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NANCY WORKMAN  
RECORDER, SALT LAKE COUNTY, UTAH  
IVERSON PROPERTIES L.C.  
REC BY: B GRAY DEPUTY - WI

ARTICLES OF INCORPORATION

OF

CHATEAU FORET PHASE II HOMEOWNERS' ASSOCIATION, INC.

I, the undersigned natural person of the age of eighteen years or older, acting as the incorporator of a nonprofit corporation under the Utah Nonprofit Corporation Act, Chapter 6 of Title 16 of the Utah Code of 1953, as amended (hereinafter called the "Act"), hereby adopts the following Articles of Incorporation for such corporation:

ARTICLE I - NAME

The name of this nonprofit corporation is Chateau Foret Phase II Homeowners' Association, Inc.

ARTICLE II - DURATION

The period of this corporation's duration is perpetual.

ARTICLE III - PURPOSES AND POWERS

This corporation is organized for any and all lawful purposes for which corporations may be organized under the Act, including but not limited to:

- (a) The management of the Chateau Foret Phase II Condominium Development in accordance with and pursuant to the Declaration of Covenants, Conditions and Restrictions as recorded with the Salt Lake County Recorder.

The corporation shall have and exercise all powers necessary or convenient for the carrying out of any or all of the purposes for which it is organized.

ARTICLE IV - MEMBER QUALIFICATION

The qualification for membership in the Association and the voting rights of members shall be governed by the Declaration of Covenants, Conditions and Restrictions of Chateau Foret Condominium Development as recorded with the Salt Lake County Recorder.

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3760 Highland Dr. Suite 509 SL, 84106

BK 7392Pg 1933

ARTICLE V - REGISTERED AGENT AND REGISTERED OFFICE

The name of the initial registered agent and the address of the initial registered office of this nonprofit corporation are as follows:

DeWayne E. Iverson  
3760 South Highland Drive  
Suite 500  
Salt Lake City, Utah 84106

ARTICLE VI - DIRECTORS OF GOVERNING BOARD

The initial number of directors constituting the governing board of this corporation shall be three (3) until an election of directors, whereupon the number of directors shall be five (5). The names and addresses of the members of the initial governing board of directors, who shall serve until a meeting of the members of the Association and their successors are elected and qualified or until their earlier death, resignation or removal, are as follows:

DeWayne E. Iverson  
3760 South Highland Drive, Suite 500  
Salt Lake City, Utah 84106

Sharolyn Iverson  
2876 Etienne Way  
Sandy, Utah 84093

Ashley D. Iverson  
3141 East Granite Wood Lane  
Sandy, Utah 84092

ARTICLE VII - LIMITATION ON DIRECTORS' LIABILITY

1. To the fullest extent permitted by the Act, as the same now exists or may hereafter be amended, no director of this corporation shall be personally liable to this corporation or its members for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to this corporation or its members, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law or (iii) for any transaction from which a director derived an improper personal benefit.

2. Any amendment or repeal of this Article VII or adoption of any other provision of the Articles of Incorporation which has the effect of increasing director liability shall operate prospectively only and shall not effect any action taken, or failure to act, by


a director of this corporation prior to such amendment, repeal, or other provision becoming effective.

ARTICLE VIII - INCORPORATOR

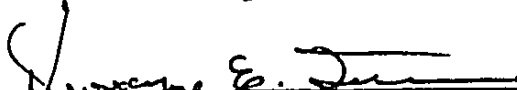
The name and address of the incorporator of this non profit corporation is as follows:

<u>Name</u>	<u>Address</u>
DeWayne E. Iverson	3760 South Highland Drive Suite 500 Salt Lake City, Utah 84106

The undersigned hereby states that he has read the foregoing Articles of Incorporation, is familiar with the contents thereof, and verifies and affirms the truthfulness thereof. In witness whereof, the undersigned has executed these Articles of Incorporation this 22 day of April, 1996.

  
Dewayne E. Iverson, Incorporator

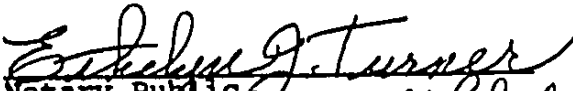
I hereby accept appointment as registered agent.

  
Dewayne E. Iverson, Registered Agent

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

On the            day of April, 1996, personally appeared before me DeWayne E. Iverson whose identity was personally known to me or proved to me on the basis of satisfactory evidence, who in my presence voluntarily subscribed the foregoing Articles of Incorporation and affirmed and verified that the contents thereof are true and correct.



  
Notary Public  
Residing at Salt Lake County

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**DECLARATION OF**  
**COVENANTS, CONDITIONS AND RESTRICTIONS**  
**OF**  
**CHATEAU FORET PHASE II CONDOMINIUM DEVELOPMENT**

BK 7392Pg 1936

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**DECLARATION OF  
COVENANTS, CONDITIONS AND RESTRICTIONS  
OF  
CHATEAU FORET PHASE II CONDOMINIUM DEVELOPMENT**

THIS DECLARATION is made and executed this 22 day of April, 1996, by Iverson Properties L.C., a Utah limited liability company (hereinafter referred to as "Declarant").

**RECITALS**

A. Declarant is the record owner of that certain tract of property more particularly described in Article II of this Declaration.

B. Declarant desires to provide for the preservation of the value and amenities of the Property and for the maintenance of the Common Areas. To this end, and for the benefit of the Property and of the Owners thereof, Declarant desires to subject the Property described in Article II of this Declaration and the various Units now or hereafter contained within said property to the covenants, restrictions, easements, charges and liens hereinafter set forth.

C. Declarant deems it desirable for the efficient preservation of the values and amenities of the Property, to create an entity which possesses the power to maintain and administer the Common Areas, to collect and disburse the assessments and charge hereinafter provided for, and otherwise to administer and enforce the provisions of this Declaration. For such purpose Declarant has, in conjunction with recordation of this Declaration, caused or will cause to be incorporated under the laws of the State of Utah, a nonprofit corporation, CHATEAU FORET PHASE II HOMEOWNERS' ASSOCIATION.

NOW THEREFORE, Declarant hereby covenants, agrees and declares that all of the Property described in Article II hereof shall be held, transferred, sold, conveyed, occupied and used subject to the covenants, restrictions, conditions, easements, charges, assessments, obligations, and liens hereinafter set forth.



## I. DEFINITIONS

When used in this Declaration (including that portion hereof headed "Recitals"), the following terms shall have the meaning indicated:

1. **Declaration** shall mean and refer to this Declaration of Covenants, Conditions and Restrictions.

2. **Parcel** shall mean and refer to the Property which is subject to this Declaration, which is filed for record in the office of the County Recorder of Salt Lake County, Utah is separately subjected to the terms of this Declaration with the intention that it shall thereby comprise the Condominium. The real property described in Article II of this Declaration constitutes the Units.

3. **Plat** shall mean and refer to the Chateau Foret Phase II Condominium Development plat or any plat or map (a) which covers the Property; (b) which describes or creates one or more Units; (c) or an instrument recorded in conjunction therewith where the intent is expressed that the Subdivision created by the Plat shall comprise the Development; and (d) which is filed for record in the office of the County Recorder of Salt Lake County, Utah or recorded concurrently with this Declaration of the Chateau Foret Phase II Condominium Development, and executed and acknowledged by Declarant on \_\_\_\_\_, 1996, and creating separately numbered Units.

4. **Property** shall mean and refer to all of the real property which is covered by a Plat.

5. **Unit** shall mean and refer to any of the separately numbered and individual condominium units described on the Plat: (a) which is intended to be owned individually, rather than by an association of Owners or in common by Owners of different condominium units and (b) which is intended to be used as a single Living Unit.

6. **Living Unit** shall mean and refer to a Unit which is designed and intended for use and occupancy as a single-family residence, together with all improvements located on or with respect to the Unit concerned which are used in connection with such residence.

7. **Owner** shall mean and refer to the person who is the Owner of record (in the office of the County Recorder of Salt Lake County, Utah) of a fee or an undivided interest in any Unit. Notwithstanding any applicable theory relating to a mortgage, deed of trust or like instrument, the term "Owner" shall not mean or include a mortgagee or a beneficiary or trustee under a deed of

trust unless and until such party has acquired title pursuant to foreclosure or any arrangement or proceeding in lieu thereof.

8. **Common Areas** shall mean and refer to that part of the Property which is not included with the Units, including all improvements other than utility lines now or hereafter constructed or located thereon.

9. **Restrictive Common Areas** shall mean and refer to the porch adjacent to the Unit owned and used by the Unit owner.

10. **Association** shall mean and refer to the Chateau Foret Phase II Homeowners' Association, a Utah nonprofit corporation.

11. **Member** shall mean and refer to every person who holds a membership in the Association.

12. **Mortgagee** shall mean any person named as a mortgagee or beneficiary under or holder of a deed of trust.

#### II. PROPERTY DESCRIPTION

"Beginning at a point which is North 789.36 feet and East 392.70 feet and N 3 degrees 00'E 356.70 feet and N 80 degrees 00'E 292.31 feet from the Southwest corner of the Northeast quarter of Section 9, Township 2 South, Range 1 East, Salt Lake Base and Meridian, AND RUNNING THENCE N 70 degrees 00'E 60.94 feet; thence N 3 degrees 42'15"W 146.86 feet; thence N 88 degrees 22'19"E 76.65 feet; thence S 89 degrees 03'47"E 9.30 feet; thence N 87 degrees 16'E 146.99 feet to the centerline of Highland Circle; thence S 1 degree 00'20"W along said centerline 46.49 feet; thence S 24 degrees 29'30"E along said centerline 217.49 feet; thence S 87 degrees 16'W along a fence line 25.14 feet; thence S 83 degrees 11'W along a fence line 28.25 feet; thence S 88 degrees 21'W along a fence line 63.07 feet; thence N 3 degrees 27'W along a fence line 46.32 feet; thence N 15 degrees 44'W along a fence line 41.09 feet to the point of beginning.

AND ALSO Beginning at a point which is North 789.36 feet and East 392.70 feet and N 3 degrees 00'E 541.07 feet and N 88 degrees 08'E 226.33 feet and N 1 degree 52'W 3.33 feet from the Southwest corner of the Northeast quarter of Section 9, Township 2 South, Range 1 East, Salt Lake Base and Meridian, and running thence N 88 degrees 08'E along the Chateau Foret Condominiums property line 77.04 feet; thence N 1 degree 52'W along said property line 19.60 feet; thence S 88 degrees 11'37"W along said property line 77.04 feet; thence S 1 degree 52'E 19.68 feet to the point of beginning."

INCLUDING an easement in perpetuity as herein described, for ingress of the owners, their agents, employees, visitors and

business invitees to the Property and the Units. The legal description of the aforesaid easement is as follows: "Beginning at a point which is North 789.36 feet and East 392.70 feet and N 3 degrees 00'E 541.07 feet and N 88 degrees 08'E 226.33 feet from the Southwest corner of the Northeast quarter of Section 9, Township 2 South, Range 1 East, Salt Lake Base and Meridian, and running thence N 1 degree 52'W 3.33 feet; thence N 88 degrees 08'E 77.04 feet; thence N 1 degree 52'W 62.38 feet; thence N 88 degrees 00'E 258.55 feet to the centerline of Highland Circle; thence S 1 degree 00'20"W along said centerline 25.03 feet; thence S 88 degrees 00'W 234.29 feet; thence S 3 degrees 42'15"E 164.24 feet; thence S 70 degrees 00'W 29.75 feet; thence N 1 degree 52'W 110.98 feet; thence S 88 degrees 08'W 77.04 feet; thence N 1 degree 52'W 21.67 feet to the point of beginning."

INCLUDING the right of access to and use of the swimming pool located on the Chateau Foret Condominium Property, subject to the conditions as set forth in this Declaration.

SUBJECT TO a grant of easement to the owners of each unit in the Chateau Foret Condominium Development, their heirs, successors or assigns in perpetuity for the ingress and egress of the owners, their tenants, agents, visitors, or business invitees to the owners' unit and the common areas. This easement is described as follows:

"Beginning at a point on the East boundary of grantors property on the centerline of Highland Circle, said point being North 1,177.88 feet and East 1,046.54 feet from the Southwest corner of the Northeast quarter of Section 9, Township 2 South, Range 1 East, Salt Lake Base and Meridian, AND RUNNING thence S 65 degrees 20'W 115.34 feet; thence S 87 degrees 42'W 209.03 feet; thence N 3 degrees 20'W 85.55 feet to the northerly line of grantors property; thence N 70 degrees 00'E along said northerly line 26.10 feet; thence S 3 degrees 20'E 68.48 feet; thence N 87 degrees 42'E 179.53 feet; thence N 65 degrees 20'E 110.47 feet to the centerline of said Highland Circle; thence S 24 degrees 29'30"E along said centerline 25.00 feet to the point of beginning." The aforesaid easement shall run with the land.

EXCLUDING all presently existing or to be constructed or installed sewer lines, water mains, gas lines, electrical conduits, telephone lines, and related facilities to the extent that they are located outside the Units included within the above-described tract.

RESERVING UNTO DECLARANT, however, such easements and rights of ingress and egress over, across and through and under the above-described tract and any improvements now or hereafter constructed thereon as may be reasonably necessary for

Declarant (in a manner which is reasonable and not inconsistent with the provisions of this Declaration) to improve the Common Areas; with such facilities, including, but not limited to, roads, recreational facilities, walkways and various landscaped areas, designed for the use and enjoyment of all the Members as Declarant may reasonably determine to be appropriate. If, pursuant to the foregoing reservation, the above-described tract or any improvement thereon is traversed or partially occupied by a permanent improvement or utility line, a perpetual easement for such improvement or utility line shall exist. With the exception of such perpetual easements, the reservation hereby effected shall, unless sooner terminated in accordance with its terms, expire seven (7) years after the date on which this Declaration is filed for record in the office of the County Recorder of Salt Lake County, Utah.

ALL OF THE FOREGOING IS SUBJECT TO: All liens for current and future taxes, assessments and charges imposed or levied by governmental or quasi-governmental authorities; all patent reservations and exclusions; all mineral reservations of record and rights incident thereto; all instruments of record which affect the above-described tract or any portion thereof, including without limitation, any mortgage or deed of trust; all visible easements and rights-of-way; and all easements and rights-of-way of record.

### III. MEMBERSHIP, VOTING RIGHTS AND ELECTION OF DIRECTORS

1. **Membership.** Every Owner shall be a Member of the Association. Membership in the Association shall be mandatory, shall be appurtenant to the Unit in which the Owner has the necessary interest, and shall not be separated from the Unit to which it appertains.

2. **Voting Rights.** The Association shall have the following-described two classes of voting membership:

**Class A.** Class A Members shall be all Owners other than the Declarant. Class A Members shall be entitled to one vote for each Unit in which the interest required for membership in the Association is held. In no event, however, shall more than one Class A vote exist with respect to any Unit.

**Class B.** The Class B Member shall be the Declarant. The Class B Member shall be entitled to three (3) votes for each Unit in which it holds the interest required for Membership in the Association. The Class B membership shall automatically cease and be converted to a Class A membership upon the occurrence of the following event:

(a) When all of the Units in the Development are sold and conveyed to Owners by Declarant.

3. **Multiple Ownership Interests.** In the event there is more than one Owner of a Unit, the vote relating to such Unit shall be exercised as such Owners may determine among themselves. A vote cast at any Association meeting by any of such Owners, whether in person or by proxy, shall be conclusively presumed to be the vote attributable to the Unit concerned unless an objection is immediately made by another Owner of the same Unit. In the event such an objection is made, the vote involved shall not be counted for any purpose whatsoever other than to determine whether a quorum exists.

4. **Quorum Requirements and Notice of Meetings.** The quorum required for any action by the Members hereunder shall be fifty percent (50%) of all outstanding votes. Written notice setting forth the purpose of meetings shall be sent to all members at least ten (10) but not more than thirty (30) days prior to the meeting date.

5. **Election of Board Directors.** The Board of Directors of the Association shall consist of five (5) Directors. At the first election of the Board of Directors, two Directors for a term of two years and three Directors for a term of three years shall be elected. Thereafter Directors shall be elected to the Board of Directors for a three year term. A Director must receive fifty percent (50%) of the votes of all Members in order to be elected.

#### IV. PROPERTY RIGHTS IN COMMON AREAS

1. **Easement of Enjoyment.** Each Member shall have a right and easement of use and enjoyment in and to the Common Areas and the Restrictive Common Areas adjacent to the particular owners Unit. Such right and easement shall be appurtenant to and shall pass with title to each Unit and in no event shall be separated therefrom. Any Member may delegate the right and easement of use and enjoyment described herein to any tenant, lessee or contract purchaser who resides on such Member's Unit.

2. **Form for Conveying.** Any deed, lease, mortgage, deed of trust, or other instrument conveying or encumbering title to a Unit shall describe the interest or estate involved substantially as follows:

Unit No. \_\_\_\_\_, contained within the Chateau Foret Phase II condominium Development as the same is identified in the Plat recorded in Book \_\_\_\_\_, at Page \_\_\_\_\_, and in the "Declaration of Covenants, Conditions and Restrictions of Chateau Foret Phase II Condominium Development", recorded in Book \_\_\_\_\_ at Page \_\_\_\_\_, of the official records of the Salt Lake County

Recorder. TOGETHER WITH a right and easement of use and enjoyment in and to the Common Areas, the Restrictive Common Areas of said Unit and the easement and rights described and provided for in said Declaration of Covenants, Conditions and Restrictions and in the Record of Survey Map in the official record of the Salt Lake County Recorder.

Whether or not the description employed in any such instrument is in the above-specified form, all provisions of this Declaration shall be binding upon and shall inure to the benefit of any party who acquires any interest in a Unit.

**3. Transfer of Title.** Declarant agrees: (a) that it shall, on or before twenty-four (24) months from the date on which this Declaration is filed for record in the office of the County Recorder of Salt Lake County, Utah, convey to the Association title to the Common Areas and the Restrictive Common Areas free and clear of all liens (other than the lien of current general taxes and the lien of any assessments, charges, or taxes imposed by governmental or quasi-governmental authorities).

**4. Limitation of Easement.** A Member's right and easement of use and enjoyment concerning the Common Areas and the Restrictive Common Areas shall be subject to the following:

(a) The right of the Association to impose reasonable limitations on the number of guests per Member who at any given time are permitted to use the Common Areas;

(b) The right of the County of Salt Lake and any other governmental or quasi-governmental body having jurisdiction over the property to access and rights of ingress and egress over and across any street, parking areas, walkway, or open area contained within the Property for purposes of providing police and fire protection, transporting school children, and providing any other governmental or municipal service; and

(c) The right of the Association to dedicate or transfer all or any part of the Common Areas, the Restrictive Common Areas, and any sewer, water and storm drain trunk lines to any public agency or authority for such purposes and subject to such conditions as may be agreed to by the Association. Any such dedication or transfer must, however, be assented to by at least fifty percent (50%) of the vote of each class of membership which Members present in person or by proxy are entitled to cast at a meeting duly called for that purpose written or printed notice setting forth the purpose of the meeting and the action proposed shall be sent to all Members at least ten (10) but not more than thirty (30) days prior to the meeting date.



meeting shall be sent to all Members at least ten (10) but not more than thirty (30) days prior to the meeting date. The Board of Directors of the Association may from time to time and in its discretion set the amount of the monthly assessment at any sum not in excess of the then applicable maximum amount.

5. **Special Assessments.** The Association may levy special assessments for the purpose of defraying, in whole or in part: (a) any expense or expenses not reasonable capable of being fully paid with funds generated by monthly assessments; or (b) the cost of any construction, reconstruction or unexpectedly required repair or replacement in connection with the Common Areas and the Restrictive Common Areas. Any such special assessment in excess of \$25,000 must be assented to by at least fifty percent (50%) of all of the Members. The Board of Directors shall notice a meeting of the Members to discuss and consider any proposed special assessment. Written notice setting forth the purpose of the meeting shall be sent to all Members at least ten (10) but not more than thirty (30) days prior to the meeting date.

6. **Uniform Rate of Assessment.** Both monthly and special assessments shall be fixed at a uniform rate for all Units.

7. **Monthly Assessment Due Dates.** The monthly assessments provided for herein shall commence as to all Units on the date a deed is delivered to the purchaser of a Unit, or if the sale is by way of a contract of sale, on the date the contract is executed by the parties thereto, or the date of occupancy under an occupancy agreement, or the date the Owner actually takes possession of a Unit, whichever first occurs. The first monthly assessment shall be adjusted according to the number of days remaining in the month of conveyance, contract or occupancy, as the case may be. At least fifteen (15) days prior to the effective date of any change in the amount of the monthly assessment, the Association shall give each Owner written notice of the amount and the first due date of the assessment concerned.

8. **Certificate Regarding Payment.** Upon the request of any Owner or prospective purchaser or encumbrancer of a Unit, the Association shall issue a certificate stating whether or not all assessments respecting such Unit are current and, if not, the amount of the delinquency. Such certificate shall be conclusive in favor of all persons who in good faith rely thereon.

9. **Effect of Nonpayment; Remedies.** Any assessment not paid when due, together with the hereinafter provided for interest and costs of collection, shall be, constitute and remain a continuing lien on the Unit; provided, however, that any such lien will be subordinate to the lien or equivalent security interest of any first mortgage on the Unit recorded prior to the date any such assessments became due. The person who is the Owner of the Unit at the time the assessment falls due shall be and remain personally



liable for payment. Such personal liability shall not pass to the Owner's successors in title unless expressly assumed by them. If the assessment is not paid within sixty (60) days after the date on which it becomes delinquent, the amount thereof shall bear interest from the date of delinquency at the rate of eighteen percent (18%) per annum and the Association may bring an action either against the Owner who is personally liable or to foreclose the lien against the Unit. Any judgment obtained by the Association shall include reasonable attorneys' fees, court costs, and each and every other expense incurred by the Association in enforcing its rights.

**10. Tax Collection by County Authorized.** It is recognized that under the Declaration the Association will own the Common Areas and the Restrictive Common Areas and that it may be obligated to pay property taxes to Salt Lake County. Each Owner of a Unit as a Member of the Association will be required to reimburse the Association for his pro rata share of such taxes paid. Notwithstanding anything to the contrary contained in the Declaration, Salt Lake County shall be authorized to collect such pro rata share of taxes directly from each Owner by inclusion of said share with the tax levied on each Unit.

## **VI. OPERATION AND MAINTENANCE**

**1. Maintenance of Living Units.** The interior of each Living Unit which comprises each Unit shall be maintained by the Owner thereof so as not to detract from the appearance of the Property and so as not to affect adversely the value or use of any other Unit or Living Unit. The Association shall have no obligation regarding maintenance except as herein elsewhere provided.

**2. Operation and Maintenance by Association.** The Association shall provide for such maintenance and operation of the Common Areas, the Restrictive Common Areas, the curbs, gutters and sidewalks, roadways, and garbage collection areas as may be necessary or desirable to make them appropriately usable in conjunction with the Units and to keep them clean, functional, attractive, and generally in good condition and repair.

**3. Utilities.** The Association shall pay for all utility services furnished to each Unit except telephone, electricity, gas, and any other services which are separately billed or metered to individual Units by the utility or other party furnishing such services.

**4. Insurance.** The Association shall secure and at all times maintain the following insurance coverages:

(a) Policy or policies of fire and casualty insurance, with extended coverage endorsement, for the full insurable replacement value of all improvements comprising a part of the

Common Areas and the Restrictive Common Areas. The name of the insured under each such policy shall be in form and substance similar to: "The Chateau Foret Phase II Homeowners' Association for the use and benefit of the individual Unit Owners and Mortgagees, as their interests may appear."

(b) A policy or policies insuring the Owners, the Association, and its directors, officers, agents, and employees against any liability incident to the ownership, use or operation of the Common Areas and the Restrictive Common Areas which may arise among themselves, to the public, and to any invitees or tenants of the Property or of the Owners. Limits of liability under such insurance shall be not less than \$250,000 for any one person injured; \$1,000,000 for all persons injured in any one accident; and \$100,000 for property damage resulting from one occurrence. Such policies shall be issued on a comprehensive liability basis and shall provide a cross-liability endorsement pursuant to which the rights of the named insureds as between themselves are not prejudiced.

The following additional provisions shall apply with respect to insurance:

(1) In addition to the insurance described above, the Association shall secure and at all times maintain insurance against such risks as are or hereafter may be customarily insured against in connection with developments similar to the Property in construction, nature and use.

(2) All policies shall be written by a company holding a rating of "AA" or better from Best's Insurance Reports.

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

(4) Insurance secured and maintained by the Association shall not be brought into contribution with insurance held by the individual owners or their mortgagees.

(5) Each policy of insurance obtained by the Association shall, if reasonably possible, provide: a waiver of the insurer's subrogation rights with respect to the Association, the Owners, and their respective directors, officers, agents, employees, invitees, and tenants; that it cannot be cancelled, suspended or invalidated due to the conduct of any particular Owner or Owners; that it cannot be cancelled, suspended or invalidated due to the conduct of the Association or of any director, officer, agent or employee of the Association without a prior written demand that the defect be cured; that any "no other insurance" clause therein shall not apply with respect to insurance held individually by Owners.

5. **Manager.** The Association may carry out through a Property Manager any of its functions which are properly the subject of delegation. Any Manager so engaged shall be an independent contractor and not an agent or employee of the Association, shall be responsible for managing the Property for the benefit of the Association and the Owners, and shall to the extent permitted by law and the terms of the agreement with the Association, be authorized to perform any of the functions or acts required or permitted to be performed by the Association itself.

6. **Terms of Agreement.** Any agreement for professional management of the Project which may be entered into by the Association shall call for a term not exceeding one (1) year, renewable by agreement of the parties for successive one-year periods and shall provide that for cause such management agreement may be terminated by the Association upon not in excess of Thirty (30) days' written notice.

## VII. USE RESTRICTIONS

1. **Use of Common Areas.** The Common Areas and the Restrictive Common Areas shall be used only in a manner consistent with their community nature and with the use restrictions applicable to Units and Living Units. No admission fees, charges for use, leases, or other income-generating arrangement of any type shall be employed or entered into with respect to any portion of the Common Areas. Notwithstanding the foregoing, this Section shall not preclude the Association from placing vending machines and equipment on or in any Common Area, should the Association elect to do so.

2. **Use of Unit.** No Unit or Living Unit shall be used, occupied or altered in violation of law, so as to create a nuisance or interfere with the rights of any Owner, or in a way which would result in an increase in the cost of any insurance. No Unit shall be used for any commercial, manufacturing, mercantile, vending or other non-residential purposes.

3. **Covered Parking Space.** Each unit shall have the right to the exclusive use of an assigned numbered parking space. This right to a numbered parking space is appurtenant to the Unit and may not be sold or transferred separate and apart from the Unit.

4. **Garage.** There are available for purchase by owners of Units in the Chateau Foret Phase II Condominium Development on a first come first acquired basis a certain number of garage units. Garage units may be sold, transferred or leased only to an owner of a Unit.

5. **Pets.** Whenever a pet is allowed to leave a Unit, it shall be either on a leash or in a cage. No animal or fowl may be

kept on any Unit or allowed in any part of the Common Areas or Restrictive Common Areas which constitutes a nuisance to other Owners in the Subdivision by noise or otherwise.

6. **No Leasing of Common Areas.** None of the Common Areas, the Restrictive Common Areas, parking space or other amenities contemplated as a part of the development shall be leased to the Owners nor shall the same be subject to any other restrictions in favor of the Declarant, except as herein expressly provided.

7. **Exception for Declarant.** Notwithstanding the restrictions contained in this Article VII, for the five (5) year period following the date on which this Declaration is filed for record in the office of the County Recorder of Salt Lake County, Utah, Declarant shall have the right to use any Unit or Living Unit owned by it, and any part of the Common Areas or Restrictive Common Areas reasonably necessary or appropriate, in furtherance of any construction, marketing, sales, management, promotional or other activities designed to accomplish or facilitate improvement of said Areas or improvement and/or sale of all Units owned by Declarant.

8. **Buried Utilities.** All water, gas, electrical, telephone, cable television and other utility lines within the limits of the individual Units and the Property in general, with the exception of meter and junction boxes shall be buried underground wherever possible.

9. **Signs.** No sign or billboard of any kind shall be displayed to the public view on any Unit or on the Property generally, except one sign for each Unit on not more than eighteen (18) inches by twenty-four (24) inches, advertising the property for sale or rent. Notwithstanding the foregoing, Declarant shall be exempted from the provisions of this Section in order to facilitate the advertising, marketing, and sale of the Units.

10. **Motor Vehicles.** All automobiles, pickup trucks or motorcycles shall be kept in the Owner's covered parking space or garage. No other types of trucks, or boats, trailers, campers or recreational vehicles shall be kept in covered parking spaces, garages, the Common or Restrictive Common Areas.

11. **Trees and Shrubs.** None of the existing living trees or shrubs on the Property which are planted by Declarant as part of the Development landscaping, shall be removed for any reason by any Owner from his Unit, unless he shall have first obtained written consent for such removal from the Board of Directors of the Association, or the Architectural Review Committee, which consent shall not be unreasonably withheld.

12. **Garbage Removal.** All rubbish, trash and garbage shall be regularly removed from each Unit, and shall not be allowed to accumulate thereon. All clotheslines, refuse containers,

woodpiles, storage areas, and machinery and equipment, including TV antenna "dishes" shall be prohibited in any Unit.

### VIII. ARCHITECTURAL REVIEW COMMITTEE

1. **Architectural Review Committee.** The Board of Directors of the Association shall appoint a three-member Committee, the function of which shall be to insure that all improvements and landscaping within the Property harmonize with existing surroundings and structures. The Committee need not be composed of Owners. If such a Committee is not appointed, the Board itself shall perform the duties required of the Committee.

2. **Submission to Committee.** No Living Unit, accessory or addition to a Living Unit, including walls, fences, antennas, porches, or patios, which is visible from the Common Areas, landscaping, or other improvement of a Unit which is visible from the Common Areas shall be constructed, or accomplished, and no alteration, or refurbishing of the exterior of any Living Unit shall be performed, unless complete construction and landscape plans and specifications as well as a plot plan showing location and the surrounding topography, shall have first been submitted to and approved by the Architectural Review Committee.

3. **Standards.** In deciding whether to approve or disapprove plans and specifications submitted to it, the Committee shall use its best judgment to insure that all improvements, construction, landscaping and alterations on Units within the Property conform to and harmonize with existing surroundings and structures. In this regard, the following design, building and materials restrictions shall govern the construction of any Living Unit and/or any other structure visible from any Common Area or Restrictive Common Area:

(a) Exterior building materials shall be restricted to those materials that are like or compatible with the existing exterior materials.

(b) Roofing materials shall be restricted to asphalt or metal roofing.

(c) The improvement of any Unit, and the construction of a Living Unit, or any other structure thereon, shall comply fully with applicable County ordinances and zoning regulations.

4. **Approval Procedure.** Any plans and specifications submitted to the Committee shall be approved or disapproved in writing within fifteen (15) days after submission.

5. **No Liability For Damages.** The Committee shall not be held liable for damages by reason of any action, inaction, approval

or disapproval by it with respect to any request made pursuant to this Article VIII.

6. **Exception for Declarant.** The foregoing provisions of this Article VIII shall not apply to any improvement, construction, landscaping or alteration which is carried out by Declarant on any Unit or on any part of the Common Areas or the Restrictive Common Areas, and which occurs at any time during the five (5) year period following the date on which this Declaration is filed for record in the office of the County Recorder of Salt Lake County, Utah.

#### IX. RIGHTS OF FIRST MORTGAGEES

Notwithstanding anything to the contrary contained herein, the following provisions shall apply:

1. **Notice of Default.** In the event an Owner neglects for a period of thirty (30) days or more to cure any failure on his part to perform any of his obligations under this Declaration, the Association shall give written notice of such fact to the holder of any first mortgage covering such Owner's Unit.

2. **Abandonment, Termination, Etc.** Unless all of the holders of first mortgages on the individual Units have given their prior written approval, neither the Association nor the Owners acting as a group shall be entitled by act, omission or otherwise:

(a) To abandon or terminate the project or to abandon or terminate the arrangement which was established by the Declarant and shown on the Plat of the Project as recorded;

(b) To partition or subdivide any Unit or the Common Areas;

(c) To abandon, partition, subdivide, encumber, sell, hypothecate, transfer or otherwise encumber all or any part of the Common Areas or the Restrictive Common Areas, except for the creating of easements and similar purposes consistent with their intended use of the said Areas; or

(d) To use hazard insurance proceeds received because of damage to any part of the development for any purposes other than the repair, replacement, or reconstruction of such improvements.

3. **Notice of Substantial Damage or Destruction.** The Association shall notify all institutional holders of any first mortgage lien or equivalent security interest on a Unit in writing in the event that there occurs any substantial damage to or destruction of any Living Unit or any part of the Common Areas involving an amount in excess of, or reasonably estimated to be in

excess of \$15,000. Said notice shall be given within ten (10) days after the Association learns of such damage or destruction.

4. **Condemnation or Eminent Domain Proceedings.** The Association shall give written notice to all institutional holders of any first mortgage lien or equivalent security interest of any condemnation proceedings or proposed acquisition of a Living Unit or of any portion of the Common Areas within ten (10) days after the Association learns of the same.

5. **Hazard Policy to Include Standard Mortgagee Clause.** Each hazard policy of the insurance shall be endorsed to provide that any proceeds shall be paid to the Association for the use and benefit of mortgagees as their interests may appear, or shall be otherwise endorsed to fully protect the interest of mortgagees. In addition, the mortgagee clause shall provide that the insurance carrier shall notify each mortgagee at least ten (10) days in advance of the effective date of any reduction in or cancellation of the policy.

6. **Rights Upon Foreclosure of Mortgage.** Each holder of a first mortgage (or deed of trust) on a Unit who comes into possession of the Unit by virtue of foreclosure of the mortgage, or by deed or assignment, in lieu of foreclosure, or any purchaser at a foreclosure sale, will take the Unit free of any claims for unpaid assessments and charges against the Unit which accrue prior to the time such holder comes into possession of the Unit, except for claims for a share of such assessments or charges resulting from a reallocation of such assessments or charges to all Units including the mortgaged lot.

7. **Mortgagees' Rights Concerning Amendments.** No material amendment to this Declaration, the By-Laws or the Articles of Incorporation or the Association shall be accomplished or effective unless at least two-thirds (2/3) of the mortgagees (based on one vote for each mortgagee) of the individual Units have given their prior written approval to such amendment.

8. **No Right of First Refusal.** Neither the Association nor the Owners acting as a group, shall enforce, assert, or claim any right of first refusal to purchase a Unit, or any option to buy a Unit in this Development.

#### X. MISCELLANEOUS

1. **Notices.** Any notice required or permitted to be given to any Owner or Member under the provisions of this Declaration shall be deemed to have been properly furnished if mailed, postage prepaid, to the person who appears as a Member or Owner, at the latest address for such period appearing in the records of the Association at the time of mailing.

2. **Rules and Regulations.** The Association shall have authority to promulgate and enforce such reasonable rules, regulations and procedures as may be necessary or desirable to aid the Association in carrying out any of its functions or to insure that the Property is maintained and used in a manner consistent with the interests of the Owners.

3. **Amendment.** Subject to the provisions of Section 7 of Article IX of this Declaration any amendment hereto shall require: (i) the affirmative vote of at least sixty percent (60%) of all Class A membership votes, which Members present in person or represented by proxy are entitled to cast at a meeting duly called for such purpose; and, so long as the Class B membership exists, (ii) the written consent of the Declarant. Written notice setting forth the purpose of the meeting and the substance of the amendment proposed shall be sent to all Members at least ten (10) but not more than thirty (30) days prior to the meeting date. Any amendment authorized pursuant to this Section shall be accomplished through the recordation of an instrument executed by the President or Vice President of the Association, and by the Declarant if the Class B Membership exists. In such instrument the President or Vice President of the Association shall certify that the vote required by this Section for amendment has occurred.

4. **Consent in Lieu of Voting.** In any case in which this Declaration requires authorization or approval of a transaction the assent or affirmative vote of a stated percentage of the votes present or represented at a meeting, such requirement may be fully satisfied by obtaining, with or without a meeting, consents in writing to such transaction from Members entitled to cast at least the stated percentage of all membership votes outstanding in connection with the Class of membership considered. The following additional provisions shall govern any application of this Section 4:

(a) All necessary consents must be obtained prior to the expiration of ninety (90) days after the first consent is given by any Member.

(b) The total number of votes required for authorization or approval under this Section 4 shall be determined as of the date on which the last consent is signed.

(c) Except as provided in the following sentence, any change in ownership of a Unit which occurs after consent has been obtained from the Owner thereof shall not be considered or taken into account for any purpose. A change in ownership which would otherwise result in an increase in the total number of Class A votes outstanding shall, however, be effective in that regard and shall entitle the new Owner to give or withhold his consent.



5. **Reserve Fund.** To the extent the same is reasonably possible and practicable and is not inconsistent with the significant interest of the Unit Owners, the Association shall establish an adequate reserve to cover the cost of reasonably predictable and necessary major repairs and replacements of the Common Areas or the Restrictive Common Areas, and shall cause such reserve to be funded by regular monthly or other periodic assessments against the Unit Owners rather than by special assessments.

6. **Lease Provisions.** Any Owner may lease his Unit provided, however, that any lease agreement between a Unit Owner and a Lessee must be in writing, and must provide, inter alia, that:

(a) The terms of the lease shall in all respects be subject to the provisions of the Declaration, Articles of Incorporation of the Association and the By-Laws; and

(b) Any failure by the Lessee to comply with the terms of such documents shall constitute a default under the lease.

7. **Declarant's Rights Assignable.** All or any portion of the rights of Declarant under this Declaration or in any way relating to the property may be assigned.

8. **Information Concerning Transfer of Unit and Transfer Fee.** Any Owner who sells, leases for a term (including extensions) in excess of one (1) year, or otherwise transfers or conveys his Unit shall submit to the Association pertinent information concerning the transferee within ten (10) days of said transfer of title or possession, and in the event of sale, the selling Owner, or the purchaser, as agreed between them, shall pay the Association a transfer fee of Fifty Dollars (\$50.00).

9. **Transfer of Common Areas.** The Board of Directors of the Association may, in connection with dissolution of the Association or otherwise, dedicate or transfer all or any part of the Common Areas, the Restrictive Common Areas, or any sewer, water and storm drainage trunklines within the Chateau Foret Phase II Condominium Development, to any public agency or authority for such purposes and subject to such conditions as may be agreed to by the Board. Any such dedication or transfer must, however, be assented to by sixty percent (60%) of the votes of each class of membership which Members present in person or by proxy are entitled to cast at a meeting duly called for the purpose. Written or printed notice setting forth the purpose of the meeting and the action proposed shall be sent to all Members at least ten (10), but not more than thirty (30) days prior to the meeting date.

10. **Registered Office and Agent.** The registered office of the Association shall be located in Salt Lake County, Utah. The name and address of the initial registered agent and the registered office of the Association is as follows:

CHATEAU FORET PHASE II HOMEOWNERS' ASSOCIATION  
3760 South Highland Drive  
Suite 500  
Salt Lake City, Utah 84106  
Attention: DeWayne E. Iverson, Registered Agent

11. **Enforcement by County.** If the Association fails to maintain the Common Areas, the Restrictive Common Areas, along with the curbs, gutters and sidewalk, in good order and condition, Salt Lake County shall have the right, but not the obligation, upon giving the Association thirty (30) days notice in writing, to step in and do the necessary maintenance and management with the same right to lien the Units and collect the costs thereof against the Owners as the Association has under this Declaration shall not affect the validity or enforceability of the remainder hereof.


12. **Interpretation.** The captions which precede the Articles and Sections of this Declaration are for convenience only and shall in no way affect the manner in which any provision hereof is construed. Whenever the context so requires, the singular shall include the plural, the plural shall include the singular, the whole shall include any part thereof, and any gender shall include the other gender. The invalidity or enforceability of any portion of this Declaration shall not affect the validity or enforceability of the remainder hereof.

13. **Covenants to Run With Land.** This Declaration and all the provisions hereof shall constitute covenants to run with the land or equitable servitudes, as the case may be, and shall be binding upon and shall inure to the benefit of the Declarant, and all parties who hereafter acquire any interest in a Unit or in the Common Areas shall be subject to the terms of this Declaration and the provisions of any rules, regulations, agreements, instruments, and determinations contemplated by this Declaration; and failure to comply with any of the foregoing shall be grounds for an action by the Association or an aggrieved Owner for the recovery of damages, or for injunctive relief, or both. By acquiring any interest in a Unit or in the Common Areas, the party acquiring such interest consents to, and agrees to be bound by, each and every provision of this Declaration.

14. **Effective Date.** This Declaration and any Amendment hereof shall take effect upon its being filed for record in the office of the County Recorder of Salt Lake County, Utah.

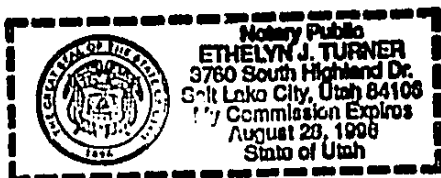
EXECUTED the day and year first above written:

IVERSON PROPERTIES L.C.

  
Dewayne E. Iverson, Member

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

On this 22 day of April, 1996, personally appeared before me Dewayne E. Iverson, a member of Iverson Properties L.C., who being by me duly sworn, did say that he duly executed the foregoing Declaration of Covenants, Conditions and Restrictions of the Chateau Foret Phase II Condominium Development.



  
NOTARY PUBLIC  
Residing at Salt Lake County, Utah