

AFTER RECORDING, PLEASE RETURN TO:
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06/06/96 3:50 PM 189.00
NANCY WORKMAN
RECORDER, SALT LAKE COUNTY, UTAH
JEFF JONAS
REC BY: B GRAY DEPUTY - WI

DECLARATION OF CONDOMINIUM

FOR SUGARHOUSE PINES,

A Condominium Project

THIS Declaration of Condominium is made and executed this 3rd day of May, 1996, by SUGARHOUSE PINES, L.C. of #9 Exchange Place, 810 Boston Building, Salt Lake City, Utah 84111 (hereinafter referred to as the "Declarant").

RECITALS:

A. This Declaration of Condominium affect that certain real property located in Salt Lake County, Utah described with particularity in Article II below (hereinafter referred to as the "Tract").

B. Declarant is the owner of the Tract.

C. Declarant has constructed, is in the process of constructing or will construct upon the Tract a residential condominium project which shall include certain Units, Limited Common Area, Common Area, and other improvements. All of such construction has been, or is to be, performed in accordance with the plans contained in the Record of Survey Map to be recorded concurrently herewith.

D. Declarant intends to sell to various purchasers the fee title to the individual Units and contained in the Tract, together with an appurtenant undivided ownership interest in the Common Area and a corresponding membership interest in the Association of Unit Owners, subject to the Record of Survey Map, and the covenants, conditions and restrictions set forth herein.

E. Declarant desires, by filing this Declaration and Record of Survey Map, to submit the Tract and all improvements now or hereafter constructed thereon to the provisions of the Utah Condominium Ownership Act (the "Act") and the Project is to be known as "SUGARHOUSE PINES."

NOW, THEREFORE, for the reasons recited above and subject to the covenants, conditions and restrictions set forth below, Declarant hereby makes the following Declaration:

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I. DEFINITIONS

When used in this Declaration (including in that portion hereof entitled "Recitals"), each of the following terms shall have the meaning indicated.

1. Additional Charges shall mean and refer cumulatively to all collection and administrative costs, including but not limited to all attorney's fees, late charges, accruing interest, service fees, filing and recordation fees, and other expenditures incurred or charged by the Association.

2. Articles of Incorporation shall mean and refer to the Articles of Incorporation of the Sugarhouse Pines Homeowners Association on file or to be filed with the Utah Department of Commerce.

3. Assessment shall mean and refer to any amount imposed upon, assessed or charged a Unit Owner or Resident at the Project.

4. Association shall mean and refer to the Sugarhouse Pines Homeowners Association, a mandatory association of all of the Unit Owners in the Project taken as, or acting as, a group, responsible for the preservation and maintenance of the Property, regulation of the Project, and the enforcement of the Act, Declaration and By-Laws.

5. Building shall mean and refer to any of the structures constructed in the Project.

6. By Laws shall mean and refer to the By Laws of the Sugarhouse Pines Homeowners Association, a copy of which is attached to and incorporated in this Declaration by reference as Exhibit "C".

7. Capital Improvement shall mean and refer to all non-recurring expenses (as opposed to day-to-day expenses) to repair, maintain or replace significant fixed assets in the Project (e.g. the entryway and exits to and from the Project, private roads, sidewalks, exterior lighting, etc.) intended to restore, enhance, improve or ameliorate the utility, value or beauty of the Common Areas or Facilities.

8. Committee shall mean and refer to the Management Committee of Sugarhouse Pines as duly constituted.

9. Common Areas shall mean and refer to all real property in the Project owned in common by the Unit Owners including but not limited to the following items:

(a) The real property and interests in real property submitted hereby, including the entirety of the Tract and all

improvements constructed thereon, excluding the individual Units.

(b) All Common Areas and Facilities designated as such in the Survey Map or Maps;

(c) All Limited Common Areas designated as such in the Survey Map or Maps;

(d) All utility installations and all equipment connected with or in any way related to the furnishing of utilities to the Project and intended for the common use of all Unit Owners, such as telephone, electricity, gas, water, and sewer;

(e) The Project's outdoor grounds, lighting, perimeter fences, landscaping, sidewalks, open parking spaces, and roadways;

(f) All portions of the Project not specifically included within the individual Units; and

(g) All other parts of the Project normally in common use or necessary or convenient to the use, existence, maintenance, safety, operation or management of the Property owned by the Association for the common benefit of its Members.

10. Common Area Assessments shall mean and refer the amounts assessed by the Management Committee to pay for the common expenses incurred in the operation, maintenance and regulation of the Project.

11. Community shall mean and refer to the Project.

12. Community Wide Standard shall mean and refer to the standard of conduct, maintenance, or other activity generally prevailing in the Community, as determined by the Management Committee from time to time.

13. Declaration shall mean and refer to this Declaration of Condominium of Sugarhouse Pines.

14. Dwelling Unit shall mean and refer to a Unit.

15. Eligible Insurer shall mean and refer to an insurer or governmental guarantor of a mortgage or trust deed who has requested notice in writing of certain matters from the Association in accordance with this Declaration.

16. Eligible Mortgagee shall mean and refer to a mortgagee, beneficiary under a trust deed, or lender who has requested notice in writing of certain matters from the Association in accordance

with this Declaration.

17. Eligible Votes shall mean and refer to those votes available to be cast on any issue before the Association or the Committee. A vote which is for any reason suspended is not an "eligible vote".

18. Guest shall mean and refer to an invitee, temporary visitor or any person whose presence within the Project is approved by or is at the request of a particular Resident.

19. Improvement shall mean and refer to any physical change or addition to the Land to make it more valuable.

20. Land shall mean and refer to all of the real property subject to this Declaration.

21. Limited Common Areas shall mean and refer to those Common Areas designated in this Declaration or in the Record of Survey Map as reserved for the use of a certain Unit Owner to the exclusion of the other Unit Owners. Any doorsteps, porches, balconies, patios, private yard areas, or other improvements intended to serve a single Unit, shall constitute Limited Common Area appertaining to that Unit exclusively, whether or not the Survey Map makes such a designation.

22. Majority shall mean and refer to those eligible votes of Owners or other groups as the context may indicate totaling more than fifty (50%) percent of the total eligible number.

23. Management Committee shall mean and refer to the committee of Owners elected to manage, operate and control the Project, and regulate the Association.

24. Manager shall mean and refer to the person or entity appointed or hired by the Association to manage and operate the Project and/or assist in the administration of the Association.

25. Map shall mean and refer to the Record of Survey Map on file in the office of the County Recorder of Salt Lake County, Utah.

26. Member shall mean and refer to an Owner. Each Owner is obligated, by virtue of his Ownership, to be a member of the Association.

27. Mortgage shall mean and refer to both a first mortgage or first deed of trust on any Unit, but shall not mean or refer to an executory contract of sale.

28. Mortgagee shall mean and refer to a mortgagee under a first mortgage or a beneficiary under a first deed of trust on any

Unit, but shall not mean or refer to a seller under an executory contract of sale.

29. Notice and Hearing shall mean and refer to the procedure which gives an Owner notice of an alleged violation of the Declaration, By Laws, or administrative rules and regulations adopted by the Management Committee from time to time; and the right to a hearing before the Committee or its designated agent.

30. Owner shall mean and refer to the person who is the Owner of record (in the office of the County Recorder of Salt Lake County, Utah) of a fee or an undivided fee interest in a Unit, excluding a mortgagee or a beneficiary or trustee under a deed of trust unless and until such party has acquired title pursuant to foreclosure or any arrangement or proceeding in lieu thereof, but including both the seller and buyer under an executory contract of sale.

31. Permanent Resident shall mean and refer to anyone who resides in the Project for more than four (4) consecutive weeks or for more than eight (8) weeks in any calendar year.

32. Person shall mean and refer to a natural person, corporation, partnership, trust, limited liability company, or other legal entity.

33. Phase shall mean and refer to a particular stage or area of development within the Project designated by the Developer.

34. Project shall mean and refer to the Sugarhouse Pines Condominium Project.

35. Property shall mean and refer to all of the land or real estate, improvements and appurtenances submitted to the Act and this Declaration.

36. Record of Survey Map shall mean and refer to the "Record of Survey Map or Maps of the Sugarhouse Pines Condominium Project" on file in the office of the County Recorder of Salt Lake County, Utah, as amended.

37. Recreational, Oversized or Commercial Vehicle shall mean and refer to any recreational, commercial or oversized vehicle, motor home, commercial vehicle, tractor, golf cart, mobile home or trailer (either with or without wheels), camper, camper trailer, boat or other watercraft, boat trailer, or any other recreational or commercial transportation device of any kind.

38. Resident shall mean and refer to any person living or staying at the Project. This includes but is not limited to all lessees, tenants and the family members, agents, representatives, or employees of Owners, tenants or lessees.

39. Single Family Residence shall mean and refer to both the architectural style of a Unit and the nature of the residential use permitted.

40. Size shall mean and refer to the square footage of a Unit, rounded to the nearest whole number ending in zero. Size shall be computed and determined on the basis of dimensions shown on the Survey Map or Maps. So long as the measurement substantially complies with the provisions of this section and is not arbitrary, the Association's determination of Size shall be conclusive.

41. Survey Map shall mean and refer to the Record of Survey Map on file in the office of the County Recorder of Salt Lake County, Utah.

42. Unit shall mean and refer to a separate physical part of the Property intended for independent use, including one or more rooms or spaces located in one or more floors or part or parts of floors in a building. Mechanical equipment and appurtenances located within any one Unit, or located without said Unit but designated and designed to serve only that Unit, such as appliances, electrical receptacles and outlets, air conditioning compressors, furnaces, water heaters, apparatus, systems or equipment, fixtures and the like, shall be considered part of the Unit; so shall all decorated surfaces of interior walls, floors and ceilings, including but not limited to all paint, wallpaper, wall coverings, windows and window frames, doors and door frames, trim, carpeting, tile and linoleum. All pipes, wires, conduits, or other utility lines or installations constituting a part of the Unit or serving only the Unit, and any structural members, parts, components or any other property of any kind, including fixtures or appliances within any Unit, which are removable without jeopardizing the integrity, soundness, safety or usefulness of the remainder of the Building within which the Unit is located shall be deemed to be part of the Unit.

43. Unit Number shall mean and refer to the number, letter or combination thereof designating a particular Unit.

II. SUBMISSION

The Land described with particularity on Exhibit "A" attached hereto and incorporated herein by this reference is hereby submitted to the Act.

The Land is hereby made subject to, and shall be governed by the Act, and the covenants, conditions and restrictions set forth herein.

The Land is SUBJECT TO the described easements and rights of way.

TOGETHER WITH all easements, rights-of-way, and other appurtenances and rights incident to, appurtenant to, or accompanying the above-described parcel of real property.

ALL OF THE FOREGOING IS SUBJECT TO: All liens for current and future taxes, assessments, and charges imposed or levied by governmental or quasi-governmental authorities; all Patent reservation and exclusions; any mineral reservations of record and rights incident thereto; all instruments of record which affect the above-described Tract or any portion thereof, including, without limitation, any mortgage or deed of trust; all visible and necessary easements and rights-of-way; all easements and rights-of-way of record; any easements, rights of-way, encroachments, or discrepancies shown on or revealed by the Survey Maps or otherwise existing; an easement for each and every common area improvement, equipment, pipes, lines, cables, wires, utility systems, or similar facilities which traverse or partially occupy the above-described Tract; and all easements necessary for servicing, repairing, ingress to, egress from, maintenance of, and replacement of all such common area improvements, equipment, pipes, lines, cables, wires, utility systems, and similar facilities.

III. COVENANTS, CONDITIONS, AND RESTRICTIONS

The foregoing submission is made upon, under and subject to the following covenants, conditions, and restrictions:

1. Description of Improvements. The significant improvements contained or to be contained in the Project include three (3) buildings. Each Building will contain two (2) stories. The Units will be constructed principally of concrete foundations with exterior walls of vinyl or wood composition siding, asphalt shingle roofing, interior walls of wood studs, plywood and dry wall plaster. Each Unit has been or will be assigned a carport or parking space. The Common Area will include certain parking areas, green space, landscaping, roadways, walkways and utility systems, as well as an entrance to and exit from the Community. The Project will also contain other improvements of a less significant nature. The location and configuration of the improvements referred to in the foregoing sentence are depicted on the Survey Map.

2. Description and Legal Status of the Property. The Map shows the Unit Number of each Unit, its location, those Limited Common Areas and Facilities which are reserved for its use, and the Common Areas and Facilities to which it has immediate access. All Units, of whatever type, shall be capable of being independently owned, encumbered and conveyed; and shall have an appurtenant undivided percentage of ownership interest in the Common Areas and Facilities.

3. Membership in the Association. Membership in the Association is mandatory. Each Unit Owner shall be a member of the Association. Membership in the Association may not be partitioned from the ownership of a Unit. The percentage of ownership interest of each Owner in the Association is set forth on Exhibit "B" attached hereto and incorporated herein by this reference. Size has been determined by the Developer based upon the square footage of the Units. Minor adjustments in the Size estimates have made for the purpose of assuring that the total undivided ownership interest in the Association equals 100.00%.

4. Limited Common Areas. Limited Common Areas are also Common Areas. Limited Common Area may not be partitioned from the Unit to which it is appurtenant. The exclusive use of Limited Common Area is reserved to the Unit to which it is assigned on the Survey Map or Maps, as amended from time to time.

5. Conveyancing. Any deed, lease, mortgage, deed of trust, or other instrument conveying or encumbering a Unit shall describe the interest or estate involved substantially as follows:

All of UNIT NO. _____ contained within the SUGARHOUSE PINES CONDOMINIUM PROJECT, as the same is identified in the Record of Survey Map recorded in Salt Lake County, Utah as Entry No. ____, in Book _____, at Page (as said Record of Survey Map may have heretofore been amended or supplemented) and in the Declaration of Covenants, Conditions and Restrictions of the SUGARHOUSE PINES CONDOMINIUM PROJECT recorded in Salt Lake County, Utah as Entry No. _____, in Book _____, at Page ____, (as said Declaration may have heretofore been amended or supplemented), together with an undivided percentage of ownership interest in the common areas and facilities.

Regardless of whether or not the description employed in any such instrument is in the above-specified form, all provisions of this Declaration shall be binding upon and shall inure to the benefit of any party who acquires any interest in a Unit. Neither the membership in the Association, nor percentage of ownership interest in the Common Areas, nor the right of exclusive use of a Limited Common Area shall be separated from the Unit to which it appertains; and, even though not specifically mentioned in the instrument of transfer, such mandatory membership in the Association and such right of exclusive use shall automatically accompany the transfer of the Unit to which they relate.

6. Ownership and Use. Each Owner, of whatever kind, shall be entitled to the exclusive ownership and possession of his or her Unit, to an undivided percentage of Ownership interest in the Common Areas, and to membership in the Association as set forth herein and subject to the following:

(a) Nature and Restrictions on Ownership and Use in General. Each Owner shall have and enjoy the privileges of fee simple Ownership of his or her Unit. There shall be no requirements concerning who may own a Unit, it being intended that they may and shall be owned as any other property rights by persons. The Common Areas shall only be used in a manner consistent with the residential nature of the Project.

(b) Title to the Common Area. Each Unit Owner shall be entitled to a percentage of undivided ownership interest in and to the Common Areas and Facilities, free and clear of all liens (other than current years taxes, if any) prior to the Declarant's first conveyance of a Unit.

(c) Mandatory Association. Each purchaser of a Unit shall automatically become a member of the Association.

(d) Member's Easements and Rights of Way. Every Member of the Association shall as an Owner have the right and non-exclusive easement to use and enjoy the Common Area. Such right and easement shall be appurtenant to and shall pass with the title to every Unit, subject to the following restrictions:

(1) The right of the Association to limit the number of guests, and to adopt administrative rules and regulations from time to time governing the use and enjoyment of the Common Area;

(2) The right of the Association to suspend the voting rights and the privilege to use the common facilities and amenities by an Owner or Resident for: (a) any period during which his or her Common Area Assessment remains delinquent, and (b) a period not to exceed thirty (30) days after notice and hearing as may be set forth hereinafter for any infraction of the Association rules;

(3) Subject to the prior written consent of the Secretary of Veterans Affairs, the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for the purpose of providing utilities and similar or related purposes. During the Developer's period of development of the Project, any such dedication or transfer shall be effective only if approved in writing by the Declarant; and

(4) The right of the Association to charge a reasonable admission or other fee for the use of any recreational facility situated upon the Common Area.

(e) Rules and Regulations. The Association, acting through its Management Committee, shall have the power and authority to adopt administrative rules and regulations and, in its sole discretion, to impose reasonable user fees for the amenities. Such

rules, regulations and use restrictions shall be binding upon all Owners and Residents, their guests and invitees.

(f) Restrictions and Limitations of Use. The use of the Units, of whatever kind, is subject to the following guidelines, limitations and restrictions:

(1) Parties Bound. All provisions of the Declaration, By-Laws, Rules and Regulations shall be binding upon all Owners and Residents, their families, guests and invitees.

(2) Nuisance. It shall be the responsibility of each Owner and Resident to prevent the creation or maintenance of a nuisance in, on or about the Project. The term "nuisance" includes but is not limited to the following:

a. The development of any unclean, unhealthy, unsightly, or unkempt condition on, in or about his or her Unit or the Common Areas;

b. The storage of any item, property or thing that causes any Unit or the Common Area to appear to be in an unclean or untidy condition or that will be noxious to the senses;

c. The storage of any substance, thing or material upon any Unit or in the Common Areas that emits any foul, unpleasant or noxious odors, or that causes any noise or other condition that disturbs or might disturb the peace, quiet, safety, comfort, or serenity of the other residents at the Project;

d. The creation or maintenance of any noxious or offensive condition or activity in or about any Unit or the Common Areas;

e. Actions or activities tending to cause embarrassment, discomfort, annoyance, distress or a disturbance to any other residents, their guests or invitees, particularly if the police or sheriff must be called to restore order;

f. Maintaining any plants, animals, devices or items, instruments, equipment, machinery, fixtures, or things of any sort whose activities or existence in any way is illegal, noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of the Community by other residents, their guests or invitees;

g. Too much noise in, on or about any Unit or the Common Area, especially after 10:00 p.m. and before 8:00 a.m.; and

h. Too much traffic in, on or about any Unit

or the Common Area, especially after 10:00 p.m. and before 8:00 a.m.

(3) Unsightly Work, Hobbies or Unkempt Condition. The pursuit of hobbies or other activities, including but not limited to the assembly and disassembly of motor vehicles and other mechanical devices which might tend to cause disorderly, unsightly, or unkempt conditions, shall not be pursued or undertaken on any part of the Project.

(4) Removing Garbage, Dust & Debris. All rubbish, trash, refuse, waste, dust, debris and garbage shall be regularly removed from the Unit and shall not be allowed to accumulate thereon.

(5) Subdivision of a Unit. No Unit shall be subdivided or partitioned.

(6) Firearms, Incendiary Devices and Graffiti. The use of firearms and incendiary devices, or the painting or graffiti, within the Project is prohibited. The term firearms includes but is not limited to all guns, pistols, handguns, rifles, automatic weapons, semi-automatic weapons, BB guns, pellet guns, sling shots, wrist-rockets, blow-dart guns, and other firearms of all types, regardless of size.

(7) Temporary Structures. No Owner or occupant shall place upon any part of the Project any temporary structures including but not limited to tents, trailers, or sheds, without the prior written consent of the Committee.

(8) Trees, Shrubs and Bushes; Maintenance of Proper Sight Distance at Intersections. All property located at or near driveways, entrances, exits, walkways, paths and street intersections or corners shall be landscaped so as to remove any obstructions and to permit safe sight. No fence, wall, hedge, shrub, bush, tree or monument, real or artificial, shall be planted or placed by any Owner or occupant in, on or about the Common Areas without the prior written consent of the Committee. The Management Committee may alter or remove any objects planted or placed in violation of this subsection and shall not be guilty of a trespass.

(9) Energy Conservation Equipment. No solar energy collector panels, other energy conservation equipment or attendant hardware shall be constructed or installed on the Project without the prior written consent of the Committee.

(10) Business Use. No commercial trade or business may be conducted in or from any Unit unless: (a) the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from outside the residence; (b) the

business activity conforms to all zoning requirements for the Project; (c) the business activity does not involve persons coming onto the Project who do not reside in the Project or door-to-door solicitation of residents of the Project; and (d) the business activity is consistent with the residential character of the Project and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of the Project, as may be determined in the sole discretion of the Committee.

The terms business and trade, as used in this subsection, shall be construed to have their ordinary, generally accepted meanings, and shall include, without limitation, any occupation, work, or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether: (a) such activity is engaged in full or part-time; (b) such activity is intended to or does generate a profit; or (c) a license is required therefor.

Notwithstanding the above, the leasing of a residence shall not be considered a trade or business within the meaning of this sub-Section.

(11) Storage and Parking of Vehicles. The driving, parking, standing and storing of motor vehicles in, on or about the Project shall be subject to the following:

a. The parking rules and regulations adopted by the Committee from time to time;

b. The parking areas are not designed for recreational, commercial or oversized motor vehicles which must be parked or stored outside the Project.

c. No motor vehicle or trailer, including but not limited to any car, automobile, truck, van, recreational vehicle or any other transportation device of any kind may be parked or stationed (except for purposes of loading or unloading), in such a manner so as to create an obstacle or potentially dangerous situation, or along any street or road, or in front of any carport, walkway, driveway, Building or Unit, or in an unauthorized Common Area.

d. Residents may only park their motor vehicles within their carports, or in other designated Common Areas.

e. Residents may not park their motor vehicles in "red zones," "fire lanes," or unauthorized areas.

f. Visitors or guests shall park their motor vehicles in Common Areas designated for "guest" or "visitor" parking.

g. No Owners or Residents shall repair or restore any vehicle of any kind in, on or about any Unit or the Common Area, except for emergency repairs, and then only to the extent necessary to enable movement thereof to a proper repair facility.

h. No carport may be altered in such a manner that the number of motor vehicles which may reasonably be parked therein after the alteration is less than the number of motor vehicles that could have been reasonable parked in the carport as originally designed and constructed.

i. No motor vehicle shall be parked in such a manner as to inhibit or block access to a Unit, carport, entrance, exit or parking area.

j. All parking areas shall be used solely for the parking and storage of motor vehicles used for personal transportation.

k. Notice of any alleged parking violations shall be posted on the vehicle. Except in the case of an emergency, the notice shall provide the vehicle owner with the right to a hearing with the Management Committee or Manager. Vehicles parked in violation of this Declaration or parking Rules and Regulations adopted by the Committee may, after notice and the opportunity to be heard, be impounded, towed and stored, at the Owner's sole expense. The Association, Committee and members of the Committee shall be indemnified and held harmless from any loss, damage or claim caused by or arising out of the impounding, towing or storing of a motor vehicle pursuant hereto.

(12) Aerials, Antennas, and Satellite Systems. No aerials, antennas, satellite dishes, or satellite systems (hereinafter referred to collectively as "Satellite Dish") shall be erected, maintained or used in, on or about any Unit, the Common Areas, outdoors and above ground, whether attached to a building, structure, the exterior of a Unit or otherwise, within the Project without the prior written consent of the Management Committee.

(13) Window Coverings. No-aluminum foil, newspapers, reflective film coatings, or any other similar materials may be used to cover the exterior windows of any residential structure on a Unit. Sun shades and tinted windows are allowed.

(14) Windows. All windows and window panes in the Project shall be harmonious, and comparable in size, design and quality so as not to detract from uniformity in appearance and quality of construction.

(15) Pets. Up to one (1) domestic pet per Unit is allowed, provided the pet weighs less than thirty (30) pounds and the Resident abides by any pet rules and regulations, if any, adopted by the Committee from time to time. No pets, animals, livestock or poultry of any kind shall be bred in, on or about the Project. Dangerous pets or pets which constitute a nuisance (e.g. unreasonable barking, whining or scratching) will not be tolerated within the Community. Owners and Residents shall clean up after their pets in the Common Area and pets in the Common Area shall be kept on a leash at all times.

(16) Insurance. Nothing shall be done or kept in, on or about any Unit or in the Common Areas or Limited Common Areas which may result in the cancellation of the insurance on the Property or an increase in the rate of the insurance on the Property, over what the Management Committee, but for such activity, would pay.

(17) Laws. Nothing shall be done or kept in, on or about any Unit or Common Areas, or any part thereof, which would be a violation of any statute, rule, ordinance, regulation, permit or other validly imposed requirement of any governmental body.

(18) Damage or Waste. No damage to, or waste of, the Common Areas or Limited common Areas or shall be committed by any Owner or Resident, their guests or invitees; and each Owner and Resident shall indemnify and hold the Management Committee and the other Owners in the Project harmless against all loss resulting from any such damage or waste caused by that Owner or Resident, their guests or invitees; provided, however, that any invitee of the Declarant shall not under any circumstances be deemed to be an invitee or any other Owner.

(19) Structural Alterations. Except in the case of an emergency repair, no structural alterations, plumbing, electrical or similar work within the Common Areas or Limited Common Areas shall be done or permitted by any Owner without the prior written consent of the Management Committee.

7. Leases. In order to assure a community of congenial Owners and, thus, to protect the value of the property, the lease of a Unit by any Owner (other than as herein provided for certain mortgagees) shall be subject to the following provisions:

(a) Notice of Lease or Intent to Lease. The Management Committee may require any Owner who has leased his or her Unit or

who intends to lease his or her Unit to give notice in writing to the Management Committee of such intention, stating: (i) the name and address of the current Lessee or the intended Lessee, (ii) the terms of the proposed transaction, (iii) such other information as the committee may reasonably require and (iv) if possible, shall provide the committee with a copy of the lease or proposed lease.

(b) Rules and Regulations. The Committee shall have authority to make and to enforce reasonable rules and regulations in order to enforce this section, including the right to impose fines for failure to comply, which may be collected by lien and foreclosure.

(c) Restrictions. Each Lease shall be deemed to be subject to the following restrictions:

(1) Entirety. Units may be rented only in their entirety and no individual rooms or any fraction or portion of the residence may be rented.

(2) Transient Use. No transient Lessees may be accommodated therein. All Leases must be for an initial term of not less than one year and no resort, hotel, corporate, executive, seasonal, vacation, or rental pool uses are permitted.

(3) Subject To Declaration. All Leases and Lessees shall be subject to the provisions of the Declaration, By Laws, and administrative rules and regulations adopted by the Committee from time to time.

(4) Copies of Documents. Each Owner leasing his or her Unit must make available to the Lessee, upon request, copies of the Declaration, By Laws, and any administrative rules and regulations adopted by the Committee from time to time.

(5) Mandatory Language. Each Lease agreement, whether written or oral, shall be deemed to contain the following provisions, whether or not expressly therein stated.

Each Owner and each Lessee, by virtue of taking occupancy of the Unit, covenants and agrees to be bound by and subject to the following covenants, conditions and restrictions, and further agree that their Lease agreement shall be deemed to contain the following language, and further agrees that if such language is not expressly contained therein, then, such language shall be incorporated into the Lease by this reference.

a. Lessee acknowledges that promises made to Lessor are made for the express benefit of the Association for the purpose of discharging Lessor's duties to the Association through Lessee's performance. Therefore, the

Association may bring an action against Lessee in law or equity to recover damages or to obtain injunctive relief. Failure by the Association to enforce any of its rights shall in no event be deemed a waiver of the right to do so thereafter.

b. Lessee shall comply strictly with all provisions of the Act, Declaration, By Laws, and with any administrative rules and regulations adopted or amended by the Committee from time to time. Lessee shall control the conduct and behavior of his or her family, their guests and invitees.

c. Upon written request by the Association, Lessee shall pay to the Association all unpaid monthly Common Area Assessments, Special Assessments, Specific Assessments, or any other Assessments as lawfully levied and made payable during and prior to the term of this Agreement and any other period of occupancy by Lessee; provided, however, Lessee need not make such payments to the Association in excess of or prior to the due dates for monthly rental payments unpaid at the time of the Association's request. All payments made to the Association shall reduce by the same amount Lessee's obligation to make monthly rental payments to Lessor under the Lease. If Lessee fails to comply with the Association's request to pay Common Area Assessments, Lessee shall pay to the Association all late or delinquent charges, fines, interest, and costs of collection, including, but not limited to, reasonable attorney's fees actually incurred, to the same extent Lessee would be required to make such payments to the Association if Lessee were an Owner during the term of this Agreement and any other period of occupancy by Lessee.

d. Lessee's rights shall be subject to all rights of the Association and any bona fide mortgage or deed of trust given to secure debt which is now or may hereafter be placed upon the Unit by Lessor.

(6) Recovery of Attorney's Assessments. The Committee may recover from the Owner and the Lessee all Additional Charges incurred in enforcing this Section, regardless of whether suit is filed, including reasonable attorneys fees.

(7) Lessee's Rights. Any Lessee charged with a violation of the Declaration, By-Laws, or administrative rules and regulations adopted by the Committee from time to time is entitled to the same rights to which an Owner would be entitled.

(8) First Mortgagee's or Lender's Rights. Anything to the contrary notwithstanding, the provisions of this Section shall not apply to impair the rights of any Mortgagee to:

a. Foreclose or take title to a Unit pursuant to remedies contained in any Mortgage;

b. Take a deed or assignment in lieu of foreclosure; or

c. Sell, lease, or otherwise dispose of a Unit acquired by the Mortgagee.

8. Easement -- Support, Maintenance and Repair. There is hereby RESERVED and the Association is hereby GRANTED a non-exclusive easement over, across, through, above and under the Units and the Common Area for the operation, maintenance and regulation of the Common Area and Facilities.

9. Liability of Owners and Residents For Damages. Each Owner or Resident shall be liable to the Association, or other Owners or Residents for damages to person or property in the Community caused by his or her negligence.

10. Encroachments. If any portion of Common Area, Limited Common Area, or a Unit encroaches or comes to encroach upon other Common Area, Limited Common Area, or a Unit as a result of construction, reconstruction, repair, shifting, settling, or movement, an easement for such encroachment is created hereby and shall exist so long as such encroachment exists.

11. Management Committee. The Association shall be managed by a Management Committee subject to the following:

(a) Members. The Management Committee shall be comprised of three (3) Association Members who shall be duly qualified and elected.

(b) Composition of Committee. At the Annual meeting the percentage of undivided ownership interest appurtenant to a Unit may be voted in favor of as many candidates for Committee membership as there are seats on the Committee to be filled; provided, however, notwithstanding anything herein to the contrary, Declarant alone shall be entitled to select all of the Committee Members until the earlier of the following events (hereinafter referred to as the "Event") at which time control of the Management Committee shall be transferred by Declarant to the Association;

(i) One hundred twenty (120) days after the date by which seventy five percent (75%) of the Units have been conveyed to Unit purchasers.

(ii) Three (3) years after the first Unit in the Project is conveyed by Declarant.

(c) Voting Restrictions. The following additional restrictions apply to voting on Association issues, including but not limited to the election of Committee Members:

(i) Subject To Assessment. No vote shall be cast or counted for any Unit not subject to assessment.

(ii) Multiple Owners. When more than one person or entity holds such interest in a Unit, the vote for such Unit shall be exercised as those persons or entities themselves determine and advise the Secretary of the Association prior to any meeting. In the absence of such advice, the vote of the Unit shall be suspended in the event more than one person or entity seeks to exercise it.

(iii) Leased Unit. Any Owner of a Unit which has been leased may, in the lease or other written instrument, assign the voting right appurtenant to that Unit to the lessee, provided that a copy of such instrument is furnished to the Secretary at least three days prior to any meeting.

(d) Terms. At the first Annual Homeowners Meeting, two (2) of the Committee Members shall be elected for two (2) year terms and the remaining Committee Member shall be elected for a one (1) year term. Thereafter, all Committee Members shall be elected for two (2) year terms. This staggering feature will provide continuity to the management of the Association.

(e) Qualify. To qualify, a Member of the Committee must be an individual Owner, or the legal representative of an organizational Owner in good standing.

(f) Vacancies. Any vacant seat on the Committee shall be filled with a an Association Member duly elected or appointed.

(g) Meetings. The Committee shall meet at least once every calendar month.

(h) Dismissal. Any Committee member who fails on three (3) successive occasions to attend Committee meetings (whether regular or special) or who has failed to attend at least twenty-five percent (25%) of all Committee meetings (whether regular or special) held during any twelve (12) month period shall automatically forfeit his or her seat. In such cases, the remaining Committee Members shall elect a replacement to sit on the Committee until the next meeting of the Association.

(i) Removal of Committee Member/Declarant's Rights. Except for Committee Members appointed by the Declarant prior to the Event, Committee Members may be removed at any time by the affirmative vote of a majority of the Members of the Association.

(j) Replacement. Committee Members dismissed in the manner set forth in subsection (f) above or who resign, shall be replaced by an appointment of the remaining Members of the Committee. Committee Members removed by the affirmative majority vote of the Association shall be replaced by the Association. Anything to the contrary notwithstanding, Committee Members appointed by the Declarant prior to the Event shall be replaced by another appointment of the Declarant.

(k) Completion of Term. Unless s/he forfeits or otherwise loses his or her seat as herein provided, a member shall serve on the Committee until his or her successor qualifies and is properly elected by the Association.

(l) No Compensation. Committee members shall not be compensated for their services but shall be reimbursed for all expenses reasonably incurred in connection with Committee business and approved by the Committee.

12. Committee Officers and Agents. The Committee shall perform its functions through those Members who are elected as officers by the Committee and through such agents or employees as the Committee may appoint. Any Committee officer, agent, or employee may at any time be removed, with or without cause, by the vote of a majority of the Committee Members. Provided, however, if a Member of the Committee is removed as an officer, s/he shall continue to be Member of the Committee. One Member may hold more than one office except that of President and Secretary. The officers of the Committee, and their respective powers and functions, shall be as follows:

(a) President. The President shall be the chief executive of the Committee and shall exercise general supervision over the property and affairs of the Project. The President shall preside over all meetings of both the Committee and the Association. The President shall execute all instruments on behalf of the Committee, unless s/he chooses to delegate that authority to another Committee member.

(b) Vice-President. The Vice-President shall have all the powers of the President in the event of the latter's absence or inability to act.

(c) Secretary. The Secretary shall keep minutes of meetings of the Committee and the Association. The Secretary shall keep all records which are required or made necessary by the Act, this Declaration, or the Committee.

(d) Treasurer. The Treasurer shall have custody and control of the funds available to the Committee. The Treasurer shall cause to be prepared an annual financial statement for each

fiscal year of Project operation. The offices of Secretary and Treasurer may be held by the same Committee member.

13. Committee Meetings. A regular meeting of the Committee shall be held immediately after the adjournment of each annual Owners meeting or at such other time as the members of the Committee may decide. Other regular meetings shall be held at periodic intervals at such time and place as the Committee may determine, but no less than one time per calendar month. No notice need be given of regular Committee meetings. Special Committee meetings shall be held whenever called by the President or by any two (2) members of the Committee. Written notice of all special meetings shall be delivered to each Committee Member at least twenty-four (24) hours before the time fixed for the meeting. The propriety of holding any meeting which is attended by all Committee Members may not be challenged on grounds of inadequate notice. A quorum for the transaction of business at any Committee meeting shall consist of a majority of all the Committee Members then in office.

14. Status and General Authority of Committee. Any instrument executed by the Management Committee that recites facts which, if true, would establish the Committee's power and authority to accomplish through such instrument what is purported to be accomplished thereby, shall conclusively establish said power and authority in favor of any person who in good faith and for value relies upon said instrument. The Association shall, in connection with its exercise of any of the powers delineated in subparagraphs (a) through (j) below, constitute a legal entity capable of dealing in its Committee name. The Management Committee shall have, and is hereby granted, the following authority and powers:

(a) To Enter. The power and authority to enter into or upon any Unit to make repairs and to do other work necessary for the proper maintenance and operation of the Project. Except in the case of an emergency, Residents shall be given at least twenty-four (24) hours prior notice.

(b) Grant Easements. The authority, without the vote or consent of the Owners, Mortgagees, insurers or guarantors of any Mortgage, or of any other person, to grant or create, on such terms as it deems advisable, reasonable permits, licenses, and non-exclusive easements over, under, across, and through the Common Areas for utilities, roads, and other purposes reasonably necessary or useful for the proper maintenance, operation or regulation of the Project.

(c) Execute Documents. The authority to execute and record, on behalf of all Owners, any amendment to the Declaration or Record of Survey Map which has been approved by the vote or

consent necessary to authorize such amendment.

(d) Standing. The power to sue and be sued.

(e) Enter Into Contracts. The authority to enter into contracts which in any way concern the Project, so long as any vote or consent necessitated by the subject matter of the agreement has been obtained.

(f) Transfer Interests in Real Property. The power and authority to exchange, convey or transfer any interest in real property, so long as it has been approved by at least seventy five percent (75%) of the Association Members.

(g) To Purchase. The power and authority to purchase, otherwise acquire, and accept title to, any interest in real property, so long as it has been approved by at least seventy five percent (75%) of the Association Members.

(h) To Add Property. The power and authority to add any real property, or interest therein, obtained pursuant to subparagraph (g) above to the Project, so long as it has been approved by at least seventy five (75%) of the Association Members.

(i) Promulgate Rules. The authority to promulgate such reasonable administrative guidelines, rules, regulations, policies and procedures as may be necessary or desirable to aid the Committee in carrying out any of its functions or to insure that the Project is maintained and used in a manner consistent with the Act and this Declaration.

(j) Meetings. The authority to establish procedures for the conduct of its meetings, including but not limited to the power to decide what portion of the meeting shall be open or closed to Owners or Residents not on the Committee, to retire to executive session, to regulate record keeping, and to allow, control or prohibit the electronic reproduction (video or audio) of Committee meetings.

(k) Delegation of Authority. The power and authority to delegate its responsibilities over the management and control of the Common Areas and regulation of the Project to a professional manager, reserving the right, power and authority, however, to control and oversee the administration thereof.

(l) All other Acts. The power and authority to perform any and all other acts, and to enter into any other transactions which may be reasonably necessary for the Management Committee to perform its functions on behalf of the Owners.

Anything to the contrary notwithstanding, while Declarant

controls the Association and before the occurrence of the Events described herein, any amendments to the Declaration or mergers must be approved in writing and in advance by the Secretary of Veterans Affairs.

15. Professional or Self-Management. Unless approval for professional management is obtained from at least a majority of the Members of the Association, the Association shall manage its own affairs; provided, however, if the Association elects professional management, then:

(a) The professional manager so engaged shall be an independent contractor and not an employee of the Association;

(b) The management contract shall be in writing, shall not be for a term in excess of one (1) year, and shall provide that either party, with or without cause and without payment of any termination fee or being subject to any penalty, may elect to terminate the contract upon at least thirty (30) days prior written notice to the other party thereto;

(c) The Manager shall be responsible for operating and managing the Project, subject to the direction and guidance of the Committee, and for the benefit of the Owners; and

(d) The Association may also employ maintenance and clerical personnel as necessary to properly operate, maintain and regulate the Project.

16. Owners Meetings. The Association Members shall meet as follows:

(a) Annual Meeting. The annual meeting of the Owners shall be held at 7:00 o'clock p.m. on the second Tuesday in October of each year. Whenever such day is a legal holiday, the meeting shall occur on the first business day thereafter. The place of meeting shall be at a place designated by the Committee in the notice. At least ten (10) but not more than thirty (30) days before the date of the annual meeting, a written notice thereof shall be personally delivered or mailed postage prepaid to each person who appears as an Owner, at his or her last known address. The notice shall state the time, place, and general purpose of the meeting.

(b) Special Meetings. Special meetings of the Association may be called at any time by the Management Committee or by Unit Owners who collectively hold at least thirty (30%) of the total vote. Such meeting shall be held at such place as the Management Committee may specify and the notice thereof shall state the date, time, and matters to be considered.

(c) Waiver of Notice. No notice of any Owners meeting

shall be required if a waiver of such notice is signed by all of the Owners. Whenever all of the Owners meet in person or by proxy such meeting may not be challenged on grounds of inadequate notice.

(d) Quorum. The presence of a majority of the undivided ownership interest in the Project entitled to cast a vote shall constitute a quorum for the transaction of business at any Owner's meeting.

(1) Quorum Not Present. If a quorum is not present at any Owners meeting, whether regular or special, the meeting may be adjourned and rescheduled for a time no earlier than forty-eight (48) hours and no later than thirty (30) days, after the time set for the original meeting.

(2) Quorum at Rescheduled Meeting. The presence of at least twenty five percent (25%) of the members of the Association entitled to vote shall constitute a quorum at the rescheduled meeting.

(3) Percentage Approval Requirement. Anything to the contrary notwithstanding, in any instance in which the Act or this Declaration requires the affirmative vote of a certain percentage of Ownership interest for authorization or approval of a matter, their consent, in person by proxy or in writing is required for authorization or approval of the item, regardless of the quorum requirements.

17. Lists of Unit Owners, Eligible Mortgagees, and Eligible Insurers or Guarantors. The Committee shall maintain up-to-date records showing:

(a) the name of each person who is an Owner, the address of such person, and the Unit which is owned by him or her;

(b) the name and address of each Resident;

(c) the name of each person or entity who is an Eligible Mortgagee, the address of such person or entity, and the Unit which is encumbered by the Mortgage held by such person or entity; and

(d) the name of each person or entity who is an Eligible Insurer or Guarantor, the address of such person or entity, and the Unit which is encumbered by the Mortgage insured or guaranteed by such person or entity.

In the event of any transfer of a fee or undivided fee interest in a Unit, either the transferor or transferee shall furnish the Committee with written evidence verifying that the transfer has occurred, that the Deed or other instrument

accomplishing the transfer is of record in the office of the County Recorder of Salt Lake County, Utah, and that the transferee has received a copy of the Declaration and By-Laws then in force.

The Committee may for all purposes act and rely on the information concerning Unit ownership in its records or, at its option, the records of the county recorder.

The address of any Owner shall be deemed to be the address of the Unit owned by such person unless the Committee is otherwise advised in writing.

18. Capital Improvements. All expenses for capital improvements shall be governed by and subject to the following conditions, limitations and restrictions:

(a) Committee Discretion/Expenditure Limit. Any capital improvement to the Project which costs ten percent (10%) or less of the Total Annual Budget, and does not alter the nature of the Project, may be authorized by the Management Committee alone (the "Capital Improvement Ceiling").

(b) Homeowner Approval/Expenditure Limit. Any capital improvement, the cost of which will exceed the Capital Improvement Ceiling, must, prior to the commencement of construction, be authorized by at least a majority of the percentage of undivided ownership interest in the Common Area.

(c) Homeowner Approval/Changing the Nature of the Project. Any capital improvement which would materially alter the nature of the Project must, regardless of its cost and prior to being constructed or accomplished, be authorized by at least sixty-seven (67%) percent of the undivided ownership interest in the Common Areas.

19. Operation, maintenance and Alterations. Each Unit, the Limited Common Area and the Common Area shall be maintained, repaired and replaced in accordance with the following covenants, conditions and restrictions:

(a) Clean & Attractive Condition. The Units, Limited Common Area and Common Area shall be maintained in a usable, clean, functional, attractive and good condition, consistent with Community Standards.

(b) Neglect. If the Committee determines that any Owner has failed or refused to discharge properly his or her obligation with regard to the maintenance, repair, or replacement of items for which s/he is responsible hereunder; or that the need for maintenance, repair, or replacement of the Common Area is caused through the willful or negligent act of any Owner, his or her family, guests, lessees, or invitees, and it is not covered or

paid by insurance, in whole or in part, then the Association may, but is not obligated to, provide such maintenance, repair or replacement at the Owner's sole cost and expense, subject to the following:

(1) Assessment/Lien. Such costs shall be added to and become a part of the assessment to which such Owner is subject and shall become a lien against his or her Unit, as provided below.

(2) Notice of Intent to Repair. Except in an emergency situation, the Association shall give the Owner written notice of the Association's intent to provide necessary maintenance, repair, or replacement at Owner's cost and expense. The notice shall set forth with reasonable particularity the maintenance, repair, or replacement deemed necessary by the Committee. The Owner shall have ten (10) days after receipt of notice within which to complete maintenance or repair, or if the maintenance or repair is not capable of completion within such time period, to commence replacement or repair within ten (10) days.

(3) Emergency Situation. If the Committee determines that an emergency exists, then notice and the opportunity to cure the default is not necessary.

(4) Optional Repairs. The Association may, but is not obligated to, provide any such maintenance, repair, or replacement in the manner described above.

(5) Right of Entry. The Association or its agents or employees shall have a right to entry upon or into any Unit or Limited Common Area as necessary to perform such work and shall not be liable for trespass for such entry or work.

(c) Alterations to the Common Area. The Declarant may make changes to the design and construction of the improvements located in or on the Common Areas without the consent of the Committee or Members of the Association. Provided, however, no Owner or Resident may make any structural alterations to the Common Area (including the Limited Common Area) without the prior written consent of the Committee.

(d) Landscaping. All landscaping in the Project shall be maintained and cared for in a manner consistent with the standards of design and quality originally established by Declarant and in accordance with Community Standards. Specific written guidelines, standards, controls, and restrictions on landscaping may be adopted or amended by the Committee from time to time. All landscaping shall be maintained in a neat and orderly condition. Any weeds or diseased or dead lawn, trees, ground cover or shrubbery shall be removed and replaced. All lawn areas shall be neatly mowed and trees, shrubs and bushes shall be

neatly trimmed. In a word, all landscaping shall be tasteful, so as not to affect adversely the value or use of any other Unit, or to detract from the uniform design and appearance of the Project.

(e) Area of Common Responsibility. The Association shall maintain, repair and replace all of the Area of Common Responsibility which shall include but is not limited to the common landscaping and green space, common sprinkler system, the entrance to and exit from the Project, all private roads and roadways, and all foundations, columns, girders, beams, supports, main walls, roofs, halls, corridors, lobbies, stairs, stairways, fire escapes, entrances and exits of the Building, and any Common Area item not included in the Area of Personal Responsibility. The Association shall repair and replace all Limited Common Area improvements.

(f) Area of Personal Responsibility. Each Owner shall maintain, repair and replace his or her Unit and Limited Common Area which shall include but is not limited to all individual services such as power, light, gas, hot and cold water, heating, refrigeration, air conditioning, fixtures, windows, doors, patios, balconies and decks. Each Unit Owner shall be responsible for keeping his or her Limited Common Area clean, attractive, tidy, uncluttered, safe, sanitary and functional so as not to detract from the uniform appearance or design of the Project and in a manner consistent with Community Standards.

20. Common Area Expenses. Each Owner shall pay his or her Common Area Assessments subject to and in accordance with the procedures set forth below.

(a) Declarant. Anything to the contrary notwithstanding, the Declarant shall not be obligated to pay Common Area Assessments on any Units owned by it until such time as:

(i) the physical structures are substantially completed;

(ii) certificates of permanent occupancy are issued and the Units are sold or rented; or

(iii) Declarant elects in writing to pay the Assessments, whichever first occurs.

(b) Purpose of Common Area Expenses. The Common Area Assessments provided for herein shall be used for the general purpose of operating the Project, promoting the recreation, health, safety, welfare, common benefit and enjoyment of the Owners and residents, including the maintenance of any real and personal property owned by the Association, and regulating the Community, all as may be more specifically authorized from time to

time by the Committee.

(c) Creation of Common Area Assessments. Since the Common Area Assessments shall pay for the common expenses of the Association, as shall be determined by the Management Committee from time to time, each Owner, by acceptance of a deed to a Unit, whether or not it shall be so expressed in such deed, covenants and agrees to pay to the Association in a timely manner all Common Area Assessments assessed by the Committee.

(d) Budget. At least thirty (30) days prior to the Annual Homeowners Meeting, the Management Committee shall prepare and deliver to the Owners a proposed Budget which:

(1) Itemization. Shall set forth an itemization of the anticipated Common Expenses for the twelve (12) month calendar year, commencing with the following February 1.

(2) Basis. Shall be based upon advance estimates of cash requirements by the Management Committee to provide for the payment of all estimated expenses growing out of or connected with the maintenance and operation of the Common Areas and regulation of the Association, which estimate shall include but is not limited to expenses of management, grounds maintenance, taxes and special assessments, premiums for all insurance which the Committee is required or permitted to maintain, common lighting and heating, water charges, trash collection, sewer service charges, carpeting, painting, repairs and maintenance of the Common Areas and replacement of those elements of the Common Areas that must be replaced on a periodic basis, wages for Management Committee employees, legal and accounting fees, any deficit remaining from a previous period; the creation of a reasonable contingency reserve, surplus or sinking fund, capital improvement reserve, and other expenses and liabilities which may be incurred by the Association for the benefit of the Owners under and by reason of this Declaration. Until the Project is completed, and all Phases are added, this estimate may need to be adjusted periodically as each new Phase is completed.

(e) Apportionment. The common profits of the Project shall be distributed among and the common expenses shall be charged to the Unit Owners according to their respective percentage of or fractional undivided interest in the Common Area.

(f) Approval of Budget and Assessments. The proposed Budget and the Common Area Assessments shall become effective unless disapproved at the Annual Meeting by a vote of at least a majority of the percentage of ownership interest in the Common Areas. Notwithstanding the foregoing, however, if the membership disapproves the proposed budget and Common Area Assessments or the Management Committee fails for any reason to establish the Budget and Common Area Assessments for the succeeding year, then and until

such time as a new budget and new Common Area Assessment schedule shall have been established, the Budget and the Common Area Assessments in affect for the then current year shall continue for the succeeding year.

(f) Payment of Common Area Assessments. The Management Committee has the sole authority and discretion to determine how and when the annual Common Area Assessments are paid.

(g) Personal Obligation of Owner. Owners are liable to pay all Common Area Assessments assessed and Additional Charges; provided, however, no first mortgagee or beneficiary under a first deed of trust (but not the Seller under a uniform real estate contract, land sales contract, or other similar instrument), who obtains title to a Unit pursuant to the remedies provided in the mortgage or trust deed shall be liable for unpaid Common Area Assessments which accrued prior to the acquisition of title. For purposes of this Section, the term "Owner" shall mean and refer jointly and severally to:

(i) the Owner of both the legal and equitable interest in any Unit;

(ii) the owner of record in the offices of the County Recorder of Salt Lake County, Utah; and

(iii) both the Buyer and Seller under any executory sales contract or other similar instrument.

(h) Equitable Changes. If the aggregate of all monthly payments on all of the Units is too large or too small as a result of unanticipated income or expenses, the Committee may from time to time effect an equitable change in the amount of said payments, but, without the prior approval of a majority of the percentage of ownership interest in the Common Area, not greater than fifteen (15%) percent of the Common Area Assessment in any calendar year. Owners shall be given at least thirty (30) days written notice of any changes.

(i) Dates and Manner of Payments. The dates and manner of payment shall be determined by the Committee.

(j) Reserve Accounts. The Committee shall establish and maintain a reserve account to pay for unexpected operating expenses and capital improvements. The reserve account shall be funded out of regular Common Area Assessments.

(k) Capital Improvement Table. The Committee shall establish and update at least annually a Capital Improvement Table which shall list each major capital improvement in the Project (e.g. roofs, roads, sidewalks, carports, etc.), each item's expected useful life, the present cost of replacement, the estimated cost to

replace the item at the end of its useful life, the percentage and amount of the Common Area Assessment currently set aside in the reserve account to replace the item at the end of its useful life, and the amount of money currently set aside in the reserve account for the replacement of the item.

(l) Acceleration. Common Area Assessments shall be paid in the manner and on dates fixed by the Committee who may, at its option and in its sole discretion, elect to accelerate the entire annual Common Area Assessment for delinquent Owners. If, however, the Common Area Assessment is accelerated and an Owner subsequently files bankruptcy or the Committee otherwise decides acceleration is not in its best interest, the committee, at its option and in its sole discretion, may elect to deaccelerate the obligation.

(m) Statement of Common Area Assessments Due. Upon written request, the Committee shall furnish to any Owner a statement of Common Area Assessments due, if any, on his or her Unit. Failure to provide the certificate within ten (10) days after a written request, shall be deemed conclusive evidence that all Common Area Assessments are paid current. The Association may require the advance payment of a processing charge not to exceed \$15.00 for the issuance of such certificate.

(n) Superiority of Common Area Assessments. All Common Area Assessments and liens created to secure the obligation to pay Common Area Assessments are superior to any homestead exemptions to which an Owner may be entitled.

(o) Termination of Right to Use Amenities for Non-Payment. At the discretion of the Committee, the right to use any amenities in the Project, including but not limited to all common facilities and amenities may be terminated if the Owner is in arrears on his or her obligation to pay Common Area Assessments and has failed to cure or make satisfactory arrangements to cure the default after reasonable notice of at least ten (10) days.

(o) Suspension of Right to Vote for Non-Payment. At the discretion of the Committee, the right of an Owner to vote on issues concerning the Association may be suspended if the Owner is delinquent in the payment of his or her Common Area Assessments, and has failed to cure or make satisfactory arrangements to cure the default after reasonable notice of at least ten (10) days.

21. Special Assessments. In addition to the other Common Area Assessments authorized herein, the Association may levy special assessments in any year, subject to the following:

(a). Committee Based Assessment. So long as the special assessment does not exceed the sum of Five Hundred and 00/100s Dollars (\$500.00) (the "Special Assessment Limit") per Unit in any

one fiscal year, the Committee may impose the special assessment without any additional approval.

(b) Association Approval. Any special assessment which would exceed the Special Assessment Limit shall be effective only if approved by a majority of the members of the Association. The Committee in its discretion may allow any special assessment to be paid in installments.

22. Specific Assessments. The Management Committee shall also have the power specifically to assess the Owners in a particular area pursuant to this Section as, in its discretion, it shall deem necessary or appropriate, subject to the following:

(a) No Obligation or Waiver. Failure of the Committee to exercise its authority under this Section shall not be grounds for any action against the Association or the Committee and shall not constitute a waiver of the Committee's right to exercise its authority under this Section in the future with respect to any expenses, including an expense for which the Committee has not previously exercised its authority under this Section.

(b) Enabling Power. The Committee may specifically assess an Owner in a particular area for the following expenses; provided, however, the specific assessment is not for any maintenance, repair or replacement ordinarily required by the Act or this Declaration, the Owner has the choice to accept or reject the benefit, and:

(1) Benefit Only to Specific Unit. If the expense benefits less than all of the Units, then those Units benefitted may be specifically assessed, and the specific assessment shall be equitably apportioned among those Units according to the benefit received.

(2) Unequal or Disproportionate Benefit. If the expense benefits all Units, but does not provide an equal benefit to all Units, then all Units shall be specifically assessed, but the specific assessment shall be equitably apportioned among all Units according to the benefit received.

23. Collection of Common Area Assessments. It is important that all Owners pay their Common Area Assessments in a timely manner. Common Area Assessments shall be collected as follows:

(a) Recommended Procedure. In pursuing the collection of delinquent accounts, it is suggested that the Committee follow these guidelines and policies:

1) Delinquent Assessments. Any Common Area Assessments which are not paid when due are delinquent and a lien

attaches automatically, regardless of whether a notice is recorded.

2) Late Assessments and Accruing Interest. Any Common Area Assessments delinquent for a period of more than ten (10) days shall incur a late charge of Twenty-Five Dollars (\$25.00) or five percent (5%) of the delinquent amount, whichever is greater. Simple interest at the rate of One and 1/2 percent (1.5%) per month shall accrue on all delinquent accounts. The Committee may, in its sole discretion, waive late fees and accruing interest but is not required to do so.

3) Notice of Delinquency. The Association shall give a written notice of delinquency to any Owner who has not paid his or her Common Area Assessments in a timely manner and the opportunity to cure the default.

4) Notice of Lien. If the Common Area Assessments are not paid in a timely manner, and no satisfactory arrangements have been made to pay the debt, a notice of lien evidencing the unpaid amounts, accruing Assessments, and any other Additional Charges permitted by law should be filed in the office of the County Recorder where the Unit is located. The lien provided for in this section shall be in favor of the Association and shall be for the benefit of all other Owners. It may be executed by the Association's attorney, manager, any Committee Member, or other designated agent.

5) Foreclosure of Lien and/or Collection Action. If the Common Area Assessments remain unpaid, the Association may, as determined by the Committee, institute suit to collect the amounts due and/or to foreclose the lien.

(b) Personal Obligation. Each Owner, by acceptance of a deed or as a party to any other type of conveyance, vests in the Association or its agents the right and power to bring all actions against him or her personally for the collection of the charges as a debt or to foreclose the lien in the same manner as mechanics liens, mortgages, trust deeds or encumbrances may be foreclosed.

(c) No Waiver. No Owner may waive or otherwise exempt himself or herself from liability for the Common Area Assessments provided for herein, including but not limited to the non-use of Common Areas or the abandonment of his or her Unit.

(d) Duty to Pay Independent. No reduction or abatement of Common Area Assessments shall be claimed or allowed by reason of any alleged failure of the Association or Committee to take some action or perform some function required to be taken or performed by the Association or committee under this Declaration or the By Laws, or for inconvenience or discomfort arising from the making of repairs or improvements which are the responsibility of the Association, or from any action taken to comply with any law,

ordinance, or with any order or directive of any municipal or other governmental authority, the obligation to pay Common Area Assessments being a separate and independent covenant on the part of each Owner.

(e) Application of Payments. All payments shall be applied as follows: Additional Charges, Delinquent Common Area Assessments and Current Common Area Assessments.

(f) Foreclosure of Lien as Mortgage or Trust Deed. The lien for nonpayment of Common Area Assessments may be enforced by sale or foreclosure of the Owner's interest therein by the Committee. The sale or foreclosure shall be conducted in the same manner as foreclosures in deeds of trust or mortgages or in any other manner permitted by law. In any foreclosure or sale, the Owner shall pay the costs and expenses of such proceedings, including but not limited to the cost of a foreclosure report, reasonable attorney's fees, and a reasonable rental for the Unit during the pendency of the foreclosure action. The Association in the foreclosure action may require the appointment of a receiver to collect the rental without regard to the value of the mortgage security. The Committee may bid for the Unit at foreclosure or other sale and hold, lease, mortgage, or convey the same.

(g) Appointment of Trustee. If the Committee elects to foreclose the lien in the same manner as foreclosures in deeds of trust, then the Owner by accepting a deed to the Unit hereby irrevocably appoints the attorney of the Association, provided s/he is a member of the Utah State Bar, as Trustee, and hereby confers upon said Trustee the power of sale set forth with particularity in Utah Code Annotated, Section 57-1-23 (1953), as amended. In addition, Owner hereby transfers in trust to said Trustee all of his or her right, title and interest in and to the real property for the purpose of securing his or her performance of the obligations set forth herein.

(h) Attorney in Fact. Each Owner by accepting a deed to a Unit hereby irrevocably appoints the Association as his or her attorney in fact to collect rent from any person renting his or her Unit, if the Unit is rented and Owner is delinquent in his or her Common Area Assessments. Rent due shall be paid directly to the Association, upon written demand, until such time as the Owner's Common Area Assessments are current; and the Owner shall credit the Renter, against rent due, for the amount of money paid to the Association.

24. Liability of Management Committee. The Association shall indemnify every officer and member of the Committee against any and all expenses, including but not limited to attorney's fees reasonably incurred by or imposed upon any officer or member of the Committee in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if

approved by the then Committee) to which he or she may be a party by reason of being or having been an officer or member of the Committee. The officers and members of the Committee shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct or bad faith. The officers and members of the Committee shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent that such officers or members of the Committee may also be Members of the Association), and the Association shall indemnify and forever hold each such officer and member of the Committee free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall be exclusive of any other rights to which any officer or member of the Committee, or former officer or member of the Committee, may be entitled. The Association shall, as a common expense, maintain adequate general liability and officer's and director's insurance coverage to fund this obligation, if such insurance is reasonably available.

25. Insurance. The Management Committee shall at all times purchase, maintain in force, and pay the premiums for, if reasonably available, insurance on the Common Areas satisfying at least the following requirements:

(a) Property Insurance. Blanket property insurance using the standard "Special" or "All-Risk" building form. Loss adjustment shall be based upon replacement cost. For purposes of this sub-section, the term "casualty insurance" shall not mean or refer to "earthquake" or other special risks not included in the standard condominium casualty policy. This additional coverage may be added by the Committee as it deems necessary in its best judgment and in its sole discretion.

(b) Flood Insurance. If the property is or comes to be situated in an area having special flood hazards and for which flood insurance has been made available under the National Flood Insurance Program ("NFIP"), or any successor program, a policy of flood insurance shall be maintained covering the property in an amount deemed appropriate, but not less than the lesser of: (1) the maximum limit of coverage available under NFIP for Insurable Property within a designated flood hazard area; or (2) one hundred percent (100%) of current replacement cost of the Insurable Property. Such policy shall be in a form which meets the criteria set forth in the most current Guidelines on the subject issued by the Federal Insurance Administrator.

(c) Liability Insurance. Liability insurance with adequate limits of liability for bodily injury and property damage. If possible, the policy should be written on the comprehensive form and shall include not-owned and hired

automobile liability protection.

(d) Director's and Officer's Insurance. Adequate director's and officer's liability insurance (aka Errors and Omissions or E & O insurance).

(e) Fidelity Bond. At its option, the Management Committee may elect to purchase and maintain a separate fidelity bond in a reasonable amount to be determined by the Committee to cover all non-compensated officers as well as all employees for theft of Association funds, provided:

1) Agents. Where the Committee or the Association has delegated some or all of the responsibility for the handling of funds to a management agent, the bond shall also cover the management agent's officers, employees and agents handling or responsible for funds of, or administered on behalf of, the Committee or the Association.

2) Amount of Coverage. The total amount of fidelity bond coverage shall be based upon the Committee's best business judgment, but shall not be less than the estimated maximum amount of funds, including reserve funds, in the custody of the Committee, the Association, or the management agent, as the case may be, at any given time during the term of each bond. Nevertheless, in no event may the amount of such bonds be less than a sum equal to three (3) months' aggregate assessments on all Units, plus reserve funds.

3) Quality of Coverage. Any bonds purchased shall meet the following additional requirements:

a) they shall name the Committee, the Owners Association, and the Property Manager as obligee;

b) if the insurance contract or bond excludes coverage for damages caused by persons serving without compensation, and may use that exclusion as a defense or reason not to pay a claim, the insurance company shall, if possible, be required to waive that exclusion or defense;

c) the premiums on all bonds required herein for the Committee and the Association (except for premiums on fidelity bonds maintained by a management agent for its officers, employees and agents) shall be paid by the Committee or the Association as part of the Common Expenses; and

d) the bonds shall provide that they may not be canceled or substantially modified, including cancellation for nonpayment of premium, without at least ten days' prior written notice to the Committee and the Association, to any Insurance Trustee, and to each service of loans on behalf of any Mortgagee,

the VA, FHA and FNMA.

(f) Earthquake Insurance shall not be required unless requested by a least Seventy five percent (75%) of the Members of the Association.

(g) Miscellaneous Items. The following provisions shall apply to all insurance coverage:

1) The Insured. The name of the insured under each policy required to be maintained hereby shall be set forth therein substantially as follows: "Association of Unit Owners of the Sugarhouse Pines, a Condominium Project, for the use and benefit of the individual Owners."

2) Designated Representative. The Association may designate an authorized representative of the Association, including any Insurance Trustee with whom the Association has entered into an Insurance Trust Agreement, or any successor to such Trustee, for the use and benefit of the individual Owners.

3) Beneficiary. In any policy covering the entire Project, each Owner and his or her Mortgagee, if any, shall be beneficiaries of the policy in an amount equal to the Owner's percentage of undivided ownership interest in the Common Areas and Facilities.

4) Certificate of Insurance. Evidence of insurance shall be issued to each Owner and Mortgagee upon request.

5) Mortgage Provisions. Each policy shall contain a standard mortgage clause or its equivalent and shall provide that the policy may not be canceled or substantially modified without at least ten (10) days prior written notice to the Association and to each Mortgagee.

6) Waiver of Subrogation. Each policy shall contain a waiver of the right of a subrogation against Owners individually;

7) Individual Neglect. Each policy shall contain a provision that the insurance is not prejudiced by any act or neglect of any individual Owner; and

8) Deductible. The deductible on a claim made against the Association's liability insurance policy shall be paid by the party who would be liable for the loss, damage, claim or repair in the absence of insurance, and in the event of multiple responsible parties, the loss shall be allocated in relation to the amount each party's responsibility bears to the total. Provided, however, if the loss is caused by an act of god or

nature, or by an element beyond the control of the Association, then the Owner shall be responsible for and shall pay the deductible.

9) Individual Insurance. No Owner shall be entitled to exercise his or her right to maintain insurance coverage in such a way as to decrease the amount which the Association, on behalf of all the Owners and their mortgagees, may realize under any insurance policy which the Association may have in force on the Property at any particular time.

10) Primary Coverage. Anything to the contrary notwithstanding, the insurance coverage of an Owner shall, in the event the Association also has insurance covering the loss, be primary and the insurance of the Association shall be secondary.

11) Prompt Repair. Each Owner further covenants and agrees that in the event of any partial loss, damage or destruction of his or her Unit, the Owner shall proceed promptly to repair or to reconstruct the damaged structure in a manner consistent with the original construction.

12) Disbursement of Proceeds. Proceeds of insurance policies shall be disbursed to repair promptly and reasonably the damages. Any excess proceeds shall be paid and distributed to the Owners in proportion to their respective undivided interests in the Common Areas. Payment to any Owner whose Unit is the subject of a Mortgage shall be made jointly to such Owner and the interested Mortgagee.

13) Special Endorsements. Each policy shall also contain or provide those endorsements commonly purchased by other Condominium Homeowners Associations in Salt Lake County, Utah.

14) Quality of Insurance Carrier. Each insurance policy required hereby shall be written by an insurance carrier licensed to transact business in the State of Utah and who has the highest rating by Best's Key Rating Guide.

15) Restrictions on Policies. No such insurance policy shall be maintained where:

a) Individual Assessments Prohibited. Under the term of the carrier's charter, By-Laws, or policy, contributions may be required from, or assessments may be made against, an Owner, a borrower, a Mortgagee, the Management Committee, the Association, FNMA, or the designee of FNMA.

b) Payments Contingent. By the terms of the Declaration, By-Laws, or policy, payments are contingent upon action by the carrier's board of directors, policyholder, or member; or

c) Mortgagee Limitation Provisions. The policy includes any limited clauses (other than insurance conditions) which could prevent the party entitled (including, without limitation, the Committee, the Association, an Owner, FNMA, or the borrowers) from collecting insurance proceeds.

16) Intent. The foregoing provisions shall not be construed to limit the power or authority of the Association, Committee or Owners to obtain and maintain insurance coverage, in addition to any insurance coverage required hereunder, in such amounts and in such forms as the Management Committee or Association may deem appropriate from time to time.

27. Destruction, Condemnation, and Obsolescence. The following provisions shall apply with respect to the destruction, condemnation, or obsolescence of the Project.

(a) Definitions. Each of the following terms shall have the meaning indicated:

(1) "Substantial Destruction" shall exist whenever, as a result of any damage or destruction to the Project or any part thereof, the excess of the estimated cost of restoration over the funds available is Twenty five percent (25%) percent or more of the estimated restored value of the Project.

(2) "Partial Destruction" shall mean any other damage or destruction to the Project or any part thereof.

(3) "Substantial Condemnation" shall exist whenever a complete taking of the Project or a taking of part of the Project has occurred under eminent domain or by grant or conveyance in lieu of condemnation, and the excess of the estimated cost of restoration over the funds available is Twenty five (25%) percent or more of the estimated restored value of the Project.

(4) "Partial Condemnation" shall mean any other such taken by eminent domain or grant or conveyance in lieu thereof.

(5) "Substantial Obsolescence" shall exist whenever the Project or any part thereof has reached such a state of obsolescence or disrepair that the excess of the estimated cost of restoration over the funds available is Twenty five percent (25%) percent or more of the estimated restored value of the Project.

(6) "Partial Obsolescence" shall mean any state of obsolescence or disrepair which does not constitute Substantial Obsolescence.

(7) "Restored Value" shall mean the fair market value of the Project after Restoration as determined by an MAI or other qualified appraisal.

(8) "Estimated Cost of Restoration" shall mean the estimated costs of restoring the Project to its former condition.

(9) "Available Funds" shall mean any proceeds of insurance, condemnation awards, payments in lieu of condemnation, and any uncommitted funds of the Management Committee or Association. Available Funds shall not include that portion of insurance proceeds legally required to be paid to any party other than the Association, including a mortgagee, or that portion of any condemnation award or payment in lieu of condemnation payable to the Owner or Mortgagee for the condemnation or taking of the Unit in which they are interested.

(b) Determination by Committee. Upon the occurrence of any damage or destruction to the Project or any part thereof, or upon a complete or partial taking of the Project under eminent domain or by grant or conveyance in lieu thereof, the Committee shall make a determination as to whether the excess of Estimated Costs of Restoration over Available Funds is twenty-five percent (25%) or more of the estimated Restored Value of the Project. In addition, the Committee shall, from time to time, review the condition of the Project to determine whether Substantial Obsolescence exists. In making such determinations the Committee may retain and rely upon one or more qualified appraisers or other professionals.

(c) Restoration of the Project. Restoration of the Project shall be undertaken by the Committee promptly without a vote of the Owners in the event of Partial Destruction, Partial Condemnation, or Partial Obsolescence and shall also be undertaken in the event of Substantial Destruction, Substantial Condemnation, or Substantial Obsolescence unless the failure to make Restoration is consented to by Owners collectively holding at least sixty-seven percent of the Project's undivided Ownership interest and is further consented to by Eligible Mortgagees holding Mortgages on Units which have appurtenant at least fifty-one (51%) percent of the undivided ownership interest in the Common Areas and Facilities which is then subject to Mortgages held by Eligible Mortgagees.

(d) Notices of Destruction or Obsolescence. Within thirty (30) days after the Committee has determined that Substantial Destruction, Substantial Condemnation, or Substantial Obsolescence exists, it shall send to each Owner and Eligible Mortgagee a written description of the destruction, condemnation, or state of obsolescence involved, shall take appropriate steps to ascertain the preferences of the Eligible Mortgagees concerning Restoration, and shall, with or without a meeting of the Owners (but in any event in accordance with the applicable provisions of this Declaration), take

appropriate steps to determine the preferences of the Owners regarding Restoration.

(e) Excess Insurance. In the event insurance proceeds condemnation awards, or payments in lieu of condemnation actually received by the Committee or Association exceed the cost of Restoration when Restoration is undertaken, the excess shall be paid and distributed to the Owners in proportion to their respective undivided interests in the Common Areas. Payment to any Owner whose Unit is the subject of a Mortgage shall be made jointly to such Owner and the interested Mortgagee.

(k) Inadequate Insurance. If the cost of Restoration exceeds Available Funds, the Management Committee may elect to make a special assessment in accordance with Article III, Section 21 above to pay for the deficiency.

(l) Reallocation in Event of Partial Restoration. In the event that all or any portion of one or more Units will not be the subject of Restoration (even though the Project will continue as a condominium project) or is taken in a condemnation proceeding or pursuant to any agreement in lieu thereof, the undivided Ownership interest in the Common Areas and Facilities shall be immediately reallocated to the remaining Units.

(m) Sale of Project. Unless Restoration is accomplished as set forth above, the Project shall be sold in the event of Substantial Destruction, Substantial Condemnation, or Substantial Obsolescence. In the event of such sale, condominium Ownership under this Declaration and the Survey map shall terminate and the proceeds of sale and any Available Funds shall be distributed by the Committee to the Owners in proportion to their respective undivided interests in the Common Areas. Payment to any Owner whose Unit is then the subject of a Mortgage shall be made jointly to such Owner and the interested Mortgagee.

(n) Authority of Committee to Represent Owners in Condemnation or to Restore or Sell. The Committee, as attorney-in-fact for each Owner, shall represent all of the Owners and the Association in any condemnation proceeding or in negotiations, settlements, and agreements with the condemning authority for the acquisition of all or any part of the Common Areas and Facilities.

(o) Settlement Proceeds. The award in any condemnation proceeding and the proceeds of any settlement related thereto shall be payable to the Association for the use and benefit of the Owners and their mortgagees as their interests may appear.

(p) Restoration Power. The Committee, as attorney-in-fact for each Owner, shall have and is hereby granted full power and authority to restore or to sell the Project and each Unit therein

whenever Restoration or sale, as the case may be, is undertaken as hereinabove provided.

(g) Right of Entry. Such authority shall include the right and power to enter into any contracts, deeds or other instruments which may be necessary or appropriate for Restoration or sale, as the case may be.

28. Consent in Lieu of Vote. In any case in which this Declaration requires the vote of an Owner for authorization or approval of an act or a transaction, such requirement may be fully satisfied by obtaining, with or without a meeting, consents in writing to such transaction from Owners who collectively hold the required percentages, subject to the following conditions:

(a) Ninety-Day Limit. All necessary consents must be obtained prior to the expiration of ninety (90) days from the time the first written consent is obtained; and

(b) Change In Ownership. Any change in Ownership of a Unit which occurs after consent has been obtained from the Owner having an interest therein shall not be considered or taken into account for any purpose.

29. Mortgagee Protection. The lien or claim against a Unit for unpaid Common Area Assessments levied by the Management Committee or by the Association pursuant to this Declaration or the Act shall be subordinate to any Mortgage recorded on or before the date such Common Area Assessments become due, subject to the following:

(a) Effects of Voluntary and Involuntary Sale. The lien or claim against a Unit for such unpaid Common Area Assessments shall not be affected by any sale or transfer of such Unit, except that a sale or transfer pursuant to a foreclosure of the Mortgage affecting such Unit or the exercise of a power of sale available thereunder shall extinguish any debt payable prior to such sale or transfer. Nevertheless, any such unpaid Common Area Assessments which are extinguished in accordance with the foreclosure or power of sale shall not relieve the purchaser or transferee of such Unit from liability for, nor such Unit the lien of any Common Area Assessments becoming due thereafter.

(b) Books and Records Available for Inspection. The Committee or the Association shall make available to the Owners, to Mortgagees, and lenders, and to holders, insurers, or guarantors of any Mortgage current copies of the Declaration, By-Laws, and administrative rules and regulations concerning the Project, as well as the books, records, and financial statements of the Committee and the Association. The term "Available," as used in the Paragraph, shall mean available for reasonable inspection upon request during normal business hours or under

other reasonable circumstances. The Association shall have the right to recover its photocopying and service charges incurred in making the inspection and photocopying available.

(c) Right to Financial Statement. The holder, insurer or guarantor of any Mortgage shall be entitled, upon written request, to a financial statement for the immediately preceding fiscal year. Any financial statement requested pursuant hereto shall be furnished to the requesting party within a reasonable time following such request.

(d) Management Contracts. Any agreement for professional management of the Project, and any contract for goods or services, or any lease which is entered into by the Management Committee shall provide, or be deemed to provide hereby, that:

(i) either party may terminate the contract with cause upon at least thirty (30) days prior written notice to the other party; and

(ii) No contract may be for an initial term greater than one (1) year.

(e) Eligible Mortgagee Designation. Upon written request to the Committee or the Association by the holder, insurer, or guarantor of a Mortgage (which request identifies the name and address of such holder, insurer or guarantor and the Unit Number or address of the property encumbered by the Mortgage held or insured by such holder, insurer, or guarantor), such holder insurer, or guarantor shall be deemed thereafter to be an "Eligible Mortgagee" or "Eligible Insurer" or "Eligible Guarantor," as the case may be, shall be included on the appropriate lists maintained by the Association, and shall be entitled to timely written notice of any of the following:

1) Condemnation Loss or Award. Any condemnation loss or any casualty loss which affects a material portion of the Project or any Unit on which there is a Mortgage held, insured, or guaranteed by such Eligible Insurer or Guarantor.

2) Delinquency. Any delinquency in the payment of Common Area Assessments owed by an Owner of a Unit subject to a Mortgage held, insured or guaranteed by such Eligible Insurer or Guarantor, which delinquency remains uncured for a period of sixty days.

3) Lapse of Insurance. Any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Committee or the Association.

4) Consent Required. Any proposed action which would require the consent of a specified percentage of Eligible

Mortgagees.

30. Amendment. Anything to the contrary notwithstanding, while the Declarant is in control of the Association and prior to the occurrence of the Event, the Declarant may not amend the Declaration or Survey Map without the prior written approval of the Secretary of the Veterans Affairs. After transition, the affirmative vote of at least sixty seven percent (67%) of the undivided ownership interest in the Common Areas shall be required and shall be sufficient to amend the Declaration or the Record of Survey Map. Any amendment so authorized shall be accomplished through the recordation of an instrument executed by the Management Committee. In such instrument the Committee shall certify that the vote required by this Section for amendment has occurred, and, if approval of a specified percentage of Eligible Mortgagees is required for such amendment, that such approval has been obtained. The foregoing right of amendment shall, however, be subject to the following:

(a) Consent of Eligible Mortgagee. The consent of Eligible Mortgagees holding at least sixty seven percent (67%) of the undivided ownership interest in the Common Areas and shall be required to any amendment which would terminate the legal status of the Project; and the consent of Eligible Mortgagees holding at least fifty-one (51%) percent of the undivided ownership interest in the Common Areas shall be required to add to or amend any material provision of this Declaration or the Survey Map which establishes, provides for, governs, or regulates any of the following:

- (i) voting;
- (ii) assessments, assessment liens, or subordination of liens;
- (iii) reserves for maintenance, repair, and replacement of the Common Areas;
- (iv) insurance or fidelity bonds;
- (v) limitations and restrictions on the right to use of the Common Areas;
- (vi) responsibility for maintenance and repair of the several portions of the Project;
- (vii) expansion or contraction of the Project or the addition, annexation or withdrawal of property to or from the Project;
- (viii) the boundaries of any Unit;
- (ix) the percentages of Ownership interest in the Common Areas;

(x) the conversion of Units into Common Areas, or vice versa, the conversion of Common Areas into Limited Common Area, or vice versa;

(xi) express benefits or rights of Mortgagees, Eligible Mortgagees, or Eligible Insurers or Guarantors; and

(xii) the requirement that the Project be professionally managed rather than self managed.

Any addition or amendment shall not be considered material for purposes of this Paragraph (b) if it is for the clarification only or to correct a clerical error.

Notice of any proposed amendment to any Eligible Mortgagee to whom a written request to approve an addition or amendment to this Declaration or the Survey Map is required shall be mailed postage prepaid to the address for such Mortgagee shown on the list maintained by the Association.

Any Eligible Mortgagee other than the Secretary of Veterans Affairs who does not deliver to the Committee or the Association a negative response to the notice of the proposed amendment within thirty (30) days from the date of such mailing shall be deemed to have approved the proposal.

The foregoing consent requirements shall not be applicable to amendments to this Declaration and the Survey Map or the termination of the legal status of the Project as a condominium if such amendments or such termination are made or accomplished in accordance with the provisions of this Declaration regarding Condemnation or Substantial Obsolescence.

31. Notice and Hearing. In the event of a claimed violation of the Act, Declaration, By-Laws or administrative rules and regulations as they may be adopted by the Committee from time to time governing the Project, an Owner or Resident shall be entitled to the following:

(a) Notice. Written notice specifying the nature of the alleged violation (providing any other appropriate information) and stating the time, date, and place at which the Owner or Resident will have an opportunity to be heard by the Committee. Written notice shall be given at least fifteen (15) days prior to and no longer than thirty (30) days before the date set for the hearing. The notice may be delivered either personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered seventy-two (72) hours after it has been deposited with the U.S. Postal Service, regular mail, postage prepaid, addressed to the Owner or Resident at the address given by the member to the Committee for the purpose of service of

notice, or to the address of the Owner's or Resident's Unit if no other address has been provided. The address of an Owner or Resident for purposes of notice may be changed from time to time by delivery of written notice to the Committee.

(b) Costs & Assessments. If the violation, or the failure to correct or remedy a violation, results or may result in the expenditure of funds, the notice shall also state that the Management Committee may vote to assess the adverse party, levy a fine, or impose other sanctions if the Committee finds that a violation has occurred.

(c) Final Determination. After the hearing has taken place, the Committee shall determine whether a violation has occurred and, if so, the Committee may:

(i) levy an Assessment or impose conditions which shall become effective not less than five (5) days after the date of the hearing; or

(ii) take such other action as it may deem appropriate.

The determination of the Committee shall be final.

Nothing herein shall be construed to prevent the Committee from making any emergency repairs or taking any other emergency action it deems necessary and subsequently providing notice to an Owner or Resident and the opportunity to be heard.

32. Declarant's Sales Program. Anything to the contrary notwithstanding, until Declarant has sold all the Units owned by it in the Project or the expiration of a reasonable sales period following three (3) years after the date on which this Declaration is filed for record in the office of the County Recorder of Salt Lake County, Utah, whichever first occurs (hereinafter referred to as the "Events"), neither the Owners, the Association nor the Committee shall interfere with the completion of improvements and sale of all remaining Units, and Declarant shall have the following rights in furtherance of any sales, promotions or other activities designed to accomplish or facilitate the sale of all Units owned by Declarant:

(a) Sales Office and Model Units. Declarant shall have the right to maintain one (1) or more sales offices and one (1) or more model Units at any one time. Such office and/or models may be one or more of the Units owned by the Declarant, one or more separate structures or facilities placed on the Property for the purpose of aiding Declarant's sales effort, or any combination of the foregoing;

(b) Promotional. Declarant shall have the right to

maintain a reasonable number of promotional, advertising and/or directional signs, banners or similar devices at any place or places on the Property.

(c) Common Area Use. Declarant shall have the right to use the Common Areas of the Project including but not limited to the common facilities and amenities to assist sales.

(d) Relocation and Removal. Declarant shall have the right from time to time to locate or relocate any of its sales offices, models, or signs, banners or similar devices, but in connection with each such location or relocation shall observe the limitations imposed by the preceding portion of this Section. Within a reasonable period of time after the happening of the Events, Declarant shall have the right to remove from the Project any signs, banners or similar devices and any separate structure or facility which was placed on the Property for the purpose of aiding Declarant's sales effort.

33. Limitation on Improvements by Association. Until the Event described above, neither the Association nor the Committee shall, without the written consent of Declarant, make any improvement to or alteration in any of the Common Areas and Facilities created or constructed by Declarant, other than such repairs, replacements, or similar matters as may be necessary to properly maintain the Common Areas as originally created or constructed by Declarant.

34. Completion Obligation. Declarant hereby covenants in favor of each Owner that within two (2) years from the date of any contract of sale:

(a) Units. Each Unit which an Owner has contracted to purchase, the Building within which such Unit is contained or is to be contained, and the appurtenant Limited Common Area shall be substantially constructed, and ready for use or occupancy (as the case may be); and

(b) Common Area. There shall be substantially completed and usable as part of the Common Areas all planned landscaping, green space, sidewalks, parking facilities, roads, fences, outdoor lighting, and utility lines and conduits adjacent to the Unit or Building in which a Unit is located, and necessary for its use.

35. Declarant's Rights Assignable. All of the rights of Declarant under this Declaration may be assigned or transferred either by operation of law or through a voluntary conveyance, transfer or assignment. Any Mortgage covering all Units or Buildings in the Project title to which is vested in Declarant shall, at any given point in time and whether or not such Mortgage does so by its terms, automatically cover, encumber, and include

all of the then unexercised or then unused rights, powers, authority, privileges, protections and controls which are accorded to Declarant (in its capacity as Declarant) herein.

36. VA Approval. Until the Event described above, the Declarant shall not amend the Declaration without the prior written consent of the Secretary of Veterans Affairs.

37. Transfer of Management. Anything to the contrary notwithstanding, Declarant may at any time relinquish its reserved right to select the Members of the Committee and may elect to transfer the management of the Project to a Committee elected by the Owners. Upon the occurrence of the Event referred to above, or if the Declarant elects to transfer control sooner, Declarant shall notify Owners in writing of the effective date of such transfer (the "Transfer Date") at least forty five (45) days prior thereto. Thereupon, the Owners shall call a meeting to elect the Members of the Management Committee to take office as of the Transfer Date. Declarant covenants to cooperate with the Owners in effecting an orderly transition of management. Moreover, Declarant shall cause all obligations for Common Expenses of the Association prior to the Transfer Date to be paid in full on or before such date, and shall transfer any Association funds to the newly elected Committee.

38. Working Capital Fund. A working capital fund shall be established by the Declarant equal to or greater than two (2) months' Common Area Assessments for each Unit. Each Unit's share of the working capital fund shall be collected and transferred to the Management Committee at the time of closing of the sale of each Unit by Declarant. Notwithstanding the foregoing, the contribution to the working capital fund for each unsold Unit shall be paid to the Management Committee at the time such Unit is first occupied for residential purposes or a certificate of permanent occupancy is issued, whichever first occurs. With respect to each Unit for which the Declarant pays the contribution to the working capital fund, the Declarant shall be reimbursed for such contribution by the buyer of such Unit at the time of closing. The purpose of the working capital fund is to insure that the Management Committee will have cash available to satisfy unforeseen expenses or to acquire additional equipment or services necessary for the operation, control and regulation of the Project. Sums paid into the working capital fund are not to be considered as advance payments or regular monthly payments of Common Expenses.

39. Certain Provisions Applicable to Declarant. Anything to the contrary notwithstanding, for so long as Declarant continues to own any of the Units the following provisions shall be deemed to be in full force and effect, none of which shall be construed so as to relieve the Declarant from any obligations of an Owner to pay Common Area or other Assessments, except as herein otherwise

provided, as to each Unit owned by Declarant in accordance with the Declaration: Declarant specifically disclaims any intent to have made any warranty or representation in connection with the Project or the Declaration except as specifically set forth herein or in any agreement for sale of a Unit, and no person shall rely upon any warranty or representation not so specifically made therein.

40. Interpretation. To the extent Utah law is consistent with this Declaration, such provisions shall supplement the terms hereof and are incorporated herein. The captions which precede the Articles and Sections of this Declaration are for convenience only and shall in no way affect the manner in which any provision hereof is construed. Whenever the context so requires, the singular shall include the plural, the plural shall include the singular, the whole shall include any part thereof, and any gender shall include both other genders. The invalidity or unenforceability of any portion of this Declaration shall not affect the validity or enforceability of the remainder hereof.

41. Covenants to Run with Land. This Declaration and all the provisions hereof shall constitute covenants to run with the land or equitable servitudes, as the case may be, and shall be binding upon and shall inure to the benefit of Association, all other signatories hereto, all parties who hereafter acquire any interest in a Unit or in the Project, and their respective grantees, transferees, heirs, devisees, personal representative, successors, and assigns. Each Owner or occupant of a Unit shall comply with, and all interests in all Units shall be subject to, the terms of this Declaration and the provisions of any rules, regulations, agreements, instruments, supplements, amendments, and determinations contemplated by this Declaration. By acquiring any interest in a Unit in the Project, the party acquiring such interest consents to, and agrees to be bound by, each and every provision of this Declaration.

42. Enforcement and Right to Recover Attorney's Assessments. Should the Association or Committee be required to take action to enforce the Declaration, By-Laws or any administrative rules and regulations adopted from time to time, or to pursue any remedy provided hereunder or by applicable law, whether such remedy is pursued by filing suit or otherwise, they may recover all Additional Charges, including a reasonable attorney's fee, which may arise or accrue.

43. Mechanics Liens. Mechanics liens shall be filed in the office of the County Recorder of Salt Lake County as follows:

(a) Association Goods or Services. Mechanics liens for labor, materials or supplies purchased by the Association shall be filed against ALL UNITS in the Project and their appurtenant interest in the Common Area, and shall be indexed in the public records under the name of the Association and Community. If the Association has encumbered the Common Areas and thereafter defaults on its obligations, the lienholder must exercise its rights against the Common Areas before it may proceed against any particular Unit. Any Owner wishing to release that lien as to his or her Unit may pay the pro rata share of the total amount of the lien and that shall be sufficient to release the lien against his or her Unit.

(b) Unit Good or Services. Mechanics liens filed for labor, materials or supplies benefitting a particular Unit shall be filed against that Unit and its appurtenant interest in the Common Area.


(c) Constructive Consent. Any person or entity who elects to perform labor or provide materials at this Project agrees to be bound by and subject to the terms of this Section.

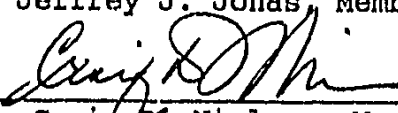
44. Agent for Service of Process. The President of the Association is the person to receive service of process in the cases authorized by the Act and the office. The initial Registered Agent is Jeffrey J. Jonas and the initial office of the Registered Agent is #9 Exchange Place, 810 Boston Building, Salt Lake City, Utah 84111.

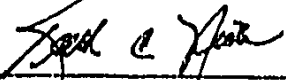
45. Effective Date. This Declaration, any amendment or supplement hereto, and any amendment or supplement to the Survey Map shall take effect upon its being filed for record in the office of the County Recorder of Salt Lake County, Utah.

EXECUTED the day and year first above written.

SUGARHOUSE PINES, L.C.

BY: 
TITLE: Jeffrey J. Jonas, Member

BY: 
TITLE: Craig E. Nielsen, Member

BY: 
TITLE: Keith C. Nielsen, Member

STATE OF UTAH

COUNTY OF SALT LAKE

)
)SS:
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on the 3rd day of May, 1996, personally appeared before me Jeffrey J. Jonas, Craig D. Nielsen and Keith C. Nielsen, who by me being duly sworn, did say that they are the Members of SUGARHOUSE PINES, L.C., a Utah Limited Liability Company, and that the within and foregoing instrument was signed in behalf of said Company by authority of a resolution of its Members, and said Jeffrey J. Jonas, Craig D. Nielsen and Keith C. Nielsen duly acknowledged to me that said Company executed the same.

Alexandra Kay Curtis

 NOTARY PUBLIC
 Residing At: *Salt Lake County*
 Commission Expires: *9-1-99*

EXHIBIT "A"
LEGAL DESCRIPTION

The land described in the foregoing document is located in Salt Lake County, Utah, and is described more particularly as follows:

ALL OF LOTS 1, 2, 53, 54, 55 AND 56, BLOCK 1, HILL CREST A SUBDIVISION OF LOTS 10 AND 11, BLOCK 28, TEN ACRE PLAT "A" BIG FIELD SURVEY, ACCORDING TO THE OFFICIAL PLAT THEREOF ON FILE AND OF RECORD IN THE SALT LAKE COUNTY RECORDER'S OFFICE.

BEGINNING AT THE NORTHEAST CORNER OF LOT 1, BLOCK 1, HILL CREST SUBDIVISION, AS RECORDED WITH THE OFFICE OF THE SALT LAKE COUNTY RECORDER, AND RUNNING THENCE SOUTH $00^{\circ}02'12''$ WEST ALONG THE WEST LINE OF 1100 EAST STREET 325.10 FEET (325 FEET RECORD) TO THE SOUTHEAST CORNER OF LOT 53, SAID BLOCK 1, HILL CREST SUBDIVISION; THENCE SOUTH $89^{\circ}51'52''$ WEST ALONG THE SOUTH LINE OF SAID LOT 53, 165.67 FEET (165.55 FEET RECORD) TO THE SOUTHWEST CORNER OF SAID LOT 53; THENCE NORTH $00^{\circ}02'25''$ EAST 160.05 FEET (160 FEET RECORD) TO THE NORTHWEST CORNER OF LOT 56 OF SAID BLOCK 1, HILL CREST SUBDIVISION; THENCE NORTH $89^{\circ}51'52''$ EAST 80.06 FEET (80 FEET RECORD) TO THE SOUTHWEST CORNER OF LOT 2, SAID BLOCK 1, HILL CREST SUBDIVISION; THENCE NORTH $00^{\circ}02'19''$ EAST 165.05 FEET (165 FEET RECORD) TO THE NORTHWEST CORNER OF SAID LOT 2, SAID POINT ALSO BEING ON THE SOUTH RIGHT OF WAY LINE OF 2700 SOUTH STREET; THENCE NORTH $89^{\circ}51'52''$ EAST ALONG SAID SOUTH RIGHT OF WAY LINE 85.59 FEET (85.55 FEET RECORD) TO THE POINT OF BEGINNING.

CONTAINS 0.993 ACRES.

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EXHIBIT "B"

<u>UNIT NO.</u>	<u>BUILDING ADDRESS</u>	<u>PERCENTAGE INTEREST</u>
1	2730 South 1100 East	5.0%
2	2730 South 1100 East	5.0%
3	2730 South 1100 East	5.0%
4	2730 South 1100 East	5.0%
5	2730 South 1100 East	5.0%
6	2730 South 1100 East	5.0%
7	2730 South 1100 East	5.0%
8	2730 South 1100 East	5.0%
9	2730 South 1100 East	5.0%
10	2730 South 1100 East	5.0%
11	2728 South 1100 East	5.0%
12	2728 South 1100 East	5.0%
13	2728 South 1100 East	5.0%
14	2728 South 1100 East	5.0%
15	2712 South 1100 East	5.0%
16	2712 South 1100 East	5.0%
17	2712 South 1100 East	5.0%
18	2712 South 1100 East	5.0%
19	2712 South 1100 East	5.0%
20	2712 South 1100 East	5.0%
TOTAL:		100%

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EXHIBIT "C"

BY-LAWS OF SUGARHOUSE PINES
HOMEOWNERS ASSOCIATION

I. IDENTITY

These are the By-Laws of Sugarhouse Pines, a Condominium Project, duly made and provided for in accordance with the Utah Condominium Ownership Act (the "Act"). Any term used herein which is defined in the Declaration to which these By-Laws are appended shall have the meaning ascribed therein.

II. OFFICE

The initial office of the Association shall be located at #9 Exchange Place, 810 Boston Building, Salt Lake City, Utah 84111 or at such other place as may be designated by the Management Committee.

III. APPLICATION

All present or future owners, tenants, or any other persons who might use the facilities at the Project in any manner are subject to the restrictions set forth in these By-Laws. The mere acquisition or rental of any of the Units, or the mere act of occupancy or use of any of said Units or the Common Areas and Facilities will signify that these By-Laws are accepted, ratified, and will be complied with by said persons.

IV. ASSOCIATION

1. Members. The members of the Association shall consist of all persons owning a Unit at the Project, in fee simple as shown in the records of the County Recorder of Salt Lake County, Utah. No mortgagee or a beneficiary or trustee under a deed of trust shall be a member unless and until such a party has acquired title pursuant to foreclosure or any arrangement or proceeding in lieu thereof.

The interest of a member in the funds and assets of the Association cannot be assigned, hypothecated or transferred in any manner except as an appurtenance to the member's Unit.

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

3. Annual Meetings. The annual meeting of the Association shall be held at 7:00 p.m. on the second Tuesday of October of each year; provided, however, that whenever such date falls on a legal holiday, the meeting shall be held on the next succeeding business day, and further provided that the Management Committee may by

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resolution fix the date of the annual meeting on such date or at such other place as the Management Committee may deem appropriate.

4. Special Meetings. Special meetings of the Association may be called at any time by the Management Committee or by Unit Owners who collectively hold at least thirty (30%) of the total vote. Such meeting shall be held at such place as the Management Committee may specify and the notice thereof shall state the date, time, and matters to be considered.

5. Notices. Written or printed notice stating the place, day and hour of all meetings of the Association and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) days before the date of the meeting, either personally or by mail to each Unit Owner. If mailed, such notice shall be deemed to be delivered when deposited in the U.S. mail addressed to the member at his address as it appears on the records of the Association, with postage thereon prepaid.

6. Quorum. At the meeting of the Association, the Owners of more than fifty (50%) percent in the aggregate of interest in the undivided ownership of the Common Areas and Facilities shall constitute a quorum for any and all purposes, except where express provisions of these By-Laws or the Declaration require a vote of more than fifty (50%) percent of the Association, in which event a quorum shall be the percentage of interest required for such vote. In the absence of a quorum, the President of the meeting may adjourn the meeting from time to time, without notice other than be announcement at the meeting, until holders of the amount of interest requisite to constitute a quorum shall attend. At any such adjourned meeting at which a quorum shall be present any business may be transacted which might have been transacted at the meeting as originally notified.

7. Voting. When a quorum is present at any meeting, the vote of the Unit Owners representing more than fifty (50%) percent of the undivided interest present at the meeting either in person or represented by proxy, shall decide any question of business brought before such meeting, including the election of the Management Committee, unless the question is one upon which, by express provision of the Declaration and these By-Laws, a greater vote is required, in which case such express provision shall govern and control the decision of such question. All votes may be cast either in person or by proxy. All proxies shall be in writing, and in the case of proxies for the annual meeting, they shall be delivered to the Secretary at least five (5) days prior to said annual meeting. Proxies for special meetings must be of record with the Secretary at least two (2) days prior to said meeting.

An Owner shall be deemed to be in good standing and entitled to vote at any annual or special meeting if, and only if, he shall have fully paid all due installments of assessments made or levied against him and his Unit by the Committee, together with all

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additional charges, if properly chargeable to him and against his Unit, at least three (3) days prior to the date fixed for such annual or special meeting.

8. Proxies. The votes appertaining to any Unit may be cast pursuant to a proxy or proxies duly executed by or on behalf of the Unit Owner, or, in cases where the Unit Owner is more than one person, by or on behalf of all such persons. No such proxy shall be revocable except by actual notice to the person presiding over the meeting, by the Unit Owner or by any of such persons, that it be revoked. Any proxy shall be void if it is not dated, or if it purports to be revocable without notice as aforesaid. The proxy of any person shall be void if not signed by a person having authority, at the time of the execution thereof, to execute deeds on behalf of that person. Any proxy shall terminate automatically upon the adjournment of the first meeting held on or after the date of that proxy. All proxies must be individual Unit Owners or the legal representative of an organizational Owner.

9. Waivers of Notice. Any Unit Owner may at any time waive any notice required to be given under these By-Laws, or by statute or otherwise. The presence of a Unit Owner in person at any meeting of the Unit Owners shall be deemed such waiver.

10. Conduct of Meetings. The President, or in his absence the Vice-President shall preside over all meetings of the Association and the Secretary shall keep the minutes of the meeting and record in a Minute Book all resolutions adopted by the meeting as well as a record of all transactions occurring thereat.

V. MANAGEMENT COMMITTEE

1. Purposes and Powers. The business, property and affairs of the Association shall be managed and governed by the Management Committee consisting of three (3) members. The Committee shall have all of the powers and duties necessary for the administration of the affairs of the Association in accordance with the provisions of the Declaration, and may do all such acts and things as are not by the Act or by these By-Laws directed to be exercised and done by the Association. The Committee shall have the power from time to time to adopt any rules and regulations deemed necessary for the enjoyment of the Project provided such rules and regulations shall not be in conflict with the Act, the Declaration or these By-Laws. The President shall have the authority to act on behalf of the Committee on all matters relating to the duties of the Manager, if any, which might arise between meetings of the Committee. Subject to any limitations or provisions contained in the Declaration, the Committee shall be responsible for the following:

(a) Preparation of an annual budget, in which there shall be established the contribution of each Owner to the Common Expenses;

(b) Making assessments against Owners to defray the

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costs and expenses of the Project, establishing the means and methods of collecting such assessments from the Owners, and establishing the period of the installment payment of the annual assessment for Common Expenses. Unless otherwise determined by the Committee, the annual assessment against each Owner for his proportionate share of the Common Expenses shall be payable in equal monthly installments, each such installment to be due and payable in advance on the first day of each month for said month;

(c) Providing for the operation, care, upkeep, replacement, maintenance and surveillance of all of the Common Areas and services of the Project;

(d) Designating, hiring and dismissing the personnel necessary for the maintenance, operation, repair and replacement of the Common Areas, and providing services for the Property, and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies and material to be used by such personnel in the performance of their duties, which supplies and equipment shall be deemed the common property of the Owners;

(e) Collecting the assessments against the Owners, depositing the proceeds thereof in a federally insured bank depository which it shall approve, and using the proceeds to carry out the administration of the Project;

(f) Making and amending administrative rules and regulations from time to time respecting the use of the Property;

(g) Opening of any federally insured bank accounts on behalf of the Association and designating the signatories required therefor;

(h) Making, or contracting for the making of, repairs, additions, and improvements to, or alterations of, the Property and repairs to, and restoration of, the Property, in accordance with the Declaration and other provisions of these By-Laws, after damage or destruction by fire or other casualty;

(i) Enforcing by legal means the provisions of the Declaration, By-Laws and any rules and regulations adopted by the Committee from time to time for use of the Property, and bringing any proceedings which may be instituted on behalf of the Owners;

(j) Obtaining and carrying insurance against casualties and liabilities, as provided in the Declaration, and paying the premium cost therefor;

(k) Paying the cost of all services rendered to the Project and not billed to the Owners of individual Units;

(l) Keeping books with detailed accounts of the receipts and expenditures affecting the Property and the administration of

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the Project, specifying the maintenance and repair expenses of the Common Areas and any other expenses incurred. The said books and vouchers accrediting the entries thereupon shall be available for examination by the Owners, their duly authorized agents or attorneys, during general business hours on working days at the times and in the manner that shall be set and announced by the Committee for the general knowledge of the Owners. All books and records shall be kept in accordance with generally accepted accounting practices, and the same, upon resolution of the Association, shall be audited, reviewed or compiled at least once a year by an outside auditor employed by the Committee who shall not be a resident of the Project or an Owner therein. The cost of such audit, review or compilation shall be a Common Expense. A copy of the annual auditor's report shall be supplied to any first Mortgagee who requests a copy in writing from the Secretary; and

(m) To do such other things and acts not inconsistent with the Act, the Declaration or By-Laws or by a resolution of the Association.

2. Composition of Committee. Committee members of the Association shall be duly elected and removed, and vacancies shall be filled in the manner provided by the Declaration and By-Laws.

3. Election. The Management Committee shall be elected as provided in the Declaration.

4. Vacancies. Vacancies on the Management Committee shall be filled as provided in the Declaration.

5. Regular Meetings. A regular annual meeting of the Management Committee shall be held immediately after the adjournment of the annual meeting of the Unit Owners or at such other time determined by the Committee. Regular meetings, other than the annual meeting, shall or may be held at regular intervals at such places and at such times as either the President or the Management Committee may for time to time designate.

6. Special Meetings. Special meetings of the Management Committee shall be held whenever called by the President, Vice-President, or by two (2) or more members of the Committee. By unanimous consent of the Management Committee, special meetings may be held without call or notice at any time or place.

7. Quorum. A quorum for the transaction of business at any meeting of the Management Committee shall consist of a majority of the members of the Committee then in office.

8. Compensation. No compensation shall be paid to any Members for their services as Members of the Committee. No remuneration shall be paid to a Member for services performed by him for the Management Committee in any other capacity, unless a resolution authorizing such remuneration shall have been unanimously adopted by the Management Committee before the services

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are undertaken.

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

10. Action Without Meeting. Any action which may be taken at a meeting of the Management Committee may be taken without a meeting if authorized by a writing signed by all of the persons who would be entitled to vote upon such action at a meeting, and filed with the Secretary.

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

12. Indemnification. Every Committee member and every officer of the Association shall be indemnified by the Association against all expenses and liabilities, including attorney's fees, reasonably incurred by or imposed upon him in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being or having been a Committee member or officer of the Association, or any settlement thereof, whether or not he is a Committee member or officer at the time such expenses are incurred, except in such cases wherein the Committee member or officer is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided that in the event of a settlement the indemnification herein shall apply only when the Committee approves such settlement and reimbursement as being for the best interests of the Association. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such Committee member or officer may be entitled.

13. Report of Committee. The Committee shall present at each annual meeting, and when called for by vote of the Association at any special meeting of the Association, a full and clear statement of the business and condition of the Project.

VI. OFFICERS

1. Designation and Election. The principal officers of the Association and Management Committee shall be a President, a Vice President, a Secretary, and a Treasurer, all of whom shall be elected by and from the Management Committee. The Management Committee may appoint an assistant Secretary and an assistant Treasurer and such other officers as in their judgment may be necessary or desirable. Such election or appointment shall regularly take place at the first meeting of the Management Committee immediately following the annual meeting of the Unit

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Owners; provided, however, that elections of officers may be held at any other meeting of the Management Committee.

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

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

4. President. The President shall be the chief executive of the Management Committee, and shall exercise general supervision over its property and affairs. He shall sign on behalf of the Project all conveyances, mortgages and contracts relating to its business, and shall do and perform all acts and things which the Management Committee may require of him. He shall preside at all meetings of the Association and the Management Committee. He shall have all of the general powers and duties which are normally vested in the office of the President of the corporation, including, but not limited to, the power to appoint committees from among the members (or otherwise) from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Project.

5. Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Management Committee shall appoint some other member thereof to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be prescribed by the Management Committee.

6. Secretary. The Secretary shall keep the minutes of all meetings of the Management Committee and of the Unit Owners; he shall have charge of the books and papers as the Management Committee may direct; and he shall in general, perform all the duties incident to the office of Secretary.

7. Treasurer. The Treasurer shall have the responsibility for the funds and securities of the Management Committee and shall be responsible for keeping full and accurate accounts of all receipts of all disbursements in books belonging to the Management Committee. He shall be responsible for the deposit of all monies and all other valuable effects in the name, and to the credit of, the Management Committee in such depositories as may from time to time be designated by the Management Committee.

8. Compensation. No compensation shall be paid to the officers for their services as officers. No remuneration shall be paid to an officer for services performed by him for the Management

Committee in any other capacity, unless a resolution authorizing such remuneration shall have been unanimously adopted by the Management Committee before the services are undertaken.

9. Agreement, Contracts, Deeds, Checks, etc. All agreements, contracts, deeds, leases, checks and other instruments of the Project for expenditures or obligations shall be executed by any two officers of the Committee or by such other person or persons as may be designated by the Committee except that the President shall be one of the signatories on all conveyances, mortgages and contracts.

VII. ACCOUNTING

1. Books and Accounts. The books and accounts of the Management Committee shall be kept under the direction of the Treasurer and in accordance with the reasonable standards of accounting procedures.

2. Report. At the close of each accounting year, the books and records of the Management Committee shall be reviewed by a person or firm approved by the Unit Owners. Report of such review shall be prepared and submitted to the Unit Owners at or before the annual meeting of the Unit Owners. Provided, however, that a certified audit by a certified public accountant (not an Owner and not a Resident in the Project), approved by the Unit Owners, shall be made if Owners representing at least seventy-five percent (75%) of the undivided interest in the Common Areas and Facilities determine to require the same.

3. Inspection of Books. All books and records at the Association shall be available at the principal office of the Management Committee and may be inspected by any Unit Owner, or his agent or attorney, for any proper purpose during reasonable business hours.

4. Fiscal Year. The fiscal year of the Association shall consist of the twelve month period commencing on January 1 of each year and terminating on December 31 of the same year. The fiscal year herein established shall be subject to change by the Committee should it be deemed advisable or in the best interests of the Association.

VIII. BUILDING RULES

The Management Committee shall have the power to adopt and establish, by resolution, such building, management, operational and administrative rules and regulations as it may deem necessary for the maintenance, operation, management and control of the Project and the Management Committee may from time to time, by resolution, alter, amend, and repeal such rules and regulations. Unit Owners shall at all times obey such rules and regulations and

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use their best efforts to see that they are faithfully observed by their lessees and the persons over whom they have or may exercise control or supervision, it being clearly understood that such rules and regulations shall apply and be binding upon all Unit Owners and Residents of the Project, their guests and invitees. Provisions of the Act pertaining to rules and regulations are incorporated herein by reference and shall be deemed a part hereof.

IX. AMENDMENT OF THE BY-LAWS

These By-Laws may be altered or amended in the same manner and subject to the same conditions as apply with respect to amendment of the Declaration; provided, however, so long as the Declarant controls the Association and until the occurrence of the Event, the By-Laws may not be amended without the prior written approval of the Secretary of Veterans Affairs.

X. OPERATION AND MAINTENANCE OF PROJECT

The Management Committee shall be responsible for the maintenance, control, operation and management of the Project in accordance with the provisions of the Act, the Declaration, these By-Laws and such rules and regulations as the Association of Unit Owners may adopt from time to time as herein provided, and all agreements and determinations lawfully made and entered into by the Association of Unit Owners.

XI. NOTICE

1. Manner of Notice. All notices, demands, bills, statements or other communications provided for or required under these By-Laws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by U.S. Mail, first class postage prepaid, (i) if to an Owner, at the address of his Unit and at such other address as the Owner may have designated by notice in writing to the Secretary, or (ii) if to the Committee, at its principal place of business, or (iii) if to the Manager, at his principal place of business, or (iv) at such other address as shall be designated and delivered by notice in writing pursuant to this Section.

2. Waiver of Notice. Whenever any notice is required to be given under the provisions of the statutes, the Declaration or of these By-Laws, a waiver thereof, in writing, signed by the person or persons entitled to such notice, whether signed before or after the time stated therein, shall be deemed equivalent thereto, unless such waiver is ineffective under the provisions of the Act.

XII. COMPLIANCE, CONFLICT, AND MISCELLANEOUS PROVISIONS

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1. Compliance. These By-Laws are set forth in compliance with the requirements of the Act.

2. Conflict. These By-Laws are subordinate and subject to all provisions of the Declaration and to the provisions of the Act. All of the terms hereof, except where clearly repugnant to the context, shall have the same meaning as they are defined to have in the Declaration or the Act. In the event of any conflict between these By-Laws and the Declaration, the provisions of the latter shall control; and in the event of any conflict between the Declaration and the Act, the provisions of the Act shall control.

3. Severability. These By-Laws are set forth to comply with the requirements of the State of Utah. In case any of the By-Laws are in conflict with the provisions of any of its statutes, the provisions of the statutes will apply. If any provisions of these By-Laws or any section, sentence, clause phrase, or word, or the application thereof in any circumstance is held invalid, the validity of the remainder of these By-Laws, shall not be affected thereby and to this end, the provisions hereof are declared to be severable.

4. Waiver. No restriction, condition, obligation or provision of these By-Laws shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same.


5. Captions. The captions contained in these By-Laws are for convenience only and are not part of these By-Laws and are not intended in any way to limit or enlarge the terms and provisions of these By-Laws.

6. Miscellaneous. Whenever in these By-Laws the context so requires, the singular number shall include the plural and converse; and the use of any gender shall be deemed to include all genders.

Adopted and executed by Declarant the 3rd day of May, 1996, the same date the Amended and Restated Declaration was executed.

SUGARHOUSE PINES, L.C.

BY: 
TITLE: Jeffrey J. Jonas, Member

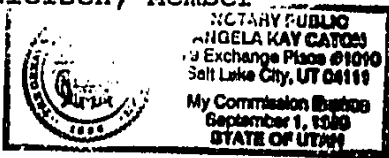
BY: 
TITLE: Craig D. Nielsen, Member

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BY: *Keith C. Nielsen*
TITLE: Keith C. Nielsen, Member

STATE OF UTAH
COUNTY OF UTAH

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) SS:
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on the 3rd day of May, 1996, personally appeared before me Jeffrey J. Jonas, Craig D. Nielsen and Keith C. Nielsen, who by me being duly sworn, did say that they are the Members of SUGARHOUSE PINES, L.C., a Utah Limited Liability Company, and that the within and foregoing instrument was signed in behalf of said Company by authority of a resolution of its Members, and said Jeffrey J. Jonas, Craig D. Nielsen and Keith C. Nielsen, duly acknowledged to me that said Company executed the same.

Angela Kay Catoe
NOTARY PUBLIC
Residing At: *Salt Lake County*
Commission Expires: *9-1-99*

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