustees, except Trustees appointed by the Declarant, shall be members of the Association.

4.3 Regular Meetings. The regular annual meeting of the Board of Trustees shall be held without other notice than this bylaw immediately after, and at the same place as, the annual meeting of the members. The Board of Trustees may provide by resolution the time and place, within Salt Lake County, State of Utah, for the holding of additional regular meetings without other notice than such resolution.

4.4 Special Meetings. Special meetings of the Board of Trustees may be called by or at the request of any Trustee. The person or persons authorized to call special

meetings of the Board of Trustees may fix any place, within Salt Lake County, State of Utah, as the place for holding any special meeting of the Board of Trustees called by such person or persons. Notice of any special meeting shall be given at least five (5) days prior thereto by written notice delivered personally or mailed to each Trustee at his registered address. If mailed, such notice shall be deemed to be delivered when deposited in the U.S. mail so addressed, with first class postage thereon prepaid. Any Trustee may waive notice of a meeting.

4.5 Quorum and Manner of Acting. A majority of the then authorized number of Trustees shall constitute a quorum for the transaction of business at any meeting of the Board of Trustees. The act of a majority of the Trustees present at any meeting at which a quorum is present shall be the act of the Board of Trustees. The Trustees shall act only as a Board, and individual Trustees shall have no powers as such.

4.6 Compensation. No Trustee shall receive compensation for any services that he may render to the Association as a Trustee; provided, however, that a Trustee may be reimbursed for expenses incurred in performance of his duties as a Trustee to the extent such expenses are approved by the Board of Trustees and (except as otherwise provided in these Bylaws) may be compensated for services rendered to the Association other than in his capacity as a Trustee.

4.7 Resignation and Removal. A Trustee may resign at any time by delivering a written resignation to either the President or the Board of Trustees. Unless otherwise specified therein, such resignation shall take effect upon delivery. Any Trustee, except a Trustee appointed by the Declarant, may be removed at any time, for or without cause, by the affirmative vote of seventy-five percent (75%) of the Total Votes of the Association at a special meeting of the members duly called for that purpose.

4.8 Vacancies and Newly Created Trusteeships. If vacancies shall occur in the Board of Trustees by reason of the death, resignation or disqualification of a Trustee (other than a Trustee appointed by Declarant), the Trustees then in office shall continue to act, and such vacancies shall be filled by a vote of the Trustees then in office, though less than a quorum, in any way approved by such Trustees at the meeting. Any vacancy in the Board of Trustees occurring by reason of removal of a Trustee by the members may be filled by election at the meeting at which such Trustee is removed. If the authorized number of Trustees shall be increased, such newly created Trusteeships shall be filled by election of the members at a special meeting or annual meeting of the members. If vacancies shall occur in the Board of Trustees by reason of death, resignation or removal of a Trustee appointed by the Declarant, such vacancies shall be filled by appointments to be made by the Declarant. Any Trustee elected or appointed hereunder to fill a vacancy shall serve the unexpired term of his predecessor or for the term of the newly created Trusteeship, as the case may be.

4.9 Informal Action by Trustees. Any action that is required or permitted to be taken at a meeting of the Board of Trustees may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Trustees.

## ARTICLE V

### OFFICERS

5.1 Officers. The officers of the Association shall be a President, Vice President, Secretary, Treasurer and such other officers as may from time to time be appointed by the Board of Trustees.

5.2 Election, Tenure and Qualifications. The officers of the Association shall be chosen by the Board of Trustees annually at the regular annual meeting of the Board of Trustees. In the event of failure to choose officers at such regular annual meeting of the Board of Trustees, officers may be chosen at any regular or special meeting of the Board of Trustees. Each such officer (whether chosen at a regular annual meeting of the Board of Trustees or otherwise) shall hold his office until the next ensuing regular annual meeting of the Board of Trustees and until his successor shall have been chosen and qualified, or until his death, or until his resignation, disqualification or removal in the manner provided in these Bylaws, whichever first occurs. Any one person may hold any two or more of such offices, except that the President may not also be the Secretary. No person holding two or more offices shall act in or execute any instrument in the capacity of more than one office. The President, Secretary and Treasurer shall be and remain Trustees of the Association during the entire term of their respective offices. No other officer need be a Trustee.

5.3 Subordinate Officers. The Board of Trustees may from time to time appoint such other officers or agents as it may deem advisable, each of whom shall have such title, hold office for such period, have such authority and perform such duties as the Board of Trustees may from time to time determine. The Board of Trustees may from time to time delegate to any officer or agent the power to appoint any such subordinate officers or agents and to prescribe their respective titles, terms of office, authorities and duties. Subordinate officers need not be members or Trustees of the Association.

5.4 Resignation and Removal. Any officer may resign at any time by delivering a written resignation to the President or the Board of Trustees. Unless otherwise specified therein, such resignation shall take effect upon delivery. Any officer may be removed by the Board of Trustees at any time, for or without cause.

5.5 Vacancies and Newly Created Offices. If any vacancy shall occur in any office by reason of death, resignation, removal, disqualification or any other cause, or if a new office shall be created, such vacancies or newly created offices may be filled by the Board of Trustees at any regular or special meeting.

5.6 The President. The President shall preside at meetings of the Board of Trustees and at meetings of the members. He shall sign on behalf of the Association all conveyances, mortgages documents and contracts and shall do and perform all other acts and things that the Board of Trustees may require of him.

5.7 The Vice President. The Vice President shall act in the place and stead of the President in the event of the President's absence or inability or refusal to act and shall exercise and discharge such other duties as may be required of him by the Board of Trustees.

5.8 The Secretary. The Secretary shall keep the minutes of the Association and shall maintain such books and records as these Bylaws, the Declaration or any resolution of the Board of Trustees may require to keep. The Secretary shall also act in the place and stead of the President in the event of the absence of both President and Vice President or their inability or refusal to act. He shall be the custodian of the seal of the Association, if any, and shall affix such seal, if any, to all papers and instruments requiring the same. He shall perform such other duties as the Board of Trustees may require of him.

5.9 The Treasurer. The Treasurer shall have the custody and control of the funds of the Association, subject to the action of the Board of Trustees, and shall, when requested by the President to do so, report the state of the finances of the Association at each annual meeting of the members and at any meeting of the Board of Trustees. He shall perform such other duties as the Board of Trustees may require of him.

5.10 Compensation. No officer shall receive compensation for any services that he may render to the Association as an officer; provided, however, that an officer may be reimbursed for expenses incurred in performance of his duties as an officer to the extent such expenses are approved by the Board of Trustees and (except as otherwise provided in these Bylaws) may be compensated for services rendered to the Association other than in his capacity as an officer.

## ARTICLE VI

### COMMITTEES

6.1 Designation of Committees. The Board of Trustees may from time to time by resolution designate such committees as it may deem appropriate in carrying out its duties, responsibilities, functions and powers. The membership of each such committee designated hereunder shall include at least one (1) Trustee. No committee member shall receive compensation for services that he may render to the Association as a committee member; provided, however, that a committee member may be reimbursed for expenses incurred in performance of his duties as a committee member to the extent that such expenses are approved by the Board of Trustees and (except as otherwise provided in these Bylaws)

may be compensated for services rendered to the Association other than in his capacity as a committee member.

6.2 Proceedings of Committees. Each committee designated hereunder by the Board of Trustees may appoint its own presiding and recording officers and may meet at such places and times and upon such notice as such committee may from time to time determine. Each such committee shall keep a record of its proceedings and shall regularly report such proceedings to the Board of Trustees.

6.3 Quorum and Manner of Acting. At each meeting of any committee designated hereunder by the Board of Trustees, the presence of members constituting at least a majority of the authorized membership of such committee (but in no event less than two members) shall constitute at quorum for the transaction of business, and the act of a majority of the members present at any meeting at which a quorum is present shall be the act of such committee. The members of any committee designated by the Board of Trustees hereunder shall act only as a committee, and the individual members thereof shall have not powers as such.

6.4 Resignation and Removal. Any member of any committee designated hereunder by the Board of Trustees may resign at any time by delivering a written resignation to the President, the Board of Trustees or the presiding officer of the committee of which he is a member. Unless otherwise specified therein, such resignation shall take effect upon delivery. The Board of Trustees may at any time, for or without cause, remove any member of any committee designated by it hereunder.

6.5 Vacancies. If any vacancy shall occur in any committee designated by the Board of Trustees hereunder, due to disqualification, death, resignation, removal or otherwise, the remaining members shall, until the filling of such vacancy, constitute the then total authorized membership of the committee and, provided that two or more members are remaining, may continue to act. Such vacancy may be filled at any meeting of the Board of Trustees.

## ARTICLE VII

### INDEMNIFICATION

7.1 Indemnification for Third Party Actions. The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Association), by reason of the fact that he is or was a Trustee or officer of the Association, or is or was serving at the request of the Association as a director, trustee, officer, employee or agent of another corporation,

partnership, joint venture, trust or other enterprise, against expenses (including attorneys fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by an adverse judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Association and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

7.2 Indemnification for Association Actions. The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Association to procure a judgment in its favor by reason of the fact that he is or was a Trustee or officer of the Association, or is or was serving at the request of the Association as a director, trustee, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the Association, unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

7.3 Determinations. To the extent that a person has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Sections 7.1 or 7.2 hereof, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith. Any other indemnification under Section 7.1 or 7.2 hereof shall be made by the Association only upon a determination that indemnification of the person is proper in the circumstances because he has met the applicable standard of conduct set forth respectively in Sections 7.1 or 7.2 hereof. Such determination shall be made either (i) by the Board of Trustees by a majority vote of disinterested Trustees, or (ii) by independent legal counsel in a written opinion, or (iii) by the members or the affirmative vote of at least fifty percent (50%) of the Total Votes of the Association at any meeting duly called for such purpose.

7.4 Advances. Expenses incurred in defending a civil or criminal action, suit or proceeding as contemplated in this article may be paid by the Association in advance of



the final disposition of such action, suit or proceeding upon a majority vote of a quorum of the Board of Trustees and upon receipt of an undertaking by or on behalf of the person to repay such amount or amounts unless it ultimately be determined that he is entitled to be indemnified by the Association as authorized by this article or otherwise.

7.5 Scope of Indemnification. The indemnification provided for by this article shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any provision in the Association's Articles of Incorporation, Bylaws, agreements, vote disinterested members or Trustees or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office. The indemnification authorized by this article shall apply to all present and future Trustees, officers, employees and agents of the Association and shall continue as to such persons who cease to be Trustees, officers, employees or agents of the Association and shall inure to the benefit of the heirs and personal representatives of all such persons and shall be in addition to all other rights to which such persons may be entitled as a matter of law.

7.6 Insurance. The Association may purchase and maintain insurance on behalf of any person who was or is a Trustee, officer, employee or agent of the Association, or who was or is serving at the request of the Association as a Trustee, director, officer, employee or agent of another corporation, entity or enterprise (whether for profit or not for profit), as may be required by Article X of the Declaration.

7.7 Payments and Premiums. All indemnification payments made, and all insurance premiums for insurance maintained, pursuant to this article shall constitute expenses of the Association and shall be paid with funds from the Common Expense Fund referred to in the Declaration.

## ARTICLE VIII

### FISCAL YEAR AND SEAL

8.1 Fiscal Year. The fiscal year of the Association shall begin on the first day of January each year and end on the 31st day of December next following, except that the first fiscal year shall begin on the date of incorporation.

8.2 Seal. The Board of Trustees may by resolution provide a corporate seal which shall be circular in form and shall have inscribed thereon the name of the Association, the state of incorporation and the words "Corporate Seal".

ARTICLE IX

RULES AND REGULATIONS

9.1 Rules and Regulations. The Board of Trustees may from time to time adopt, amend, repeal and enforce reasonable rules and regulations governing the use and operation of the Project, to the extent that such rules and regulations are not inconsistent with the rights and duties set forth in the Articles of Incorporation, the Declaration or these Bylaws. The members shall be provided with copies of all rules and regulations adopted by the Board of Trustees and with copies of all amendments and revisions thereof.

ARTICLE X

AMENDMENTS

10.1 Amendments. Except as otherwise provided by law, by the Articles of Incorporation, by the Declaration or by these Bylaws, these Bylaws may be amended, altered or repealed and new bylaws may be made and adopted by the members upon the affirmative vote of at least fifty-one percent (51%) of the Total Votes of the Association; provided, however, that such action shall not be effective unless and until a written instrument setting forth (i) the amended, altered, repealed or new bylaw, (ii) the number of votes cast in favor of such action, and (iii) the Total Votes of the Association shall have been executed and verified by the current President of the Association and recorded in the office of the County Recorder of Salt Lake County, State of Utah.

IN WITNESS WHEREOF, the undersigned, constituting all of the Trustees of Embassy Condominium Owners Association, Inc., have executed these Bylaws on the 22 day of December, 1994.

  
\_\_\_\_\_

  
\_\_\_\_\_

  
\_\_\_\_\_

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

The foregoing instrument was acknowledged before me this 2nd day of December, 1994, by Ning Zhou, Tong Cheng and Rick Nosseir, the Directors of the Embassy Condominium Owners Association, Inc.

Kris Markowski  
NOTARY PUBLIC  
Residing at: \_\_\_\_\_

My Commission Expires:

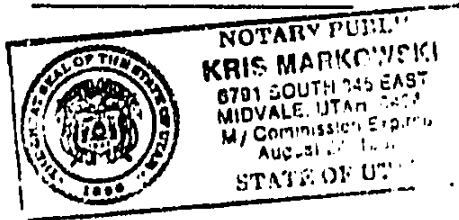
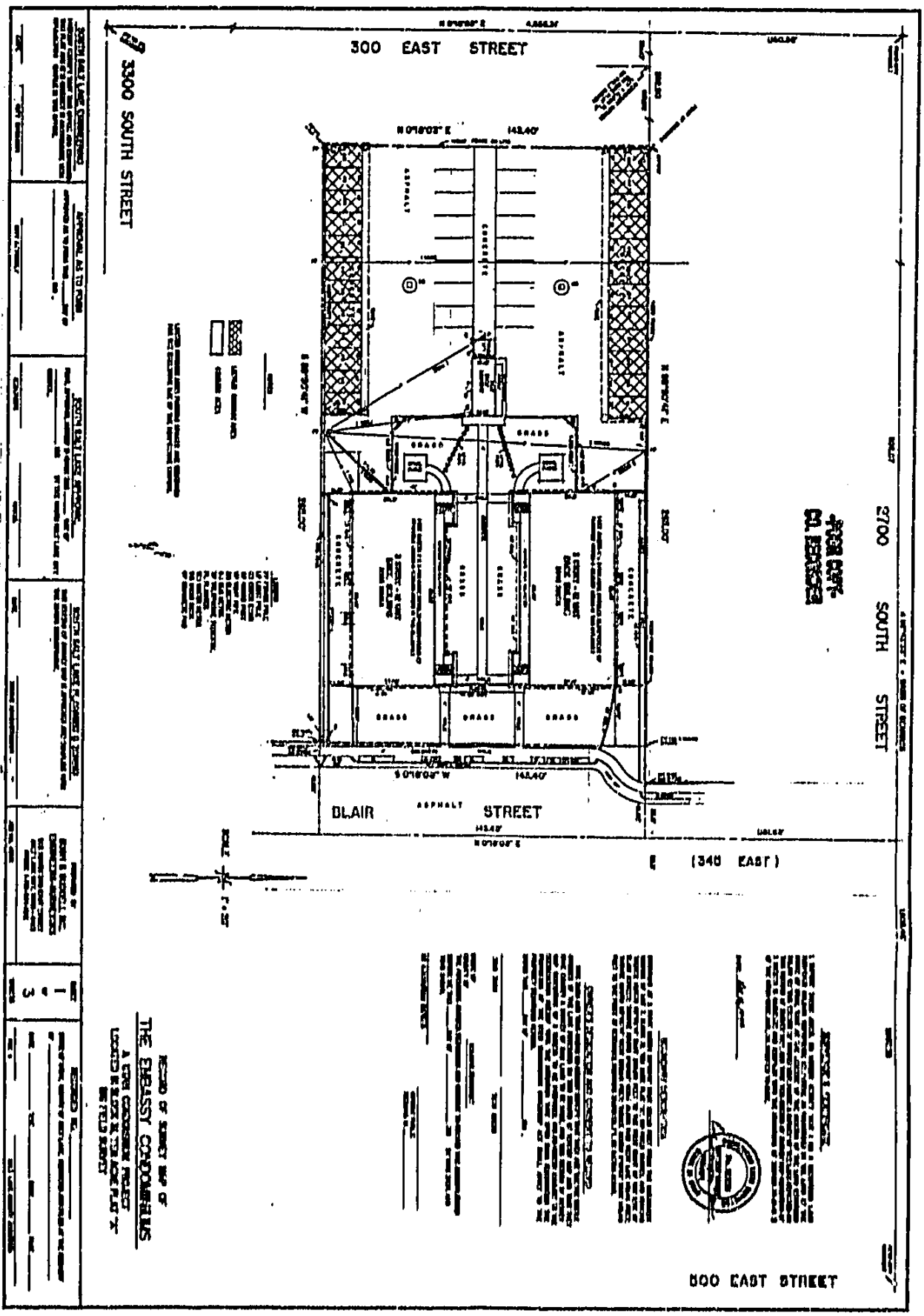


Exhibit D  
Record of Survey Map

101631.4

A-4

ER 7077 PG 3033



FOR COPY -  
 CALL BUREAU

2700 SOUTH STREET



800 EAST STREET

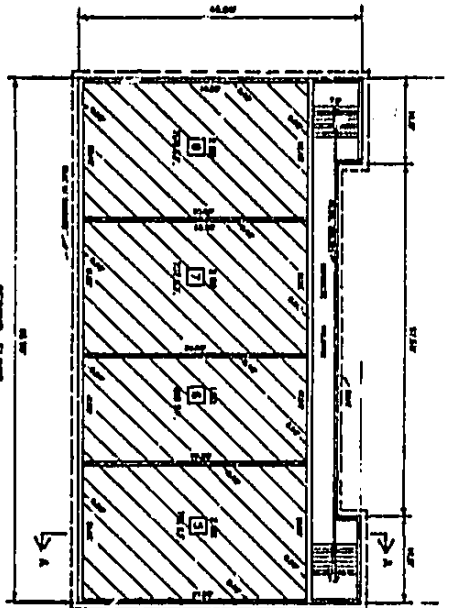
**RECORD OF SURVEY MAP OF  
 THE EVEREST CONDOMINIUMS  
 A CIVIL CONDOMINIUM PROJECT  
 LOCATED IN BLOCK 12, TOWN OF PLAIN TX  
 IN FIELD NO. 1001**

<p>OWNER: EVEREST CONDOMINIUMS, INC. 12000 WEST 12TH STREET, SUITE 100, DALLAS, TEXAS 75244</p>	<p>PREPARED BY: [Name]</p>	<p>DATE: [Date]</p>	<p>SCALE: 1/8" = 1'-0"</p>
<p>APPROVED BY: [Name]</p>	<p>DATE: [Date]</p>	<p>PROJECT NO. [Number]</p>	<p>SECTION NO. [Number]</p>

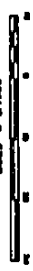


3008 COPY.  
G. REICHERD

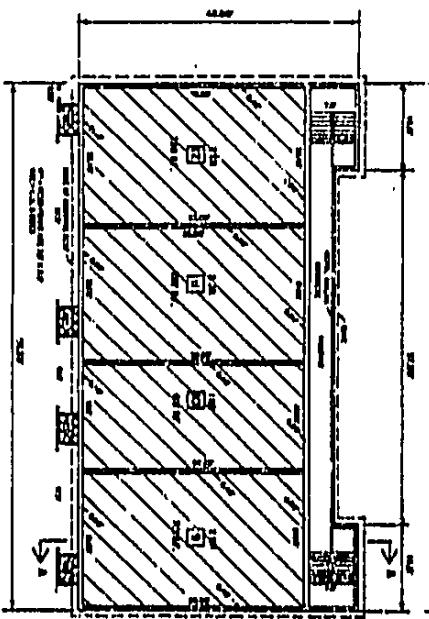
BK 7077 PG 3036



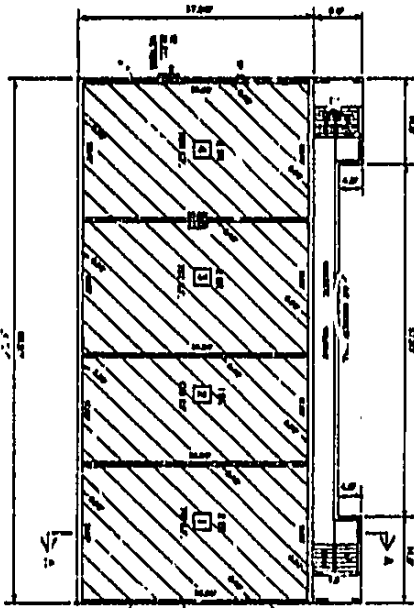
SECOND FLOOR



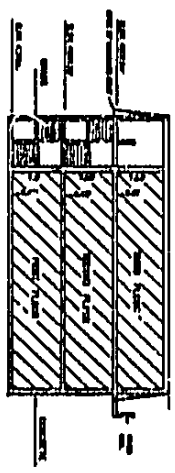
SCALE IN FEET



THIRD FLOOR



FIRST FLOOR



SECTION A-A

- 1. FINISH AND FINISH AREA - SHOWN AS SHADING
- 2. FINISH AND FINISH AREA - SHOWN AS SHADING
- 3. FINISH AND FINISH AREA - SHOWN AS SHADING
- 4. FINISH AND FINISH AREA - SHOWN AS SHADING
- 5. FINISH AND FINISH AREA - SHOWN AS SHADING
- 6. FINISH AND FINISH AREA - SHOWN AS SHADING
- 7. FINISH AND FINISH AREA - SHOWN AS SHADING
- 8. FINISH AND FINISH AREA - SHOWN AS SHADING
- 9. FINISH AND FINISH AREA - SHOWN AS SHADING
- 10. FINISH AND FINISH AREA - SHOWN AS SHADING

CONTRACT NO. 100-100-100-100-100-100  
 DRAWING NO. 100-100-100-100-100-100  
 DATE 10/10/10



NO.	DATE	REVISION
1		
2		
3		

RECORD OF SURVEY MAP OF  
 THE EMBASSY CONDORUMS  
 A UTAH CONDORUM PROJECT  
 LOCATED IN BLOCK 24, TIER ACRE PLAT 7,  
 AND FIELD SURVEY

200 010