

After Recording Returns To:
RAM DEVELOPMENT
4931 South Fairview Dr.
Salt Lake City, Utah 84117

DECLARATION OF CONDOMINIUM
FOR
THE HIGHLANDS

6369554
05/30/96 09:56 AM 216-06
NANCY WORKMAN
RECORDER, SALT LAKE COUNTY, UTAH
RAM DEVELOPMENT CO
REC BY:V ASHBY DEPUTY - WI

This Declaration of Condominium (the "Declaration") is made and executed this 29th
day of April, 1996, by RAM DEVELOPMENT COMPANY, L.C., a Utah
limited liability company (the "Declarant").

RECITALS:

A. Description of Land. The condominium project (the "Project") that is the subject of this Declaration is situated in and upon the following described real property (the "Subject Land") located in Salt Lake County, State of Utah:

See Exhibit "A" attached hereto and incorporated herein by this reference.

B. Condominiums. The Declarant has constructed or intends to construct certain residential condominiums upon the Subject Land, as shown on the Map referred to and defined below.

C. Record of Survey Map. Declarant has prepared and has recorded concurrently herewith, in the office of the County Recorder for Salt Lake County, State of Utah, a "Record of Survey Map for The Highlands" (the "Map").

D. Association and Bylaws. The Highlands Owners Association, Inc. (the "Association") has been created concurrently herewith by filing Articles of Incorporation therefor with the Utah Division of Corporations and Commercial Code. The Association shall henceforth be the governing body of the Project subject hereto and shall operate in accordance with the "Bylaws of The Highlands" which are attached hereto as Exhibit "C" (the "Bylaws").

E. Intent and Purpose. The Declarant intends by recording this Declaration and the Map to submit the Subject Land and all improvements situated upon the Subject Land to the provisions of the Utah Condominium Ownership Act (the "Act"), as a 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.

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 "Act" shall mean the Utah Condominium Ownership Act and amendments thereto (Title 57, Chapter 8, Utah Code Annotated).

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1.3 "Association" shall mean The Highlands Owners Association, Inc., a Utah nonprofit corporation, organized to be the Association referred to herein.

1.4 "Board of Trustees" or "Board" shall mean the Board of Trustees of the Association.

1.5 "Building" shall mean one of those certain buildings that have been or will be constructed on the Subject Land, as such buildings are shown on the Map.

1.6 "Common Areas" shall mean all physical portions of the Project, except all Units and all Limited Common Areas.

1.7 "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 funds of the Association shall be deposited.

1.8 "Common Facilities" shall mean all furniture, furnishings, equipment, facilities, fixtures, and other personal property and real property improvements owned by the Association for the use and benefit of all Owners, and all furniture, furnishings, equipment, facilities, and other personal property hereafter purchased in accordance with this Declaration with monies from the Common Expense Fund. Except as otherwise expressly provided in this Declaration, Common Facilities shall be deemed to be part of the Common Areas.

1.9 "Condominium" shall mean a Unit and the undivided interest in the Common Areas appurtenant to such Unit.

1.10 "Declarant" shall mean Ram Development Company, L.C., a Utah limited liability company, its successors or assigns.

1.11 "Limited Common Areas" or "Limited Common Areas and Facilities" shall mean any Common Areas or Common Facilities designated for the exclusive use of the Owner of a particular Unit. Structural separations between Units or the space which would be occupied by such structural separations may become Limited Common Areas for the exclusive use of the Owner or Owners of the Units on either side thereof as provided in Section 4.3 hereof. Any driveways (connecting access roads with garages) and patios that are immediately contiguous to the Unit and identified and designated on the Map as Limited Common Areas shall be Limited Common Areas for the exclusive use of the Owner of the contiguous Unit specified on the Map.

1.12 "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.

1.13 "Map" shall mean the Record of Survey Map for The Highlands, as amended, pertaining to the Project and recorded or to be recorded in the office of the County Recorder for Salt Lake County, State of Utah.

1.14 "Member" shall mean a member of the Association.

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

1.16 "Mortgagee" shall mean (i) any person named as the mortgagee or beneficiary under any Mortgage by which the interest of any Owner is encumbered, or (ii) any successor to the interest of such person under such Mortgage.

1.17 "Owner" shall mean any person or entity or combination thereof, including the Declarant, at any time owning a Condominium within the Project, as shown on the records of Salt Lake County, State of Utah. The term "Owner" shall not refer to any Mortgagee (unless such Mortgagee has acquired title for other than security purposes) or to any person or entity purchasing a Condominium under contract until such contract is fully performed and legal title conveyed.

1.18 "Project" shall mean the Subject Land, all Condominiums, all Common Areas and Facilities, and all Limited Common Areas and Facilities.

1.19 "Subject Land" shall mean the land upon which the Project is situated, as more particularly described in Paragraph A of the Recitals above.

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

1.21 "Unit" shall mean an individual air space unit, consisting of enclosed rooms, occupying part of one of the Buildings and bounded by the interior surfaces of the walls, floors, ceilings, windows, doors, and fireplaces, if any, along the perimeter boundaries of the air space which is intended for individual use, as said boundaries are shown on the Map, together with all fixtures and improvements therein contained. Paint and other wall, ceiling, or floor coverings on interior surfaces shall be deemed to be a 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 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 installations of central services and utility installations for common use, except the outlets thereof when located within the Unit. The interior surface of a window or door is the point at which such surface is located when the window or door is fully closed. A Unit holder's interest shall be held in fee simple.

ARTICLE II SUBMISSION AND DIVISION OF PROJECT

2.1 Submission to Act. The Declarant hereby submits the Subject Land, the Buildings, and all other improvements now or hereafter made in or upon the Subject Land to the provisions of the Act, and the Act shall apply thereto. All of said property is and shall be held, conveyed, hypothecated, encumbered, leased, rented, used, and improved as a

condominium project to be known as The Highlands. 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 the 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 to the Declarant, its successors and assigns, and any person acquiring, leasing, or owning an interest in the real property and improvements comprising the Project, their lessees, heirs, executors, administrators, devisees, 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 "B" attached hereto. Each Unit shall have an equal undivided interest in the Common Areas and Facilities calculated by dividing one by the total number of Units in the Project, which percentage is set forth in Exhibit "B" attached hereto and incorporated herein by this reference.

2.3 Easements. The Declarant, its successors and assigns, shall have a transferable easement over and on the Common Areas and Facilities, including roads providing ingress and egress to the Project, for the purpose of making improvements on the land within the Project, for the purpose of doing all things reasonably necessary and proper for the construction, completion and development of the Project.

ARTICLE III IMPROVEMENTS

3.1 Description of Improvements. The improvements included in the Project are now or will be located upon the Subject Land. The Map shows the number of Units which are to be contained in each of the Buildings which comprise a part of such improvements. Each of the Buildings has been or shall be principally constructed of wood frame, stucco with rock or brick, sheetrock interiors and asphalt shingle roofs.

3.2 Description and Legal Status of Units. The Map shows the Unit number of each Unit, its location, dimensions, and those Limited Common Areas and Facilities which are reserved for use of its Owner. All Condominiums shall be capable of being independently owned, encumbered, and conveyed.

3.3 Contents of Exhibit "B". Exhibit "B" to this Declaration furnishes the following information with respect to each Condominium: (a) The Unit number, (b) the undivided percentage interest of the Unit in the Common Areas of the Project, and (c) the number of votes of the Owner of the Condominium as a Member of the Association.

ARTICLE IV NATURE AND INCIDENTS OF CONDOMINIUM OWNERSHIP

4.1 Interior of Units. Each Owner shall have the exclusive right to paint, repaint, tile, wax, 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.

4.2 Maintenance of Units and Limited Common Areas. Each Owner shall, at his sole cost, keep the interior of his Unit, including without limitation, interior walls, windows, ceilings, floors, and permanent fixtures and appurtenances thereto, and the Limited Common Areas and Facilities, the use of which is limited to use by such Owner, including but not limited to driveways, patios and decks, in a clean and sanitary condition and in a state of good repair. While Owners shall keep clean and in general repair all Limited Common Areas appurtenant to their Units, the Association shall be responsible for maintenance of the Limited Common Areas and for any major structural repairs or replacements of such Limited Common Areas. In the event that any Unit or such Limited Common Areas and Facilities should develop an unsanitary or unclean condition or fall into a state of disrepair, and in the event that the Owner of such Unit or the Unit to which the exclusive right to use the Limited Common Areas and Facilities appertains should fail to correct such condition or state of disrepair promptly following written notice from the Association, 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 or Limited Common Areas and Facilities and correct or eliminate said unsanitary or unclean condition or state of disrepair.

4.3 Right to Combine Units. With the prior written consent of the Association, two Units may be utilized by the Owner or Owners thereof as if they were one Unit. To the extent permitted in the written consent of the Association, any walls, floors, or other structural separations between any two such Units, or any space which would be occupied by such structural separations but for the utilization of the two Units as one Unit, may, for as long as the two Units are utilized as one Unit, be utilized by the Owner or Owners of the adjoining Units as Limited Common Areas, except to the extent that any such structural separations are necessary or contain facilities necessary for the support, use, or enjoyment of other parts of the Project. If two Units are utilized as if they were one, said Units shall each continue to be assessed separately under the provisions of this Declaration. At any time, upon the request of the Owner of one of such adjoining Units, any opening between the two Units which, but for joint utilization of the two Units, would have been occupied by such structural separations, shall be closed, at the equal expense of the Owner or Owners of each of the two Units and the structural separations between the two Units shall thereupon revert to Common Areas.

4.4 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.

4.5 Prohibition Against Subdivision of Unit. Except as provided in this Article IV, no Unit Owner, by deed, plat or otherwise, shall subdivide or in any manner cause his Unit to be separated into physical tracts or parcels smaller than the whole Unit as shown on the Map.

4.6 Ownership of Common Areas and Facilities. All Units shall have an equal undivided interest in the Common Areas and Facilities appurtenant thereto, as set forth in Exhibit "B" hereto. The appurtenant percentage undivided interest applicable to each Unit 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. Except as otherwise provided in this Declaration, each Owner shall be entitled to the nonexclusive use of the Common Areas and Facilities in any manner that does not hinder or encroach upon the rights of other Owners and is not contrary to any rules or regulations promulgated by the Association. Except as otherwise provided in this Declaration, each Owner shall have the exclusive right to use and enjoy the Limited Common Areas and Facilities that may be designated for exclusive use by such Owner. Each Owner will be responsible for his percentage share of the taxes, insurance, maintenance and all other costs relating to the Common Areas and Facilities, with such percentages to be the same as the Owner's percentage interest in the Common Areas.

4.7 Limited Common Areas. Each patio and driveway designated on the Map as Limited Common Areas shall be Limited Common Areas for exclusive use by the Owner of the particular Unit which is contiguous to such patio or driveway. No Limited Common Areas may be rebuilt, replaced or materially altered without the approval and consent of the Board of Trustees of the Association.

4.8 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 and Facilities 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 Unit, 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.

4.9 No Partition. The Common Areas and Facilities shall be owned in common by all of the Owners, and no Owner may bring any action for partition thereof except as allowed by the Act.

4.10 Separate Mortgages 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 and Facilities 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.

4.11 Separate Taxation. Each Condominium within the Project 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 thereof or of any special improvement district or of any other taxing or assessing authority. 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.

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

4.13 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. Such description will be construed to describe the Unit together with the appurtenant undivided interest in the Common Areas and Facilities, and to incorporate all the rights incident to ownership of a Condominium within the Project and all of the limitations on such ownership. Each Unit Owner shall have an unrestricted right of ingress and egress to his or her Unit. This right shall be perpetual and such right shall pass with the Unit estate as transfers of ownership of the Unit occur. Any conveyance, encumbrance, judicial sale or other transfer (voluntary or involuntary) of an individual interest in the Common Areas will be void unless the Unit to which that interest is allocated is also transferred.

4.14 Non-Exclusive Easements. All entrances to, exits from and interior roads in the Project providing access to public roads outside the Project shall be Common Areas. Notwithstanding anything on the Map to the contrary, these easements are for the non-exclusive use of the Owners.

ARTICLE V EASEMENTS

5.1 Easements for Encroachments. If any part of the Common Areas encroaches or shall hereafter encroach upon any Unit, an easement for such encroachment and for the maintenance of the same shall and does exist. If any part of a Unit encroaches or shall hereafter encroach upon the Common Areas, or upon an adjoining Unit, an easement for such encroachment and for the maintenance of the same shall and does exist. If any part of the Common Areas or any part of a Unit shall hereafter encroach on real property now owned by the Declarant outside the boundaries of the Subject Land, an easement for such encroachment shall and does exist, as long as the physical boundaries of the Unit after the construction, reconstruction or repairs, if any, are in substantial accord with the description of the boundaries that appears in the Declaration and Map. Such easement must extend for whatever period the encroachment exists. Such encroachments shall not be considered to be encumbrances either on the Common Areas or the Units. Encroachments referred to herein include, but are not limited to, encroachments caused by error in the original construction of one or more of the Buildings or any improvements constructed or to be

constructed within the Project, by error in the Map, by settling, rising, or shifting of the earth, or by changes in position caused by repair or reconstruction of the Project or any part thereof.

5.2 Easements for Maintenance, Cleaning and Repair. The Association shall have the irrevocable right to have access from time to time to all Common Areas and Facilities, and all Limited Common Areas and Facilities upon giving reasonable notice to the affected Owner or Owners with respect to Limited Common Areas, during such reasonable hours as may be necessary, for the maintenance, cleaning, repair, or replacement thereof or for making emergency repairs at any time herein necessary to prevent damage to the Common Areas and Facilities. The Association is also granted a right of entry to any Unit to perform emergency repairs or to do other work necessary for the maintenance of the Project. In addition, the Association shall have the right to grant permits, licenses and easements over the Common Areas for utilities, roads and other purposes necessary for the proper operation of the Project.

5.3 Right to Ingress, Egress, and Support. Each Owner shall have the 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 appurtenant to and pass with the title to each Condominium.

5.4 Association's Right to Use Common Areas and Facilities. 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 facilities for use by Owners generally or by the Association and its agents exclusively.

5.5 Easement for Completion of Project. The Declarant shall have a transferable easement over and on the Common Areas for the purpose of completing construction of the Project and improvements therein as shown on the Map 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 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.

5.7 Easements Reserved by Declarant and Association. The Association shall have power to grant and convey to any third party and the Declarant hereby reserves unto itself easements and rights of way, including but not limited to rights of ingress and egress, in, on, over and under the Common Areas and Facilities for the purpose of constructing, erecting, operating or maintaining lines, cables, wires, conduits or other devices for electricity, cable television, power, telephone and other purposes, public sewers, storm drains and pipes,

water systems, sprinkling systems, water, heating and gas lines or pipes, and any similar public or quasi-public improvements or facilities to provide common utility services to the Project.

ARTICLE VI
RESTRICTIONS ON USE

6.1 Residential Uses Only. Each Unit contained in the Project is intended to be used for single family residential housing and is restricted to such use. No Unit shall be used for business or commercial activity; provided, however, that nothing herein shall be deemed to prevent (a) the Declarant or its duly authorized agents from using any Units owned by the Declarant, or any part of the Common Areas and Facilities, as sales models or property management offices, or (b) any Owner or his duly authorized agent from freely renting or leasing his Unit from time to time subject to the provisions of Section 6.11.

6.2 No Noxious or Offensive Activity. No noxious or offensive activity shall be carried on, in, or upon any part of the Project, nor shall anything be done or placed in or upon any part of the Project which is or may become a nuisance or may cause embarrassment, disturbance, or annoyance to Owners. 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.

6.3 Restriction on Vehicles. No boats, trailers, recreational vehicles, trucks, commercial vehicles, or inoperable vehicles belonging to Owners or other residents of the Project shall be parked or stored in or upon any of the Common Areas or Limited Common Areas, except in such portions of the Common Areas as the Association may specify, and subject to such rules and regulations as the Association may from time to time promulgate.

6.4 Restriction on Signs. Except as may be temporarily necessary to caution or warn of danger, no signs or advertising devices of any nature, including without limitation commercial, political, informational, or directional signs or devices, shall be erected or maintained on any portion of the Project without the prior inspection and written approval of the Association. If the Association consents to the erection of any such signs or devices, the same shall be promptly removed at the request of the Association. None of the foregoing shall be construed as to limit in any way Declarant's right and easement to locate and relocate its sales offices and all related signs, banners or similar sales devices upon the Common Areas and Facilities as permitted under Section 6.1 and Article XV hereof.

6.5 No Structural Alterations. No Owner shall, without the prior written consent of the Association, make or permit to be made any structural alteration, improvement (including without limitation any fencing), or addition in or to his Unit, to the Limited Common Areas appurtenant thereto, or to the Common Areas. No Owner shall, without the prior written consent of the Association, do any act that would impair the structural soundness or integrity of one or more of the Buildings or the safety of property or impair any easement or hereditament appurtenant to the Project.

6.6 No Obstructions. There shall be no obstruction of the Common Areas or Limited Common Areas by any Owner. Except with the prior written consent of the

Association, Owners shall neither store nor leave any of their property in the Common Areas or Limited Common Areas.

6.7 Prohibition of Damage and Certain Activities. Except with the prior written consent of the Association, nothing shall be done or kept in any Unit, in the Common Areas, or in any other part of the Project which may result in cancellation of any insurance on the Project or any part thereof, nor shall anything be done or kept in any Unit which may increase the rate of insurance on the Project or any part hereof over that which the Association, but for such activity, would have to 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 or invitee of any Owner, and each Owner shall indemnify and hold the Association and other Owners harmless against all loss resulting from any such damage or waste caused by such Owner, his guests, lessees, licensees, or invitees.

6.8 Rules and Regulations. The Owners shall comply with all of the rules and regulations governing use of the Units and Common Areas and Facilities, as such rules and regulations may from time to time be adopted, amended, or revised by the Association, in the sole discretion of its Board of Trustees.

6.9 Construction Period Exemption. During the course of actual construction of the Project, the provisions, covenants, conditions, and restrictions contained in this Declaration shall be deemed waived to the extent necessary or convenient to permit such construction; provided, however, that during the course of such construction, nothing shall be done which would result in a violation of any of said provisions, covenants, conditions, or restrictions following completion of such construction.

6.10 Pets and Animals. No animals or birds of any kind shall be raised, bred or kept in any Unit or in the Common Areas and Facilities, except that domestic dogs and cats and common household birds and fish may be kept in Units, subject to the rules adopted by the Association and provided that they are not kept, bred, or maintained for any commercial purpose and provided further that any such pet causing or creating a nuisance or disturbance shall be permanently removed from the Project upon ten (10) days written notice from the Association. Any pet allowed by the preceding portions of this Section 6.10 may be present on the Common Areas only if on a leash held by a person.

6.11 No Short-Term Rentals or Leases. Owners may freely rent or lease their Units provided that such rental or lease period shall not be less than one (1) month in duration. Any lease or rental agreement must be in writing and must be subject to the requirements of the Project documents and the Association.

ARTICLE VII
THE ASSOCIATION

7.1 Membership. Each Owner shall be entitled and required to be a Member of the Association. Membership shall 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 interests 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. Each Unit shall have only one vote appurtenant thereto. 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 of a Condominium shall be construed to be a devise, encumbrance, conveyance or other disposition, respectively, of the Owner's membership in the Association, and the 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. The Board of Trustees shall consist of three (3) members. The Declarant reserves the right to appoint all of the Board of Trustees until the first of the following occurs:

- (a) Three (3) years from the date of conveyance by Declarant of the first Unit;
- or
- (b) The date that is four months after eighty percent (80%) of the Units in the Project have been conveyed to Owners other than the Declarant.

7.3 Bylaws. The initial Bylaws of the Association shall be as set forth in Exhibit "C" attached hereto and by this reference made a part hereof.

7.4 Amplification. The provisions of this Article VII may be amplified by the Articles of Incorporation and Bylaws of the Association; 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.

ARTICLE VIII
CERTAIN RIGHTS AND OBLIGATIONS OF THE ASSOCIATION

8.1 The Common Areas. The Association, 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 Facilities and all improvements thereon, and shall keep the same in a good, clean, attractive, safe, and sanitary condition, order, and repair; provided, however, that each Owner shall keep the Limited Common Areas designated for use in connection with his Unit, if any, in a good, clean, safe, sanitary, and attractive condition.

Except as otherwise herein provided with respect to Limited Common Areas and Facilities, the Association shall be responsible for the maintenance and repair of the exterior of the Buildings and the grounds, including without limitation painting thereof, repair and replacement of exterior trim and roofs, and maintenance of landscaping, walkways, roads and driveways. In particular, the Association shall be responsible for the maintenance of the private roads and associated improvements located in the Project. The Association shall also be responsible for maintenance, repair, and replacement of all Common Facilities, improvements, or other material located within or used in connection with the Common Areas. The specification of duties of the Association with respect to particular Common Areas shall not be construed to limit its duties with respect to other Common Areas, as set forth in the first sentence of this Section. All goods and services procured by the Association in performing its responsibilities under this Section shall be paid for with funds from the Common Expense Fund.

8.2 Manager. The Association may by written contract delegate in whole or in part to a professional Manager such of the Association's duties, responsibilities, functions, and powers hereunder as are properly delegable. The services of any Manager retained by the Association shall be paid for with funds from the Common Expense Fund.

8.3 Miscellaneous Goods and Services. The Association may obtain and pay for the services of such personnel as the Association 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 Association may obtain and pay for legal and accounting services necessary or desirable in connection with the operation of the Project, the enforcement of this Declaration, or any other matter. In addition to the foregoing, the Association may 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 insurance, bonds, and other goods and services common to the Units.

8.4 Real and Personal Property. The Association may acquire, hold and own 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. The maintenance, repair and replacement of all such property, including Common Facilities, shall be paid for out of the Common Expense Fund and all proceeds from the disposition thereof shall become part of such Fund.

8.5 Rules and Regulations. The Association, by action of its Board of Trustees, may make reasonable rules and regulations governing the use of the Units and of the Common Areas and Facilities, which rules and regulations shall be consistent with the rights and duties established in this Declaration. The Association may take judicial action against any Owner to enforce compliance with such rules and regulations or other obligations of Owners 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 attorney's fees, from the offending Owner.

8.6 Granting of Easements. The Association may, without the vote or consent of the Owners or of any other person, grant or create, on such terms as it deems advisable,

utility, ingress, egress, construction and similar easements over, under, across, and through the Common Areas.

8.7 Implied Rights. The Association may exercise any right 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 Reserves. The Association shall maintain an adequate reserve fund for maintenance, repairs and replacement of those Common Areas and Limited Common Areas and Facilities that must be replaced by the Association on a periodic basis. In addition, the Association may establish a working capital reserve of up to two months of the estimated common expenses for each Unit. Any amounts paid into this reserve shall not constitute advance payments of regular assessments. Such reserve shall be used to meet cash flow needs or unforeseen expenditures, or to purchase any additional equipment or services. Such reserves shall be funded from the monthly assessments described in Article IX below.

8.9 Availability of Project Documents. The Association shall maintain current copies of this Declaration, the Articles of Incorporation, Bylaws and other rules concerning the Project, as well as its own books, records and financial statements available for inspection by Unit Owners or by holders, insurers or guarantors of first mortgages that are secured by Units in the Project.

ARTICLE IX ASSESSMENTS

9.1 Agreement to Pay Assessments. The Declarant, upon completion and construction of each Unit owned by it within the Project, and for and as the owner of the Project and every part thereof on the date hereof, hereby covenants, and each Owner of a 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, both regular and special, 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. Regular assessments shall begin as of January 1, 1997. Until January 1, 1997, sold Units shall be assessed an amount as described in Section 9.2(c) below. Pursuant to direction of the Board of Trustees of the Association, a reduced assessment may be applied for unsold Units if such unsold Units are not occupied. In any event, all Units shall be allocated full assessments no later than January 1, 1997.

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

(a) Common Expenses.

(1) Annual Budget. On or before the 1st day of December of each year, the Association shall prepare, or cause to be prepared, an operating budget setting forth an

itemized statement of the anticipated receipts and disbursements for the coming calendar year and taking into account the general condition of the Project. Each such budget, together with a written statement from the Association outlining a plan of operation for the year in question and justifying in every important particular the estimates made, shall be submitted to the Members on or before the 15th day of December of each year. Such budget, with any changes therein, shall be adopted by the Members at each annual meeting of the Members. Said operating budget shall serve as the basis for the schedule of proposed monthly assessments for the annual period for which it is prepared. Said budget shall also constitute a major guideline under which the Association shall operate during such annual period.

(2) Basis of Annual Budget. The annual budget shall be based upon the Association's estimates of the cash required to provide for payment of expenses (the "Common Expenses") arising out of or connected with maintenance and operation of the Common Areas. Such actual expenses and estimated expenses may include, among other things, the following: expenses of management, governmental taxes and special assessments; premiums for all insurance that the Association is required or permitted to maintain; repairs and maintenance of all Common Areas and Limited Common Areas, including without limitation but by way of example, the maintenance, repairing and painting of the roofs, windows and exterior walls of all buildings in the Project; wages for Association employees, including fees for a Manager, if any; utility charges; legal and accounting fees; any deficit remaining from a previous period; creation of a reasonable contingency reserve; sinking or reserve funds required or allowed herein; and any other expenses and liabilities which may be incurred by the Association for the benefit of all of the Owners or by reason of this Declaration or the Act.

(3) Annual Assessments. The Association shall establish a regular, equal monthly assessment to be paid by each Owner, and the funds so collected by the Association shall be known as the "Common Expense Fund." The dates and manner of payment shall be determined by the Association. The foregoing method of assessing the Common Expenses to the Owners may be altered by the Association so long as the method it adopts is consistent with good accounting practice and requires that the portion of Common Expenses borne by each Owner be substantially in proportion to that Owner's interest in the Common Areas. Each monthly installment of the regular assessment shall bear interest at a reasonable rate established by the Board from time to time from the date it becomes due and payable until paid. Failure of the Association to give timely notice of any assessment as provided herein shall not affect the liability of the Owner of any Condominium for such assessment. The Board of Trustees of the Association shall have the responsibility for levying and collecting annual assessments for Common Expenses.

(b) 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 Association may levy additional assessments in accordance with the procedure set forth in Section 9.3 below, except that the vote therein specified shall not be necessary.

(c) Declarant's Obligations. Notwithstanding the preceding provisions of this Section 9.2 to the contrary, until January 1, 1997, each Unit Owner shall pay a monthly assessment of \$75.00, and Declarant shall pay each month an amount equal to the remaining balance of the Common Expenses of the Project during said period.

9.3 Special Assessments. In addition to the regular assessments authorized by Sections 9.1 and 9.2 above, the Association may levy, at any time and from time to time, upon affirmative vote of fifty percent (50%) or more of the Total Votes of the Association, special assessments, payable over such periods as the Association 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. 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. The Board of Trustees of the Association shall have the responsibility for levying and collecting special assessments. Any amounts assessed pursuant hereto shall be assessed to Owners on the basis provided for in Section 9.4 below. Notice in writing of the amount of such special assessments and the time for payment thereof shall be given promptly to the Owners. No payment shall be due less than thirty (30) days after such notice shall have been mailed. All unpaid portions of any special assessment shall bear interest at the rate of one and one-half percent (1½%) per month from the date such portions become due until paid.

9.4 Apportionment of Assessments. All assessments made under Section 9.3 shall be apportioned among and assessed to all Owners on the basis of their respective undivided percentage interests in the Common Areas as described in Exhibit "B" attached hereto.

9.5 Lien for Assessments. All sums assessed to the Owner of any Condominium within the Project pursuant to the provisions of this Article IX, together with interest thereon as provided herein, shall be secured by a lien on such Condominium in favor of the Association. The lien for assessments shall be subordinate to a first Mortgage on the Unit if the Mortgage was recorded before the delinquent assessments were due. A lien for Common Expense assessment will not be affected by the sale or transfer of a Unit, unless a foreclosure of a first Mortgage is involved, in which case the foreclosure will extinguish the lien for any assessments that were payable before the foreclosure sale, but will not relieve any subsequent Unit Owner from paying further assessments. To evidence a lien for sums assessed pursuant to this Article IX, the Association 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 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 for 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 judicial foreclosure by the Association in the same manner in which mortgages on real property may be foreclosed in the State of Utah. 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. The Association shall have the right and power to bid in at any foreclosure sale, and to own, lease, mortgage or convey the subject Condominium.

9.6 Personal Obligation of Owner. The amount of any regular 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 and Facilities or by abandonment of his Condominium, or by waiving any services or amenities. In the event of any suit to recover a money judgment for unpaid assessments hereunder, the involved Owner shall pay the costs and expenses incurred by the Association in connection therewith, including reasonable attorneys' fees.

9.7 Statement of Account. Upon written request of any Owner, Mortgagee, prospective Mortgagee, or prospective purchaser of a Condominium and payment of any reasonable fee assessed, the Association shall issue a written statement setting forth the following: (a) The amount of the unpaid assessments, if any, with respect to such Condominium, and (b) the amount of the current regular assessment with respect to such Condominium and the date such assessment becomes or became due. Such statement shall be conclusive upon the Association in favor of persons who rely thereon in good faith.

9.8 Personal Liability of a Purchaser. A purchaser of a Condominium shall be jointly and severally liable with the seller thereof for all unpaid assessments against such Condominium up to the time of the grant of conveyance; provided, however, that the provisions of this Section shall not prejudice the purchaser's right to recovery from the seller of the amount of such assessments paid by the purchaser for such assessments.

9.9 Assessments Part of Common Expense Fund. All funds received from assessments under this Article IX shall be a part of the Common Expense Fund.

9.10 Amendment of Article. Except as may be necessary to conform to law, as it may be amended from time to time, this Article IX shall not be amended unless the Owners of all Condominiums in the Project unanimously consent and agree to such amendment by a duly recorded instrument.

ARTICLE X INSURANCE

10.1 Types of Insurance. The Association shall obtain and keep in full force and effect at all times the following types of insurance coverage in accordance with Chapter 7 of Part VIII of the FNMA Selling Guide, as applicable, provided by companies licensed to do business in the State of Utah:

(a) Fire and Casualty Insurance. A policy or policies of insurance on the Project in such amounts as shall provide for replacement thereof in the event of damage or destruction from casualty against which such insurance is customarily maintained by other condominium projects similar in construction, design, and use. Such insurance shall include fire and extended coverage, vandalism and malicious mischief, and such other risks and hazards against which the Association shall deem it appropriate to provide insurance protection. The Association may comply with the above requirements by the purchase of blanket coverage and may elect

such "deductible" provisions as in the Association's opinion are consistent with good business practice.

(b) Public Liability and Property Damage Insurance. The Association shall obtain a broad form of comprehensive liability insurance coverage for the Project, in such amounts and in such forms as it deems advisable to provide adequate protection against liability for personal injury, death and property damage. Coverage shall include without limitation, liability for operation of automobiles on behalf of the Association and all activities in connection with the ownership, operation, maintenance, and other use of the Project.

(c) Flood Hazard Insurance. If the Project is or comes to be situated in a locale identified by the Secretary of Housing and Urban Development as an area having special flood hazard, and the sale of flood insurance has been made available under the National Flood Insurance Act of 1968, a "blanket" policy of flood insurance on the Project shall be obtained and maintained. The minimum amount of coverage afforded by such policy shall be the lesser of the maximum amount of insurance available under the said Flood Insurance Act or the aggregate of the unpaid principal balances of the Mortgages affecting the individual Units. Such policy shall be in the form of the standard policy issued by members of the National Flood Insurers Association or in the form of a policy which meets the criteria established by the Flood Insurance Administration.

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

(e) Fidelity Insurance or Bond. Fidelity insurance or a bond in such amounts and in such forms as the Association deems appropriate to cover against dishonesty of employees or the Manager, destruction or disappearance of money or securities, and forgery.

10.2 Form of Insurance. Insurance coverage on the Project, insofar as possible, shall be in the following form:

(a) Casualty and Flood Hazard Insurance. Casualty and flood hazard insurance in a form or forms naming the Association as the insured, as trustee for the Owners and for the Declarant, whether or not the Declarant is an Owner, and which policy or policies shall specify the interest of each Owner (Owner's name, Unit number and the appurtenant undivided interest in the Common Areas), and shall contain a standard, noncontributory mortgagee clause in favor of each Mortgagee which from time to time shall give notice to the Association of its Mortgage. The Association shall furnish to each Owner, and to each Mortgagee requesting in writing the same, a certificate of coverage, including an identification of the Owner's interest.

(b) Public Liability and Property Damage Insurance. Public liability and property damage insurance which names the Association as the insured, as trustee for each Owner, for the Manager, if any, and for the Declarant, whether or not the Declarant is an Owner, and which protects each Owner, the Manager, if any, and the Declarant against liability for

acts or omissions of any of them in connection with the ownership, operation, maintenance, or other use of the Project.

(c) Policies. Insurance policies which provide for the following:

(i) That the insurer shall waive subrogation as to any claims against the Association, the Manager, if any, the Owners, the Declarant, and their respective servants, agents, invitees and guests.

(ii) That the policy or policies cannot be canceled, invalidated, or suspended on account of the conduct of any one or more Owners;

(iii) That the policy or policies cannot be canceled, invalidated, or suspended on account of the conduct of any trustee, officer, or employee of the Association, without a prior demand in writing that the Association cure the defect;

(iv) That any "no other insurance" clause in the policy or policies shall not apply to individual Owners' policies of insurance; and

(v) That the policy or policies cannot be canceled either by the insured or the insurance company until after ten (10) days written notice to the Association, to each Owner, to the Declarant, and to each Mortgagee who has made a written request for such notice.

10.3 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 from time to time deem appropriate.

10.4 Adjustment and Contribution. Exclusive authority to adjust losses under the insurance policies hereafter in force on the Project shall be vested in the Association. In no event shall the insurance coverage obtained and maintained by the Association hereunder be brought into contribution with insurance purchased by individual Owners or their Mortgagees.

10.5 Owner's Own Insurance. Notwithstanding the provisions of this Article X, each Owner may obtain insurance at his own expense providing coverage upon his Condominium, his personal property, for his personal liability, and covering such other risks as he may deem appropriate; provided that if the insurer under said policy is the insurer under any policy issued pursuant to Section 10.1 through 10.3 above, then any insurance policy obtained by an Owner shall provide that it does not diminish the insurance carrier's coverage for liability arising under any of the insurance policies obtained by the Association pursuant to this Article. If such insurance obtained by an Owner can be obtained in the normal practice without additional premium charge for a waiver of subrogation rights, then all such insurance shall waive the insurance company's right of subrogation against the Association, other Owners, the Manager, if any, the Declarant, and the servants, agents, invitees and guests of any of them.

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

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 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 execute the powers herein granted.

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 damage, with each Unit and the Common Areas having substantially the same vertical and horizontal boundaries as before.

11.3 Procedure. In the event of damage to or destruction of any part of the Project, the following procedures shall apply.

(a) 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 of repair or reconstruction of that part of the Project damaged or destroyed.

(b) Insurance Sufficient. If the proceeds of the insurance maintained by the Association equal or exceed the estimated costs to repair or reconstruct the damaged part of the Project, then the Project shall be repaired and reconstructed.

(c) Insurance Insufficient - Less than Seventy-Five Percent Destroyed. If less than seventy-five percent (75%) of the Project is destroyed or damaged, and if the proceeds of the insurance maintained by the Association do not equal or exceed the estimated costs to accomplish repair or reconstruction, restoration shall be carried out and all the Owners shall be assessed a special assessment for any deficiency. Such special assessment shall be allocated and collected as provided in Section 9.3 hereof, except that the vote therein specified shall not be necessary. Further assessments may be made in a like manner if the amounts collected prove insufficient to complete the repair or reconstruction.

(d) Insurance Insufficient - Seventy-Five Percent or More Destroyed. If seventy-five percent (75%) or more of the Project is destroyed or damaged, if the proceeds of the

insurance maintained by the Association do not equal or exceed the estimated costs to accomplish repair or reconstruction, and if the Owners within sixty (60) days after the destruction or damage by a vote of at least sixty seven percent (67%) of the Total Votes of the Association elect to repair or reconstruct the affected improvements, restoration shall be accomplished in the manner directed under subsection (c) above. In the event that Owners holding at least sixty seven percent (67%) of the Total Votes of the Association do not vote, within sixty days (60) after destruction of or damage to three-fourths or more of the Project, to repair or rebuild the affected improvements, then upon the vote of the Mortgage holders who represent at least 51% of the votes of the Units held by Mortgage holders, the Association shall file with the County Recorder for Salt Lake County, State of Utah, a notice setting forth such facts. Upon filing 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 undivided interest of the respective 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 on the Project, if any, shall be considered as one fund and shall be divided equally among all the Owners, after first paying out of the respective share of each Owner, to the extent sufficient for such purpose, all liens on the undivided interest in the Project owned by such Owner.

11.4 Repair or Reconstruction. As soon as practicable after receiving estimates on the cost of repair or reconstruction, the Association shall, if repair or restoration is to occur, diligently pursue to completion the repair or reconstruction of that part of the Project damaged or destroyed. The Association may take all necessary or appropriate action to effect repair or reconstruction, as attorney in fact for the Owners, and no consent or other action by any Owner shall be necessary in connection therewith. The Project shall be restored or repaired to substantially the same condition in which it existed prior to the fire or other disaster, with each Unit and the Common Areas having substantially the same vertical and horizontal boundaries as before such fire or disaster.

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

ARTICLE XII
OBSOLESCENCE, SALE OF PROJECT, AND REMOVAL FROM ACT

12.1 Adoption of Plan. Owners holding ninety percent (90%) or more of the Total Votes of the Association may agree that the Project is obsolete and adopt a written plan for the renewal and reconstruction of the Project, provided that such plan has the unanimous approval of all of the holders of first mortgages on Condominiums in the Project of record at the time such plan is adopted. Written notice of adoption of such plan, together with a copy of the plan, shall be given to all Owners.

12.2 Payment for Renewal and Reconstruction. The expense of renewal and reconstruction shall be payable by all of the Owners as assessments against their respective Condominiums. Such assessments shall be levied in advance and shall be allocated and collected as provided in Section 9.3 above, except that the vote therein specified shall not be necessary. Further levies may be made in a like manner if the amount collected proves insufficient to pay all costs of renewal and reconstruction. In the event amounts collected pursuant hereto are in excess of the amounts required for renewal and reconstruction, the excess shall be returned to the Owners by the Association by a distribution to each Owner in proportion to their respective percentages of ownership of the Common Areas.

12.3 Sale of Project. Notwithstanding all other provisions of this Declaration, the Owners may, by an affirmative vote of at least ninety percent (90%) of the Total Votes of the Association, at a meeting of Owners duly called for such purpose, elect to sell or otherwise dispose of the Project. Such action shall be binding upon all Owners and it shall thereupon become the duty of every Owner to execute and deliver such instruments and to perform all acts in such manner and form as may be necessary to effect such sale. The proceeds of any such sale shall be divided equally among all Owners, after first paying out of the respective share of each Owner, to the extent sufficient for such purpose, all liens on the interest of such Owner in the Project.

12.4 Removal of Project from Act. Except as provided in Article 12.5 below, all of the Owners may remove the Project from the provisions of the Act if (i) the holders of all liens affecting the Condominiums consent or agree by duly recorded instruments that their liens be transferred to the undivided interest of each Owner in the Project owning the affected Condominium and (ii) all Owners execute an instrument providing for such removal of the Project and the same is duly recorded. Upon removal of the Project from the provisions of the Act, the Project shall be deemed to be owned in common by the Owners. The undivided interest in the Project which shall appertain to each Owner shall be the percentage of undivided interest owned by such Owner in the Common Areas.

12.5 Removal of Project Following Substantial Destruction or Condemnation. Any action to terminate the legal status of the Project after substantial destruction or condemnation occurs shall be agreed upon by Unit Owners who represent at least 67% of the total allocated votes in the Association and by Mortgage holders who represent at least 51% of the votes of the Units that are subject to Mortgages held by Mortgagees. In addition, termination of the legal status of the Project for reasons other than substantial destruction or condemnation of the Project shall be agreed upon by Mortgage holders that represent at least 67% of the

votes of the mortgaged Units. For purposes of this paragraph, implied approval of such Mortgage holders may be assumed when the Mortgage holder fails to submit a response to any written proposal for an amendment within thirty (30) days after it receives proper notice of the proposal, provided that notice was delivered by certified or registered mail, with a "return receipt" requested.

12.6 Amendment of Article. This Article XII shall not be amended unless the Owners of all Condominiums in the Project unanimously consent and agree to such amendment by a duly executed and recorded instrument.

ARTICLE XIII CONDEMNATION

13.1 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 taken by power of eminent domain.

13.2 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 for the benefit of the Unit Owners and their Mortgage holders, and shall be distributed by the Association as herein provided.

13.3 Complete Taking. In the event the entire Project is taken by power of eminent domain, condominium ownership with respect to the Project 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. Such distribution shall be made by check payable jointly to the respective Owners and their respective Mortgagees, as appropriate.

13.4 Partial Taking. In the event that 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 Association shall, 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 the taking of or injury to the Common Areas shall be allocated 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 respective amounts apportioned to the taking of or injury to a particular Unit shall be allocated and distributed to the Owner of such Unit based upon the relative value of each Unit;

(iii) 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;

(iv) 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; and

(v) Distribution of allocated proceeds shall be made by check payable jointly to the respective Owners and their respective Mortgagees, as appropriate.

(b) Continuation and Reorganization. Except as provided in Article 12.5 above, if less than the entire Project is taken by power of eminent domain, condominium ownership with respect to the Project shall not terminate, but shall continue. If any partial taking results in the taking of an entire Unit, the Owner thereof shall cease to be a Member of the Association. The Association shall reallocate the voting rights and the undivided interest in the Common Areas appertaining to such Unit in accordance with the Act. If any partial taking results in the taking of a portion of a Unit and a determination is made by judicial decree with respect to whether the Owner of such Unit shall continue to be an Owner in the Project, then the Association shall take all steps necessary to effectuate such judicial decree.

(c) Reconstruction or Repair. Any reconstruction or repair necessitated by condemnation shall be governed by the procedures specified in Article XI hereof for cases of damage or destruction.

13.5 Appointment of Association. In the event of condemnation of the Project, the Association shall be appointed as attorney in fact to represent the Unit Owners in any related proceedings, negotiations, settlements or agreements.

ARTICLE XIV COMPLIANCE WITH DECLARATION AND BYLAWS

14.1 Compliance. Each Owner shall comply with the provisions of this Declaration, the Articles of Incorporation 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 be lawfully amended from time to time. Failure to comply with any of the same shall be grounds for an action to recover sums due and for damages or injunctive relief or both, maintainable by the Association or by an aggrieved Owner.

14.2 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. 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 or the Declarant, shall be enforceable by the

Declarant or the Association 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.

**ARTICLE XV
DECLARANT'S SALES PROGRAM**

15.1 Declarant's Right to Promote and Sell the Project. Notwithstanding any other provisions of this Declaration, until Declarant ceases to own more than one Unit (hereinafter referred to as the "Occurrence"), Declarant, its successors or assigns shall have the following rights in furtherance of any sales, promotional, or other activities designed to accomplish or facilitate the sale of Units owned by Declarant:

(a) Sales Offices and Model Units. Declarant, its successors and assigns, shall have the right to maintain sales offices and model Units. Such sales offices may be located in any Unit (at any location) owned by Declarant or may be located on the Common Areas in the Project. Declarant shall have the right to maintain any number of model units it may desire using the Units Declarant owns.

(b) Promotional Devices. Declarant, its successors and assigns, shall have the right to maintain a reasonable number of promotional, advertising, and/or directional signs, banners and similar devices at any place or places on the Project, but any such devices shall be of sizes and in locations as are reasonable and customary.

(c) Right to Use the Common Areas and Facilities. Declarant shall have the right to use the Common Areas and Facilities of the Project to entertain prospective purchasers or to otherwise facilitate Unit sales, provided said use is reasonable as to both time and manner.

15.2 Declarant's Rights to Relocate Sales and Promotional Activities. Declarant shall have the right from time to time to locate or relocate its sales offices, model Units and signs, banners and similar devices, but in connection with each such location or relocation Declarant shall observe the limitations imposed by the preceding portions of this Article. Within a reasonable period of time after the happening of the Occurrence, Declarant shall have the right to remove from the Project any sales structures not a part of a Unit, fixtures, improvements, signs, banners and similar sales materials and properties.

15.3 Limitation on Improvements by Association During Sales Program. Prior to the Occurrence, the Association shall not, without the written consent of the Declarant, make any improvement to or alteration in any of the Common Areas and Facilities, other than such repairs, replacements, or similar matters as may be necessary to properly maintain the Common Areas as they existed at the time the Declaration was recorded.

**ARTICLE XVI
MORTGAGE PROTECTION**

16.1 Mortgage Protection. No breach of any of the covenants, conditions, restrictions, and limitations contained herein shall defeat or render invalid the lien of any

Mortgage made in good faith and for value; provided, however, that all such covenants, conditions, restrictions and limitations contained herein shall be binding upon an Owner whose title is derived through foreclosure or Trustee's sale.

16.2 Priority of Liens. No enforcement of any lien provision herein contained shall defeat or render invalid the lien of any Mortgage. All sums assessed in accordance with the provisions herein shall constitute a lien on each respective Condominium prior and superior to all other liens except (1) all taxes, bonds, assessments and other levies which, by law, would be superior thereto; and (2) the lien or charge of any recorded Mortgage on such Condominium made in good faith and for value and recorded prior to the date on which any such assessment or assessments become due.

16.3 Prior Liens Relate Only to Individual Units. All taxes, assessments and charges which may become liens prior to the first Mortgage under local law shall relate only to the individual Condominium and not to the Project as a whole.

16.4 Mortgage Holder Rights in Event of Foreclosure. Any Mortgagee of a Mortgage of record which obtains title to a Condominium by the foreclosure of the Mortgage on the Condominium or by deed or assignment in lieu of foreclosure, or any purchaser at a foreclosure sale, shall take the Condominium free of any claims for unpaid assessments and charges against the Condominium which accrued prior to the date of the acquisition of title to such Condominium by such acquirer (except for claims for the pro rata reallocation of such assessments or charges to all Condominiums in the Project, including the mortgaged Condominium). Any unpaid assessments shall be deemed to be Common Expenses collectible from all of the Condominiums in the Project, including the Condominium that has been acquired in accordance with the provisions of this Section.

16.5 Rights of Mortgage Holders, Insurers, or Guarantors. The holder, insurer, or guarantor of a Mortgage on any Unit shall have the right to timely written notice of:

- (a) Any condemnation or casualty loss that affects either a material portion of the Project or the Unit securing its Mortgage;
- (b) Any sixty-day delinquency in the payment of assessments or charges owed by the Owner of any Unit on which it holds the mortgage;
- (c) A lapse, cancellation, or material modification of any insurance policy maintained by the Association; and
- (d) Any proposed action that requires the consent of a specified percentage of eligible Mortgage holders.

To be entitled to receive this information, the Mortgage holder, insurer, or guarantor must send a written request to the Association, stating both its name and address and the Unit number or address of the Unit on which it has (or an insurer or guarantor has) the Mortgage.

16.6 Amendment. No provision of this Article XVI shall be amended without the prior written consent of at least two-thirds of all first Mortgagees as appear on the official records of Salt Lake County, State or Utah, as of the date of such amendment.

ARTICLE XVII GENERAL PROVISIONS

17.1 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 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.

17.2 Construction. The provisions of this Declaration shall be in addition and supplemental to the Act and to all other provisions of law. Wherever used herein, unless the context shall otherwise provide, the singular number shall include the plural, the plural shall include the singular, and the use of any gender shall include all genders. The Article and section headings set forth herein are for convenience and reference only and are not intended to describe, interpret, define, or otherwise affect the context, meaning, or intent of this Declaration or any Article, section, or provision hereof. The provisions hereof shall be deemed independent and severable 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 provision hereof.

17.3 Registration of Mailing Address. Each Owner shall register from time to time with the Association his current mailing address. All notices or demands intended to be served upon any Owner may be sent by first class U.S. mail, postage prepaid, addressed to the Owner at his registered mailing address, or, if no address has been registered, to the Unit of such Owner. All notice or demands intended to be served upon the Association may be sent by first class U.S. registered or certified mail, postage prepaid, addressed to the Association at the address of its offices as may be furnished to the Owners in writing from time to time. Any notice or demand referred to in this Declaration shall be deemed given when deposited in the U.S. mail, postage prepaid, and in the form provided for in this Section.

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

17.5 Amendment. Except as provided below, or elsewhere in this Declaration, this Declaration may be amended upon the approval of Owners holding more than fifty percent (50%) of the Total Votes of the Association. Amendments to this Declaration which are of a material nature must be agreed to by Owners who represent at least sixty-seven percent (67%) of the Total Votes of the Association. In addition, approval must be obtained from Mortgagees holding mortgages on at least fifty-one percent (51%) of the Units that are subject to Mortgages where the Mortgagees have submitted a written request that the

Association notify them of any proposed action that requires the consent of a specified percentage of Mortgage holders. For purposes of this Section 17.5, a change to any of the following would be considered as material:

- (a) Voting rights;
- (b) Increases in assessments that raise the previously assessed amount by more than 25%, assessment liens, or the priority of assessment liens;
- (c) Reductions in reserves for maintenance, repair and replacement of Common Areas;
- (d) Responsibility for maintenance and repairs;
- (e) Reallocation of interests in the Common Areas or the Limited Common Areas, or rights to their use;
- (f) Redefinition of any Unit boundaries;
- (g) Convertability of Units into Common Areas or vice versa;
- (h) Expansion or contraction of the Project or the addition, annexation, or withdrawal of property to or from the Project;
- (i) Hazard or fidelity insurance requirements;
- (j) Imposition of any restrictions on the leasing of Units;
- (k) Imposition of any restriction on a Unit Owner's right to sell or transfer his Unit;
- (l) Restoration or repair of the Project (after damage or partial condemnation) in a manner other than that specified in the Project documents;
- (m) Any action to terminate the legal status of the Project after substantial destruction or condemnation occurs; or
- (n) Any provisions that expressly benefit Mortgage holders, insurers, or guarantors.

Any amendments approved by the Owners shall be accomplished at a meeting of the Owners duly held in accordance with the provisions of the Articles, Bylaws, and this Declaration, which properly approved amendments shall be evidenced by instruments which are duly recorded in the office of the County Recorder for Salt Lake County, State of Utah.

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

17.7 Agent for Service. The person to receive service of process shall be the then current registered agent of the Association as shown on the corporate records maintained in the office of the Division of Corporations and Commercial Code of the State of Utah. As of the date of this Declaration, the registered agent of the Association is Robert D. Irvine, 4931 So. Fairview Drive, Salt Lake City, Utah 84117.

17.8 Limitation on Association's Liability. The Association shall not be liable for any failure of water service or other utility service to be obtained and paid for by the Association hereunder, or for injury or damage to any person or property caused by the elements or by another Owner or person in the Project, or resulting from electricity, water, rain, snow or ice which may leak or flow from outside or from any parts of one of the Buildings, or from any of its pipes, drains, conduits, appliances, or equipment, or from any other place. No diminution or abatement of any assessments under this Declaration shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs, maintenance, or improvements to the Project or any part thereof, or from any action taken to comply with any law, ordinance, or order of a governmental authority.

17.9 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 his Condominium under contract. The Owner of a Condominium within the Project shall have no obligation for expenses or other obligations accruing after he conveys title to such Condominium.

17.10 Transfer of Control. The Declarant shall transfer control of the Association to the Unit Owners no later than the earlier of:

- (a) Four months after eighty percent (80%) of the Units in the Project have been conveyed to the Unit purchasers; or
- (b) Three years after the first Unit is conveyed.

17.11 Rights of Action. The Association and any aggrieved Unit Owner shall have a right of action against Unit Owners who fail to comply with the provisions of the Project documents or the decisions made by the Association. Unit Owners shall also have a right of action against the Association for failure of the Association to comply with the provisions of the Project documents or the decisions made by the Association.

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

DECLARANT:

RAM DEVELOPMENT COMPANY, L.C., a Utah limited liability company

By Irvine Investment Company, L.C., a Utah limited liability company
Its Member

By: *Robert D. Irvine*
Robert D. Irvine, Manager of Irvine Investment Company, L.C.

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

The foregoing document was acknowledged before me this 29th day of April, 1996, by Robert D. Irvine, the Manager of Irvine Investment Company, L.C., the Member of Ram Development Company, L.C., a Utah limited liability company.

Tamara L. Petersen
NOTARY PUBLIC
Residing at: 5300 So. Highland Dr.

My Commission Expires:

5-16-98

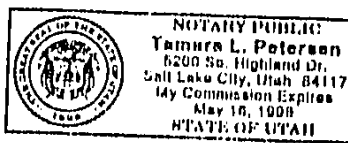


EXHIBIT "A"

[Legal Description]

Beginning at the intersection of the easterly right of way line of Highland Drive and the northerly right of way line of Donelson Lane, said intersection being 38.724 feet North 59°59'22" East from a county monument at the intersection of said streets (said monument being 228.29 feet South 46°32'20" West and 909.179 feet South 1°32'20" West from the west 1/4 corner of Section 10, T. 2 S., R. 1 E., S.L.B. & M.); thence North 1°32'20" East 304.29 feet along said east right of way line; thence South 86°55'00" East 331.50 feet; thence South 1°32'20" West 181.69 feet; thence South 1°34'00" West 164.13 feet to a point on the northerly right of way line of said Donelson Lane; thence North 79°48'00" West 335.12 feet along said northerly right of way line to the point of beginning, containing 2.4727 acres.

EXHIBIT "B"

Unit Number	Undivided Percentage Interest of Each Unit in Common Areas	Number of Votes Owner has as a Member of the Association
101	4%	1
102	4%	1
103	4%	1
104	4%	1
201	4%	1
202	4%	1
203	4%	1
204	4%	1
301	4%	1
302	4%	1
303	4%	1
401	4%	1
402	4%	1
403	4%	1
501	4%	1
502	4%	1
503	4%	1
504	4%	1
601	4%	1
602	4%	1
603	4%	1
604	4%	1
701	4%	1
702	4%	1
703	4%	1
Total	100%	25

EXHIBIT "C"

Bylaws

**BYLAWS
OF
THE HIGHLANDS OWNERS ASSOCIATION, INC.**

(A Utah Non-Profit Corporation)

ARTICLE I

OFFICES

The Highlands Owners Association, Inc. (the "Association") may have such other offices, within the State of Utah, as the Board of Trustees may designate or as the business of the Association may require from time to time.

**ARTICLE II
DEFINITIONS**

Except as otherwise provided herein or as otherwise required by the context, all terms defined in the Declaration of Condominium for The Highlands, a Utah condominium project (hereinafter referred to as the "Declaration") shall have such defined meanings when used in these Bylaws.

**ARTICLE III
MEMBERS**

Section 1. Annual Meetings. The annual meeting of members of the Association shall be held on the second Saturday in March each year at the hour of 10:00 o'clock a.m., beginning with the year following the year in which the Articles of Incorporation are filed, for the purpose of electing Trustees (if the members then have responsibility for so doing) 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.

Section 2. Special Meetings. Special meetings of the members for any purpose or purposes, unless otherwise prescribed by statute, may be called from time to time by the Board of Trustees or by the president, and shall be immediately called by the president 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. In case of failure to call such meeting within twenty (20) days after such request, such members may call the same.

Section 3. Place of Meetings. The Board of Trustees may designate any place in Salt Lake County, State of Utah, as the place of meeting for any annual meeting or for any special meeting called by the Board of Trustees. A waiver of notice signed by all of the members may designate any place, within the State of Utah, as the place for holding such meeting.

Section 4. Notice of Meetings. The Board of Trustees shall cause written or printed notice of the time, place, and purpose 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 have been 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, the member's Unit address shall be deemed to be his registered address for purposes of notice hereunder.

Section 5. Fixing of Record Date. Upon purchasing a Unit in the Project, each Owner shall promptly furnish to the Association a certified copy of the recorded instrument by which ownership of such Unit 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. 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 Units 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 and any adjournments thereof.

Section 6. Quorum. At any meeting of the members, the presence of members holding, or holders of proxies entitled to cast, more than fifty percent (50%) 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 later date. Notice thereof shall be delivered to the members as provided above. At the reconvened meeting, the members and proxy holders present shall constitute a quorum for the transaction of business.

Section 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.

Section 8. Votes. With respect to each matter, other than the election of Trustees, 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 Unit of such member, as shown in the Declaration. 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.

Section 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 thereto is made at the meeting.

Section 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

Section 1. General Powers. The property, affairs, and business of the Association shall be managed by the Board of Trustees. The Board of Trustees may exercise all of the powers of the Association, whether derived from law, the Articles of Incorporation, these Bylaws, or the Declaration, except those powers which are by law or by the foregoing documents vested solely in the members. The Board of Trustees shall, among other things, prepare or cause to be prepared, plan and adopt an estimated annual budget for the estimated annual common expenses, provide the manner of assessing and collecting assessments, and keep or cause to be kept sufficient books and records with a detailed account of the receipts and expenditures affecting the Project and its administration, and specifying the maintenance and repair expenses of the Common Areas. The books and records shall be available for examination by all members at convenient hours on working days that shall be set and announced for general knowledge. All books and records shall be kept in accordance with good accounting procedures and shall be audited at least once a year by an auditor outside of the organization, as required by the Declaration. 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, responsibilities, functions, and powers as are properly delegable.

Section 2. Initial Board of Trustees. The initial Board of Trustees shall be composed of three (3) Trustees, and may be increased to five (5) by majority vote of the existing three Trustees. The Trustees specified in the Articles of Incorporation, and any replacements duly appointed by Declarant, shall serve until the first meeting of the members held after the members obtain the responsibility for electing Trustees, and until their successors are duly

elected and qualified. The Trustees specified in the Articles of Incorporation, and any replacements duly appointed by the Declarant, are required to be members of the Association or residents of the State of Utah, and the Trustees elected by the members must be members of the Association.

Section 3. Permanent Board of Trustees. After the Declarant turns over to the members responsibility for electing Trustees, the Board of Trustees shall be composed of three (3) Trustees, but may be increased to five (5) by a majority vote of the existing Trustees at any give time.

Section 4. Regular Meetings. The regular annual meeting of the Board of Trustees shall be held without other notice than this bylaw, 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.

Section 5. Special Meetings. Special meetings of the Board of Trustees may be called by or at the request of any of the Trustees. 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, or by telegram. If mailed, such notice shall be deemed to have been delivered when deposited in the U.S. mail so addressed, with first class postage thereon prepaid. If notice is given by telegram, such notice shall be deemed to have been delivered when the telegram is delivered to the telegraph company. Any Trustee may waive notice of a meeting. The attendance of a Trustee at a meeting shall constitute a waiver of notice of such meeting, except where a Trustee attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 6. 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. Except as otherwise required in these Bylaws, the Articles of Incorporation, or the Declaration, 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.

Section 7. 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.

Section 8. 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 (other than a Trustee appointed by the Declarant) may be removed at any time, for or without cause, by the affirmative vote of the Owners holding more than fifty percent (50%) of the total number of votes appurtenant to all Units in the Project, at a special meeting of the members duly called for such purpose.

Section 9. Vacancies. 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 the Declarant), or if the authorized number of Trustees shall be increased, the Trustees then in office shall continue to act, and such vacancies or newly created trusteeships 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 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 for the unexpired term of his predecessor or for the term of the newly created trusteeship, as the case may be.

Section 10. 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.

Section 11. Amendments. The provisions of this Article may not be amended, modified, or repealed, unless such amendment, modification, or repeal is approved by the affirmative vote of Owners holding more than fifty percent (50%) of the total number of votes appurtenant to all Units in the Project.

ARTICLE V OFFICERS

Section 1. Officers. The officers of the Association shall be a president and a secretary, and such other officers as may from time to time be appointed by the Board of Trustees.

Section 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; provided, however, 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.

Section 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 offices need not be Trustees or members of the Association.

Section 4. Removal. Any officer may resign at any time by delivering a written resignation to the president or to the Board of Trustees. Any officer or agent may be removed by the Board of Trustees whenever in its judgment the best interests of the Association will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not of itself create contract rights.

Section 5. Vacancies. 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.

Section 6. President. The president shall be the principal executive officer of the Association and, subject to the control of the Board of Trustees, shall in general supervise and control all of the business and affairs of the Association. He shall, when present, preside at all meetings of the members and of the Board of Trustees. He may sign, with the secretary or any other proper officer of the Association thereunto authorized by the Board of Trustees, any deeds, mortgages, bonds, contracts or other instruments which the Board of Trustees has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Trustees or by these Bylaws to some other officer or agent of the Association, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties incident to the office of president and such other duties as may be prescribed by the Board of Trustees from time to time.

Section 7. Secretary. The secretary shall (a) keep the minutes of the Association and of the Board of Trustees in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the Association and see that the seal of the Association which may be affixed to all documents, the execution of which on behalf of the Association under its seal is duly authorized; and (d) in general perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to him by the president or by the Board of Trustees.

Section 8. Treasurer. The treasurer, if appointed, shall: (a) have charge and custody of and be responsible for all funds of the Association; (b) receive and give receipt for moneys due and payable to the Association from any source whatsoever, and deposit all such moneys in the name of the Association in such banks, trust companies or other depositories as shall be determined by the Board of Trustees; and (c) in general perform all of the duties incident

to the office of the treasurer and such other duties as from time to time may be assigned to him by the president or by the Board of Trustees.

Section 9. Assistant Secretaries and Assistant Treasurers. The assistant secretaries and assistant treasurers, in general, shall perform such duties as shall be assigned to them by the secretary or the treasurer, respectively, or by the president or the Board of Trustees.

Section 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

Section 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. 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.

Section 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.

Section 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 a 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 no powers as such.

Section 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.

Section 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

Section 1. Indemnification--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, 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 or with respect to any criminal action or proceeding, that the person had reasonable cause to believe that his conduct was unlawful.

Section 2. Indemnification--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 by reason of the fact that he is or was a Trustee or officer of the Association, 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; provided, however, 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 gross negligence or intentional 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 and 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.

Section 3. Determination. 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 1

or 2 of Article VII 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 Sections 1 or 2 of Article VII 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 1 or 2 hereof. Such determination shall be made either (a) by the Board of Trustees by a majority vote of disinterested Trustees or (b) by independent legal counsel in a written opinion, or (c) by the members by the affirmative vote of more than fifty percent (50%) of the total votes of the Association at a meeting duly called for such purpose.

Section 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.

Section 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 of 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.

Section 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), against any liability asserted against him or incurred by him in any such capacity or arising out of his status as such, whether or not the Association would have the power to indemnify him against such liability under the laws of the State of Utah, as the same may hereafter be amended or modified.

Section 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**

This fiscal year of the Association shall begin on the 1st day of January of each year and shall end on the 31st day of December next following; provided, however, that the first fiscal year shall begin on the date of incorporation.

**ARTICLE IX
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; provided, however, that such rules and regulations shall not be 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**

Except as otherwise provided by law, the Articles of Incorporation, the Declaration, or these Bylaws, these Bylaws may be amended, modified, or repealed and new bylaws may be made and adopted by the members upon the affirmative vote of more than fifty percent (50%) of the total votes of the Association; provided, however, that such action shall not be effective unless and until a written instrument setting forth (a) the amended, modified, repealed, or new bylaw, (b) the number of votes cast in favor of such action, and (c) 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.

BOARD OF TRUSTEES:

Date: 4-29-96



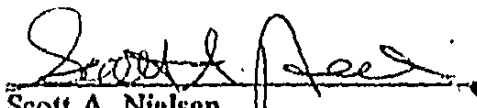
Robert D. Irvine

Date: 4/27/96



Randall L. Ridd

Date: 4-29-96



Scott A. Nielsen