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DECLARATION OF CONDOMINIUM
OF
HERITAGE TOWNHOMES
(A Utah Expandable Condominium Project)

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DECLARATION OF CONDOMINIUM
OF

HERITAGE TOWNHOMES, INC.

(A Utah Expandable Condominium Project)

THIS DECLARATION OF CONDOMINIUM is made and executed this ____ day of August, 1995, by American-Prows One, L.L.C., a Utah Limited Liability Company (hereinafter referred to as the "Declarant"), pursuant to the provisions of the Utah Condominium Ownership Act, Utah Code Annotated, Sections 57-8-1 through 57-8-36 (1994 Replacement, as amended).

W I T N E S S E T H:

WHEREAS, Declarant is the fee owner of that certain real property (hereinafter sometimes referred to as the "Subject Property") more particularly described in Article II hereof; and

WHEREAS, Declarant has or will construct upon the Property certain buildings and improvements thereon in accordance with the plans and drawings set forth in the Record of Survey Map filed concurrently herewith;

WHEREAS, Declarant intends by recording this Declaration and the Record of Survey Map to submit the Property, and all improvements now or hereafter constructed thereon, to the provisions of the Act as a Condominium Project and to impose upon the Property mutually beneficial restrictions under a general plan of improvement for the benefit of all Units within said Condominium Project and the Owners thereof; and

NOW, THEREFORE, the Declarant hereby makes the following Declaration:

I. DEFINITIONS

When used in this Declaration, including the recitals hereto, the following terms shall have the meaning indicated. Any term used herein which is defined by the Act shall, to the extent permitted by the context hereof, have the meaning ascribed by the Act.

1.1 "Act" shall mean and refer to the Utah Condominium Ownership Act, (Sections 57-8-1 through 57-8-36, Utah Code Annotated (1994 Replacement, as amended)), as the same may be amended from time to time.

1.2 "Additional Land" shall mean and refer to that real property located in Salt Lake County, State of Utah, more particularly

described upon Exhibit "D" attached hereto and incorporated herein by reference, which Additional Land or a portion thereof, may be added to the Project, subject to the requirements, conditions and restrictions of the Act and Article VI hereof.

1.3 "Association," "Association of Unit Owners," or Owners Association shall mean Heritage Townhome Homeowners Association, Inc., an incorporated Owner's Association, which Association is established as provided herein.

1.4 "Building" or "Buildings" when referring to every Building, shall mean and refer to a building containing Units and comprising a part of the Property.

1.5 "By-laws" shall mean and refer to the By-laws of the Association. The initial By-laws shall be in the form set forth in Exhibit "C" attached hereto and made a part hereof.

1.6 "Common Areas and Facilities" or "Common Areas" shall mean, refer to, and include:

(a) The real property (Subject Property) and interests in real property which this Declaration submits to the provisions of the Act, but excluding individual Units.

(b) All Common Areas and Facilities designated as such in the Map.

(c) All Limited Common Areas and Facilities designated as such in the Map.

(d) All foundations, columns, girders, beams, supports, main walls, roofs, halls, corridors, lobbies, stairs, stairways, fire escapes, and entrances and exits of any and all Buildings.

(e) All installations for any and all equipment connected with the furnishing of Project utility services such as electricity, gas, heating, air conditioning, water and sewer.

(f) All tanks, pumps, motors, fans, compressors, ducts, and in general all apparatus, installations and facilities included within the Project and existing for common use.

(g) The outdoor lighting, fences, landscaping, walkways, open parking spaces and roads.

(h) All portions of the Project not specifically included within the individual Units.

(i) All Common Areas and Facilities as defined in the Act, whether or not enumerated herein.

(j) All other parts of the Project normally in common use or necessary or convenient to its use, existence, maintenance, safety or management.

1.7 "Common Expenses" shall mean and refer to all sums which are assessed against and expended on behalf of all Owners and all sums which are required by the Association to perform or exercise its functions, duties, or rights under the Act, this Declaration, the management agreement for the operation of the Project, if any, and such rules and regulations as the Association may from time to time make and adopt. By way of illustration, but not in limitation, Common Expenses shall include: (i) expenses of administration, maintenance, operation, repair and replacement of those components of the Common Areas that must be maintained and/or replaced on a periodic basis together with such reserves as may be from time to time established for the same by the Association; (ii) expenses agreed upon by the Association, or the Owners, and lawfully assessed against the Owners in accordance with the Declaration; (iii) expenses declared to be Common Expenses by the Act, by this Declaration, or the By-Laws; and (iv) any valid charge against the Project as a whole.

1.8 "Condominium Unit" and/or "Unit" shall mean and refer to a separate physical part of the Property intended for independent use, consisting of rooms or spaces located in a Building upon the Subject Property and the Percentage Interest appurtenant thereto. Mechanical equipment and appurtenances located within any one Unit or located without said Unit but designated and designed to serve only that Unit shall be considered part of the Unit, as shall all decorated interiors, all surfaces of interior structural walls, floors and ceilings, windows and window frames, doors and door frames, and trim, consisting of among other items, and as appropriate, wallpaper, paint, flooring, carpeting and tile. All pipes, wires, conduits or other utility lines or installations constituting a part of a Unit and serving only such Unit, and any structural members or any other property of any kind, including fixtures and appliances within such Unit, which are removable without jeopardizing the soundness, safety, or usefulness of the remainder of the Building within which such Unit is situated shall be considered part of the Unit. A Unit shall not include pipes, wires, conduits, or other utility lines running through it which are used for or which serve more than one Unit, and shall not include any load-bearing walls or floors comprising a part of a Building in which the Unit is located. Each Unit shall include its appurtenant Percentage Interest in the Common Areas and Facilities.

1.9 "Declarant" shall mean and refer to American-Prows One, L.L.C., a Utah Limited Liability Company, and any successor and assign of Declarant which, either by operation of law, or through a voluntary conveyance, transfer, or assignment comes to stand in the same relation to the Project as did its predecessor.

1.10 "Declaration" shall mean and refer to this instrument and all modifications, amendments and/or supplements made in accordance with the Act and the provisions hereof.

1.11 "Limited Common Areas" shall mean and refer to those Common Areas and Facilities designated herein or on the Map as reserved for the use of a certain Unit or Units to the exclusion of other Units.

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

1.13 "Management Committee" or "Committee" shall mean the committee charged by this Declaration with and having the responsibility and authority on behalf of the Association to make and enforce all of the reasonable rules and regulations covering the operation and maintenance of the Property.

1.14 "Mortgage" shall mean and include a mortgage, a deed of trust or other security instrument by which a Unit or any part thereof is encumbered.

1.15 "Mortgagee" shall mean and include a mortgagee of a mortgage on any Unit, a beneficiary of a deed of trust on any Unit, or a secured party of any other security instrument by which a Unit or any part hereof is encumbered.

1.16 "Owner" or "Unit Owner" shall mean the person or persons, including the Declarant, owning in fee simple a Unit in the Project, and an undivided interest in the fee simple estate of the common areas and facilities in the percentages specified herein. In the event a Unit is the subject of any executory contract of sale, the contract purchaser shall, unless the Seller and the purchaser have otherwise agreed and have informed the Association in writing of such agreement, be considered the Owner for purposes of voting. Notwithstanding any applicable theory relating to a mortgage, deed of trust, or like instrument, the term Unit Owner or Owner shall not mean or include a mortgagee or a beneficiary or trustee under a deed of trust unless and until such party has acquired title pursuant to foreclosure or any arrangement or proceeding in lieu thereof.

1.17 "Percentage Interest" shall mean and refer to the undivided percentage interest or each Unit Owner in the Common Areas and Facilities of the Property. The Percentage Interest which is appurtenant to a Unit shall be equal to the ratio between the Size of such Unit and the aggregate Size of all Units in the Project. The Percentage Interest of each Unit is set forth in Exhibit "B" attached hereto and incorporated herein by reference.

1.18 "Person" shall mean an individual, corporation, partnership, association, trustee or other legal entity.

1.19 "Project" shall mean the Property submitted to the provisions of the Act by this Declaration and the Map, sometimes referred to and known as "Heritage Townhomes."

1.20 "Property" shall mean and refer to the Subject Property, the Buildings, all improvements and structures on the Subject Property, all easements, rights and appurtenances belonging thereto, and all articles of personal property intended for use in connection therewith.

1.21 "Record of Survey Map," "Survey Map" and "Map" shall mean and refer to the Record of Survey Map recorded in the official records of the County Recorder of Salt Lake County, State of Utah, recorded concurrently with this Declaration and all modifications, amendments and/or all supplements thereto recorded in accordance with the Act and this Declaration including, but not by way of limitation, the provisions of Article VI (Expandable Condominium) hereof.

1.22 "Size" shall mean and refer to the area of floor space within a Unit, in square feet, rounded off to a whole number. Declarant's determination of the Size of a Unit, as set forth in this Declaration or in any amendment or supplement hereto pursuant to Article VI and/or Article VII hereof shall be conclusive.

1.23 "Subject Property" shall mean the real property upon which the Project is situated, as more particularly described in Article II of this Declaration.

1.24 "Unit Number" shall mean the number, letter or combination thereof designating a Unit within the Project.

II. SUBMISSION TO THE ACT

Declarant hereby submits to the provisions of the Act, subject to the covenants, conditions and restrictions herein contained, the real property ("Subject Property") situated in Salt Lake County, State of Utah:

The real property described upon Exhibit "A" attached hereto and incorporated herein by reference.

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

reservations and exclusions; any mineral reservations of record and rights incident thereto; all instruments of record which affect the real property or any portion thereof, including, without limitation, any mortgage or deed of trust; all visible 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 Map or otherwise existing; an easement for each and every pipeline, cable, wire, utility line, or similar facility which traverses or partially occupies the real property at such time as construction of all Project improvements is complete; and all easements necessary for ingress to, egress from, maintenance of, and replacement of all such pipes, lines, cables, wires, utility lines, and similar facilities.

RESERVING UNTO DECLARANT, however, such easements and rights of ingress and egress over, across, through and under the real property and any improvements now or hereafter constructed thereon as may be reasonably necessary for Declarant or for any assignee or successor of Declarant (in a manner which is reasonable and not inconsistent with the provisions of this Declaration): (i) an easement for ingress and egress for the benefit of the Additional Land, however developed or utilized, over the real property described on Exhibit "E" attached hereto, whether or not the Additional Land, or portions thereof, is part of the Project; (ii) to construct and complete each of the Units in any Building and all of the other improvements described in this Declaration or in the Map recorded concurrently herewith, and to do all things reasonably necessary or proper in connection therewith; (iii) to improve portions of the real property with such other or additional improvements, facilities, or landscaping designed for the use and enjoyment of all the Owners as Declarant or as such assignee or successor may reasonably determine to be appropriate; and (iv) to construct and complete each of the Units, Buildings and other improvements to be constructed upon any Additional Land or portion thereof intended to be included within the Project. If, pursuant to the foregoing reservations, the real property or any improvement thereon is traversed or partially occupied by a permanent improvement or utility line, a perpetual easement for such improvement or utility line shall exist. With the exception of such perpetual easements, including that perpetual easement specified in (i) above, the reservations hereby effected shall, unless sooner terminated in accordance with their terms, expire seven (7) years after the date on which this Declaration is filed for record in the office of the County Recorder of Salt Lake County, State of Utah.

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III. IMPROVEMENTS ON LAND

3.1 Description of Improvements. The improvements contained in the Project are now or will be located upon the Subject Property. The major improvements contained in the Project (prior to expansion - See Article VI below) include one (1) Buildings, with six (6) Units contained therein, and asphalt or concrete driveways and parking areas. The location and configuration of said improvements are shown on the Map. The Project also contains other improvements such as outdoor lighting, walkways, landscaping and fencing. The Map shows the number of Buildings, the number of Units, and the number of stories which are included in the Project and the general parking areas. Each Building is composed of the following building materials: All load bearing and non-load bearing walls are wooden frame and studded with wood; the main level floor and second level are of wooden joists covered with plywood; the roof is of wood framing surfaced with plywood and asphalt shingles; interior walls are surfaced with sheetrock or gypsum board; and exterior walls are surfaced with brick (or similar materials), stucco or siding.

3.2 Description and Legal Status of Units. The Map shows each Unit Number, its location, dimensions from which its Size may be determined, the Common Areas to which it has immediate access and the Limited Common Areas, if any, reserved for each Unit. The undivided ownership interest in the Common Areas and Facilities appurtenant to a Unit may not be partitioned from the balance of the Common Areas and Facilities by an action pursuant to Chapter 39 of Title 78, Utah Code Annotated (1953 as amended).

3.3 Contents of Exhibit "B". Exhibit "B" to this Declaration contains the following information with respect to each Unit contained in the Project: (i) the Unit Number; (ii) its Size; and (iii) the Percentage Interest which is assigned to and appurtenant to the Unit.

IV. NATURE AND INCIDENTS OF CONDOMINIUM OWNERSHIP

4.1 Estate of an Owner. The Project is hereby divided into Units, each consisting of a fee simple interest in a Unit and a Percentage Interest as set forth in the attached Exhibit "B". The Percentage Interests set forth in Exhibit "B" are hereby declared to be appurtenant to the respective Units.

4.2 Title. Title to a Unit may be held or owned by any Person or more than one Person and in any manner in which title to any other real property may be held or owned in the State of Utah, including, without limitation, joint tenants or tenancy in common.

4.3 Inseparability. No part of a Unit or the legal rights comprising ownership of a Unit may be separated from any other part thereof during the period of ownership prescribed herein, so that

each Unit and the Percentage Interest appurtenant to such Unit shall always be conveyed, devised, encumbered, or otherwise affected only as a complete Unit. Every gift, devise, bequest, transfer, encumbrance, conveyance or other disposition of a Unit shall be presumed to be a gift, devise, bequest, transfer, encumbrance, or conveyance, respectively, of the entire Unit, together with all appurtenant rights created by law or by this Declaration.

4.4 Computation of Percentage Interests. The Percentage Interest which is appurtenant to a Unit shall be equal to the ratio between the Size of such Unit (including basements but excluding lofts and garages) and the aggregate Size of all Units in the Project. Declarant reserves the right to make minor adjustments in some or all of the Percentage Interests which result from the strict application thereof for the purpose, but only for the purpose, of assuring that the total of all Percentage Interests equals 100%. Percentage Interests shall be for all purposes, including, without limitation, voting and participation in Common Expenses.

4.5 Partition Not Permitted. The Common Areas shall be owned in common by all the Owners of Units, and no Owner may bring any action for partition thereof.

4.6 Owner's Rights to Common Areas. Subject to the limitations contained in this Declaration, any Owner shall have the non-exclusive right to use and enjoy the Common Areas and shall have the exclusive right to use and enjoy the Limited Common Areas designated herein for exclusive use by such Owner or Owners.

4.7 Owner's Rights with Respect to Interiors. Each Owner shall have the exclusive right at his sole cost and expense to maintain, repair, paint, repaint, tile, wax, paper, or otherwise refinish and decorate the interior surfaces of the walls, ceilings, floors, and doors forming the boundaries of his Unit and all walls, ceilings, floors and doors within such boundaries.

4.8 Easement for Access to Units. Each Owner shall have the right to ingress and egress over, upon and across the Common Areas necessary for access to his Unit, and to the Limited Common Areas, if any, designated for use in connection with his Unit, and such rights shall be appurtenant to and pass with the title to each Unit.

4.9 Easement for Encroachments. If any part of the Common Areas encroaches or shall hereafter encroach upon a Unit or Units, an easement for such encroachment and for the maintenance of the same shall and does hereby exist. If any part of a Unit encroaches or shall hereafter encroach upon the Common Areas, or upon an adjoining Unit or Units, an easement for such encroachment and for the maintenance of the same shall and does hereby exist. Encroachments referred to herein include, but are not limited to, encroachments caused by error in the original construction of the Building, by error in the Map, by settling, rising or shifting of the earth,

or by change in position caused by repair or reconstruction of the Project or any part thereof.

4.10 Easement of Access for Repair, Maintenance and Emergencies. Some of the Common Areas are or may be located within the Units or may be conveniently accessible only through the Units. The Owners of other Units shall have the irrevocable right, to be exercised by the Association (or its agent), as their agent, to have access to each Unit and to all Common Areas from time to time during such reasonable hours as may be necessary for the maintenance, repair or replacement of any of the Common Areas located therein or accessible therefrom or for making emergency repairs therein necessary to prevent damage to the Common Areas or to another Unit or Units. The Association shall also have such right independent of any agency relationship. Damage to the interior of any part of a Unit or Units resulting from the maintenance, repair, emergency repair, or replacement of any of the Common Areas or as a result of emergency repairs within another Unit at the instance of the Association shall be an expense of the Association; provided, however, that if such damage is the result of negligence of the Owner of a Unit, then such Owner shall be financially responsible for all such damage. Such damage shall be repaired and the property shall be restored substantially to the same condition as existed prior to damage. Amounts owing by Owners pursuant hereto shall be collected by the Association by assessment pursuant to Article IX below.

4.11 Owner's Right to Support. Each Owner shall have the right to horizontal and lateral support of his Unit, and such rights shall be appurtenant to and pass with the title to each Unit.

4.12 Association's Right to Use of Common Areas. The Association shall have a non-exclusive easement to make such use of the Common Areas as may be necessary or appropriate to perform the duties and the functions which it is obligated or permitted to perform pursuant to this Declaration.

4.13 Easements Deemed Created. All conveyances of Units hereafter made, by whatever means, shall be construed to grant and reserve such reciprocal easements as shall give effect to Sections 4.8, 4.9, 4.10, 4.11 and 4.12, above even though no specific reference to such easements or to those Sections appears in any such conveyance.

V. UNITS AND LIMITED COMMON AREAS

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

Unit No. _____ contained within the Heritage Townhomes as the same is identified in the Record of Survey Map recorded in Salt Lake County, State of 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 Condominium of Heritage Townhomes 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 the undivided ownership interest in said Project's Common Areas and Facilities which is appurtenant to said Unit.

Such description shall be construed to describe the Unit, together with the appurtenant Percentage Interest in the Common Areas and to incorporate all the rights incident to ownership of a Unit and all the limitations on such ownership as described in the Declaration, including the applicable appurtenant Percentage Interest and all rights and limitations arising as a result of the expansion of the Project by the addition of Additional Land or a parcel thereof pursuant to Article VI of this Declaration.

5.2 Maintenance of Units. Each Unit, and all utility facilities, including but not limited to all electrical, plumbing, heating, air conditioning, water, sewer lines, ducts, and other such apparatus serving solely such Unit, shall be maintained by the Owner thereof so as not to detract from the appearance of the Project and so as not to affect adversely the value or use of any other Unit or other portions of the Project. Each Owner shall keep the interior of his Unit, including without limitation, interior walls, doors, windows, ceilings, floors, and permanent fixtures and appurtenances thereto, in a clean and sanitary condition and in good state of repair. In the event that any such Unit shall develop an unclean or unsanitary condition or fall into a state of disrepair, and in the event that the Owner of such Unit shall fail to correct such condition or state of disrepair promptly following written notice from the Association and only upon the approval of the Management Committee, the Association shall have the right, at the expense of the Owner and without liability to the Owner for trespass or otherwise, to enter said Unit and correct or eliminate said unsanitary or unclean condition or state of disrepair; provided, however, that the Association shall in no event have the obligation to correct or eliminate any such condition or state of disrepair. Each Unit Owner shall keep his appurtenant patio, porch, balcony, and/or deck, and private yard area, if any, in a clean and orderly condition and in accordance with rules adopted by the Association, if any, but shall not otherwise maintain the same.

5.3 Separate Mortgages by Owners. Each Owner shall have the right separately to mortgage or otherwise encumber his Unit. No Owner shall attempt to or shall have the right to mortgage or other-

wise encumber the Common Areas or any part thereof, except the Percentage Interest therein appurtenant to his Unit. Any Mortgage or other encumbrance of any Unit within the Project shall be subordinate to all of the provisions of this Declaration, and in the event of foreclosure the provisions of this Declaration shall be binding upon any Owner whose title is derived through foreclosure by private power of sale, judicial foreclosure, or otherwise.

5.4 Taxation of Units. Each Unit within the Project, including each Unit's appurtenant Percentage Interest in the Common Areas, shall be deemed to be a parcel and shall upon conveyance of any Unit by Declarant be assessed separately for all taxes, assessments, and other charges of any political subdivision or of any special improvement district or of any other taxing or assessing authority. For purposes of such assessment, the valuation of the Common Areas shall be apportioned among the Units in proportion to the Percentage Interests appurtenant to such Units. All such taxes, assessments, and other charges of each respective Unit shall be separately levied against the Owner thereof. No forfeiture or sale of any Unit for delinquent taxes, assessments, or other governmental charges shall divest or in any way affect the title to any other Unit.

5.5 Limited Common Areas. The Limited Common Areas of the Project and the Units to which they are appurtenant are as follows: all patios, porches, balconies, and decks, if any, attached or adjacent to a Unit. The exclusive use of one patio, porch, balcony, deck, or private yard area is reserved each Unit as more particularly shown on the Map. No Owner shall have the right to modify any limited common area, including but not limited to, the grading or drainage facilities of any private yard.

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

VI. EXPANDABLE CONDOMINIUM

6.1 Reservation to Expand. In accordance with the provisions of Section 57-8-10(4) of the Act, the Declarant herewith expressly reserves the right and option to expand the Project by the addition of Additional Land, or portions thereof, and improvements to be constructed thereon, all in accordance with the provisions of this Article VI.

6.2 Additional Land. The Project may be expanded by the addition of all or a portion of the real property designated on Exhibit "D" attached hereto and incorporated herein by reference, such real property or portions thereof where applicable being referred to as "Additional Land".

6.3 No Limitations upon Option. Expansion of the Project by the Declarant is without limitation and shall be effective without the prior approval of the Association.

6.4 Termination of Option. Declarant's right to expand the Project as provided in this Article VI shall expire seven (7) years from the date of recording of this Declaration (exclusive of any amendments or supplements) in the official records of the Office of the County Recorder of Salt Lake County, State of Utah.

6.5 Order of Addition. The Additional Land designated on Exhibit "D" attached hereto and incorporated herein by reference, may be added in total or in part, and in any order as Declarant may determine. Such Additional Land (or any portion thereof constituting Additional Land) may be added at any time within the period allowed for expansion of the Project.

6.6 Improvements Upon Additional Land. All improvements upon Additional Land shall be made in such a manner as to conform to all governmental regulations appertaining thereto, but such improvements may be located upon the Additional Land, or any portion thereof, in such manner as the Declarant deems appropriate in its sole discretion, subject to the requirements contained herein. The maximum number of Units to be constructed upon the Additional Land shall be limited to thirty-six (36). All of the additional Units to be constructed upon Additional Land will be constructed for or are to be designated exclusively for residential use.

6.7 Compatible Construction. All structures and improvements erected upon any Additional Land added to the Project will be compatible with the structures and improvements now upon or to be constructed upon the Subject Property, all such additional structures and improvements to be approximately equal or better in terms of quality of construction and materials to be used. Notwithstanding the above, no assurances can be made by the Declarant in every instance that such structures and improvements will be identical in all regards. Declarant specifically reserves the right to modify architectural style for structures and improvements to be erected upon Additional Land to be added to the Project.

6.8 Description of Improvements. Although Declarant intends to construct upon the Additional Land six (6) two level-condominium residential buildings, no assurances can be made by the Declarant as to the description of improvements that will be made upon any Additional Land.

6.9 Description of Units. Declarant intends, as of the date hereof, that any Unit constructed within a Building upon Additional Land will be similar to the Units presently contained within Buildings upon the Property and that the size of such Units may vary as the Declarant determines in its sole discretion. Therefore, no assurances can be made by the Declarant that any Units to be constructed upon Additional Land will be substantially identical or similar to the existing Units.

6.10 Declarant's Reserved Rights. Declarant hereby reserves the right with respect to any Additional Land, to create limited Common Areas and Facilities within any Additional Land added to the Project, and with respect thereto reserves the right to create such Common Areas and Facilities in such types, sizes and numbers as the Declarant deems appropriate in its sole discretion. No assurances are made herein by Declarant with respect to the type, sizes or number of such areas, to be created, if any.

6.11 Supplemental Map. The Declarant simultaneously with the submission of Additional Land to the Project shall prepare and record in the official records of the Office of the County Recorder of Salt Lake County, State of Utah, a supplemental Map pertaining to such Additional Land to be added to the Project, and showing the location and dimensions (the vertical and horizontal boundaries), of each Unit located within a Building created from and located upon such Additional Land, and the Unit designation of each Unit so created.

6.12 Supplemental Declaration. Simultaneously with the recording of said Supplemental Map as required by the provisions of Section 6.11 above, the Declarant shall duly execute, acknowledge and record in the official records in the Office of the County Recorder of Salt Lake County, State of Utah, a supplemental Declaration setting forth that an expansion of the Project has occurred. Such supplemental Declaration shall include, in addition to any requirements of the Act, the following: (i) a legal description by metes and bounds of the Additional Land added to the Project; (ii) the designation of each Unit and Building created from and included within the Additional Land; and (iii) the Percentage Interest allocated and appertaining to all Units within the Project.

6.13 Qualifications. Each expansion of the Project by the addition of Additional Land shall be subject to the following additional qualifications:

(a) Percentage Interest. The Percentage Interest appertaining to a Unit and each Unit shall be recomputed in accordance with the provisions of Section 4.4 taking into consideration the Units contained upon the Additional Land to be included within the Project. Such reallocations shall be effective as of the date of recordation of the Supplemental Declaration. The maximum Percentage Interest appurtenant to each Unit assuming the minimum number of Units is constructed

and the minimum Percentage Interest appurtenant to each Unit assuming the maximum number of units is set forth on Exhibit "F" attached hereto and incorporated herein by reference.

(b) Following the addition to the Project of Additional Land, the total of the Percentage Interest appertaining to all Units shall in all event equal 100%.

(c) All improvements to be constructed upon portions of the Additional Land shall be substantially completed prior to the annexation to the Project.

6.14 Amendment to this Article. This Article VI shall not be amended without the written consent of the Declarant.

VII. THE ASSOCIATION

7.1 Membership. Every Owner shall be entitled and be required to be a member of the Association. If title to a Unit is held by more than one Person, the membership related to such Unit shall be shared by all such Persons in the same proportionate interests and by the same type of tenancy in which the title to such Unit is held. An Owner shall be entitled to one membership for each Unit owned by him. Each such membership shall be appurtenant to the Unit from which it is derived and shall be transferred automatically by conveyance of such Unit. No person or entity other than an Owner may be a member of the Association, and the By-laws of the Association shall so provide. Such By-laws shall in addition state that membership in the Association may not be transferred except by the transfer of a Unit; provided, however, that the rights of membership may be assigned to a Mortgagee as further security for a loan secured by a Mortgage on a Unit.

7.2 Management Committee. (a) The Management Committee of the Association shall consist of not less than three (3) members and not more than five (5) members provided, however, that until (i) the expiration of five (5) years from the date that this Declaration (exclusive of amendments or supplements) is recorded in the official records of the County Recorder of Salt Lake County, State of Utah, or such shorter period as the Declarant may determine in its sole discretion, or (ii) One Hundred Twenty (120) days after Units to which an aggregate of at least three-fourths (3/4) of the Percentage Interest then appurtenant to the Project have been conveyed by the Declarant to Unit purchasers, the Management Committee may consist of three (3) individuals selected by the Declarant (the "Declarant's Designees"). Any vacant seat on the Committee shall be filled with a member elected for a two (2) year term. Unit Owners who permanently occupy their Unit shall be eligible for Committee membership. In addition to individual Unit Owners, spouses of Unit Owners, Mortgagees (or designees of Mortgagees), partners of partnerships owning a Unit, directors or officers of corporations, and Managers of limited liability

companies owning a Unit shall be eligible for membership on the Management Committee.

(b) Upon the happening of either event specified in paragraph (a) (i) or (a) (ii) above, and provided that Declarant has not previously allowed the Owners to elect all members of the Management Committee, the Declarant's Designees shall schedule a meeting of the members of the Association within one hundred twenty days (120) of such event and in accordance with the requirements of the Bylaws of the Association for the express purpose of permitting Owners to elect members of the Management Committee. Upon the election and acceptance of such members the Declarant's Designees shall be deemed to have resigned as members of the Management Committee unless such a party shall have been elected as a member of the Management Committee by the Owners.

(c) At each Annual Meeting (as defined in the Bylaws), each Unit shall have one (1) vote for each seat on the Committee to be filled. Any Committee member may be removed from the Committee, with or without cause, by a simple majority vote of the Members, and the remaining Committee members shall elect a replacement to sit on the Committee until the expiration of the term for which the member being replaced was elected. Unless he or she forfeits or otherwise loses his or her seat as herein provided, a member shall serve on the Committee until his or her successor is elected and qualifies. Committee members shall be reimbursed for all expenses reasonably incurred in connection with Committee business. The Committee may fix such compensation for any member as may be reasonable in light of the Committee duties which that member is required to perform.

7.3 Votes. The number of votes appurtenant to each respective Unit shall be equal to the product of the Percentage Interest set forth in Exhibit "B" attached hereto (as the same may be revised incident to the addition of Additional Land or the result of minor adjustments as provided in Section 4.5) multiplied by One Hundred (100). The number of votes appurtenant to each Unit as set forth in said Exhibit "B" (subject to revisions resulting from the addition of Additional Land or the result of minor adjustments as provided in Section 4.5) shall have a permanent character and shall not be altered without the unanimous written consent of all Owners expressed in a duly recorded amendment to this Declaration.

VIII. RIGHTS AND OBLIGATIONS OF THE ASSOCIATION

8.1 Common Areas. The Association, subject to the rights of the Owners set forth in Article IV hereof, shall be responsible for the exclusive management and control of the Common Areas and all improvements thereon (including furnishings and equipment related thereto) and shall keep the same in good, clean, attractive and sanitary condition, order and repair; provided, however, that each Owner of a Unit shall keep the Limited Common Areas, if any, desig-

nated for use in connection with his Unit, in a good, clean, sanitary and attractive condition and consistent with rules and regulations adopted by the Association. The Association shall be responsible for the maintenance and repair of all Common Areas. The cost of such management, operation, maintenance and repair by the Association of the Common Areas shall be borne as provided in Article IX.

8.2 Miscellaneous Services. The Association may obtain and pay for the services of any person or entity to manage its affairs, or any part thereof, to the extent it deems advisable, as well as such other personnel of the Association as it shall be determined to be necessary or desirable for the proper operation of the Project, whether such personnel are furnished or employed directly by the Association or by any person or entity with whom or which it contracts. The Association may obtain on behalf of the Association and pay for legal and accounting services necessary or desirable in connection with the operation of the Project or the enforcement of this Declaration. The Association may arrange with others to furnish trash collection, snow removal, ground maintenance, and other common services to each Unit. The cost of such services shall be borne as provided in Article IX. The Declarant may enter into one or more professional management contracts on behalf of the Association pursuant to the provisions hereof; provided the Association shall have the right to terminate any such contract, with cause upon thirty (30) days prior written notice.

8.3 Personal Property for Common Use. The Association may acquire and hold for the use and benefit of the Association and all of the Owners, tangible and intangible personal property and may dispose of the same by sale or otherwise, and the beneficial interest in any such property shall be deemed to be owned by the Owners in the same proportion as each Owner's respective Percentage Interest. Such interest shall not be transferable except with the transfer of a Unit. A transfer of a Unit shall transfer to the transferee ownership of the transferor's beneficial interest in such property without any reference thereto. Each owner may use such property in accordance with the purpose for which it is intended, subject to rules and regulations adopted by the Association as provided herein, without hindering or encroaching upon the lawful rights of other Owners. The transfer of title to a Unit under foreclosure shall entitle the purchaser to the interest in such personal property associated with the foreclosed Unit.

8.4 Rules and Regulations. The Association may make reasonable rules and regulations governing the use of the Units and of the Common Areas, which rules and regulations shall be consistent with the rights and duties established in this Declaration. Such rules and regulations may include, without limitation: (i) a requirement that draperies, shades, or other interior window coverings, including the interior surfaces of any window or door glass used in Units shall present a uniform appearance of type and color from the exterior of any Building or all Buildings and that the Association

shall have the right to inspect and reinspect and approve all proposed draperies, shades, or other interior window coverings to insure compliance with such rules before installation thereof in a Unit, that Limited Common Areas conform to standardized regulations regarding appearance, maintenance and modifications thereof, (iii) that parking areas be subject to restrictions upon parking, (iv) that trash can placement and use be regulated, (v) that common area facilities be restricted for use during certain hours, (vi) that activities within garages be subject to restrictions, and (vii) the placement or restriction upon placement of antennae. The Association may suspend any Owner's voting rights in the Association during any period or periods during which such Owner fails to comply with such rules and regulations, or with any other obligations of such Owner under this Declaration. The Association may also take judicial action against the Owner to enforce compliance with such rules, regulations or other obligations or to obtain damages for non-compliance, all to the extent permitted by law.

8.5 Granting Easements. The Association may, without a vote or consent of the Owners, or of any other person, grant or create, on behalf of the Association, on such terms as it deems advisable, utility and similar easements and rights-of-way over, under, across, and through the Common Areas.

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

IX. ASSESSMENTS

9.1 Agreement to Pay Assessment. Declarant, for each Unit owned by it within the Project, and for and as the owner of the Project and every part thereof, hereby covenants, and each Owner of any Unit by the acceptance of a deed therefore, whether or not it be so expressed in the deed, shall be deemed to covenant and agree with each other and with the Association to pay to the Association annual assessments made by the Association for the purposes provided in this Declaration, and special assessments for capital improvements and other matters as provided in this Declaration. Such assessments shall be fixed, established and collected from time to time in the manner provided in this Article.

9.2 Amount of Total Annual Assessments. The total annual assessments against all Units shall be based upon advance estimates of cash requirements by the Association to provide for the payment of all estimated expenses growing out of or connected with the maintenance and operation of the Common Areas, which estimates may include, among other things: expenses of management, grounds maintenance, taxes and special assessments, until the Units are separately assessed as provided herein; premiums for all insurance which the

Association is required or permitted to maintain pursuant hereto; common lighting and heating expenses; water charges; trash collection charge; snow removal expenses; sewer service charges; repairs and maintenance expenses; wages for Association employees; legal and accounting fees; any deficit remaining from a previous period; the creation of a reasonable contingency reserve, surplus and/or sinking fund; and any other expenses and liabilities which may be incurred by the Association for the benefit of the Owners under or by reason of this Declaration. Notwithstanding the foregoing, the total amount of annual assessments shall not exceed the previous years annual assessments by more than 25% without the affirmative vote of Owners holding sixty-seven percent (67%) of the Percentage Interests and the affirmative vote of at least fifty-one (51%) of first Mortgagees.

9.3 Apportionment of Annual Assessments. Expenses attributable to the Common Areas and to the Project as a whole shall be apportioned among all Owners in proportion to their respective Percentage Interests.

9.4 Notice of Annual Assessments and Time for Payment Thereof. Annual assessments shall be made on a calendar year basis. The Association shall give written notice to each Owner as to the amount of the annual assessment with respect to his Unit not less than thirty (30) days nor more than sixty (60) days prior to the beginning of the next calendar year. Such assessment shall be due and payable in equal monthly installments on the first day of each and every month of each year; provided, however, that the first annual assessment shall be for the balance of the calendar year remaining after the date fixed by the Association as the date of commencement of the Project but not later than sixty (60) days after the conveyance of the first Unit. The first annual assessment shall be due and payable within thirty (30) days after written notice of the amount thereof shall have been given to the respective Owner of a Condominium Unit. Each monthly assessment shall bear interest at the rate of eighteen percent (18%) per annum from the date it becomes due and payable if not paid within ten (10) days after it is due. In addition to the foregoing, the payment of any delinquent assessment shall be subject to the payment of a late fee as established by the Management Committee. Failure of the Association to give timely notice of any assessment as provided herein shall not affect the liability of the Owner of any Unit for such assessment, but the date when payment shall become due in such case shall be deferred to a date ten (10) days after such notice shall have been given.

9.5 Special Assessments for Capital Improvements. In addition to the annual assessments authorized by this Article, the Association may levy in any assessment year a special assessment, payable over such period of time as the Association may determine, for the purpose of defraying, in whole or in part the cost of any construction or reconstruction, unexpected repair or replacement of the Project or any part thereof, or for any other expense incurred

or to be incurred as provided in this Declaration. This Section shall not be construed as an independent source of authority for the Association to incur expenses, but shall be construed to prescribe the manner of assessing for expenses authorized by other Sections hereof which shall make specific reference to this Article. Any amounts assessed pursuant hereto shall be assessed to Owners in proportion to their respective Percentage Interest.

Notice in writing of the amount of such special assessments and the time for payment thereof shall be given promptly to the Owners, and no payment shall be due less than thirty (30) days after such notice shall have been given. A special assessment shall bear interest at the rate of eighteen percent (18%) per annum from the date it becomes due and payable if not paid within thirty (30) days after such date.

9.6 Lien for Assessments. (a) All sums assessed to any Unit pursuant to this Article, together with interest thereon, as provided herein, shall be secured by a lien on such Unit in favor of the Association. Such lien shall be superior to all other liens and encumbrances on such Unit, except only for: (a) valid tax and special assessment liens on the Unit in favor of any governmental assessing authority; and (b) encumbrances on the interest of the Unit Owner recorded in the official records of the Salt Lake County Recorder prior to the date a notice (as provided herein) is recorded which by law would be a lien prior to subsequently recorded encumbrances, including all unpaid obligatory advances to be made pursuant to such encumbrances and all amounts advanced pursuant to such encumbrances and secured by the lien thereof in accordance with the terms of such instrument. All other Mortgagees and lienors shall be deemed to consent that such liens shall be inferior to future liens for assessments, as provided herein, whether or not such consent be specifically set forth in the instruments creating such liens.

(b) To evidence a lien for sums assessed pursuant to this Article, the Association shall prepare a written notice of lien setting forth the amount of the assessment, the date due, the amount remaining unpaid, the name of the Owner of the Unit and a description of the Unit. Such a notice shall be signed by an officer of the Association and shall be recorded in the official records of the Office of the County Recorder of Salt Lake County, State of Utah. No notice of lien shall be recorded until there is a delinquency in payment of the assessment. Such lien may be enforced by power of sale judicial foreclosure by the Association in the same manner in which deeds of trust or mortgages on real property are foreclosed in the State of Utah. In any such sale or foreclosure, the Owner shall be required to pay the costs and expenses of such proceeding, the costs and expenses of filing the notice of lien and all reasonable attorneys' fees. All such costs, expenses and fees shall be secured by the lien being foreclosed. The Owner shall also be required to pay to the Association any assessments against the Unit which shall become due during the period

of foreclosure. The Association shall have the right and power to bid an amount equal to its then existing lien at the foreclosure sale or other legal sale and to acquire, hold, convey, lease, rent, encumber, use and otherwise deal with the Unit as the Owner thereof.

(c) A release of notice of lien shall be executed by an officer of the Association and recorded in the official records of the Office of the County Recorder of Salt Lake County, State of Utah, upon payment of all sums secured by such lien which has been made the subject of a recorded notice of lien.

(d) Any Mortgagee or encumbrancer holding a lien on a Unit may pay, but shall not be required to pay, any amounts secured by the lien created by this Section, and upon such payment such Mortgagee or encumbrancer shall be subrogated to all rights of the Association with respect to such lien, including priority.

(e) A lien for common area assessments will not be affected by the transfer or conveyance of a Unit, unless such transfer is pursuant to a foreclosure of a mortgage with priority. In such event, the prior Owner shall nevertheless remain liable for the delinquent assessments.

9.7 Personal Obligation of Owner. The amount of any annual or special assessment against any Unit shall be the personal obligation of the Owner thereof to the Association. Suit to recover a money judgment for such personal obligation shall be maintainable by the Association without foreclosing or waiving the lien securing the same. No Owner may avoid or diminish any personal obligation by waiver of the use and enjoyment of any of the Common Areas or by abandonment of his Unit.

9.8 Statement of Account. Upon payment of a reasonable fee not to exceed Ten Dollars (\$10.00), or such higher amount as the Act may allow, and upon written request of any Owner or any Mortgagee, prospective Mortgagee or prospective purchaser of a Unit, the Association shall issue a written statement setting forth the amount of the unpaid assessments, if any, with respect to a Unit; the amount of the current yearly assessment and the date that such assessment becomes or became due; the amount of any credit for advance payments or prepaid items, including, but not limited to, such Owner's share of prepaid insurance premiums; and such statement shall be conclusive upon the Association in favor of persons who rely thereon in good faith. Unless such request for a statement of account shall be complied with within ten (10) days, or such longer period allowed by the Act, all unpaid assessments which became due prior to the date of making such request shall be subordinate to the lien of a Mortgagee which acquires its interest subsequent to requesting such statement. Where a prospective purchaser makes such request, both the lien for such unpaid assessments and the personal obligations of the purchaser shall be released automatically if the statement is not furnished within the

ten (10) day period provided herein and thereafter an additional written request is made by such purchaser and is not complied with by the Association within ten (10) days, and the purchaser subsequently acquires the Unit.

9.9 Personal Liability of Purchaser for Assessments. Subject to the provisions of Section 9.8 a purchaser of a Unit shall be jointly and severally liable with the seller for all unpaid assessments against the Unit up to the time of the grant or conveyance, without prejudice to the purchaser's right to recover from the seller the amount paid by the purchaser for such assessments.

9.10 Reserve for Replacements. As set forth in Section 14.4 (b) of this Declaration, the Association shall be required to establish and maintain an adequate reserve fund for the cost of reasonably predictable and necessary major repairs, maintenance and replacement of Common Areas, including Limited Common Areas. Such reserve shall be funded out of Common Area Assessments; provided, however, that as of the earlier of: (i) the sale and closing of each Unit by Declarant; or (ii) transfer of control of the Project to the Owners, the Declarant shall fund such reserve with an amount equal to two months' common area assessments for each Unit in the Project. Any amount paid to this reserve shall not be considered as an advance payment of regular assessments. This reserve fund shall be transferred to a segregated fund in the name of the Association upon transfer of control of the Association to the Owners. The Declarant shall be prohibited from using the reserve funds to defray any of its expenses, reserve contributions, or construction costs, or make up any budget deficits while it is in control of the Association.

X. INSURANCE

10.1 Provided by Association. The Association shall secure and at all times maintain for the benefit of the Association and the Owners the following insurance coverages:

(a) Hazard Coverage. A multi-peril policy or policies of fire and other hazard insurance covering the entire Project (both Units and Common Areas), with extended coverage and all other coverages in the kinds and amounts commonly required by private institutional mortgage investors for projects similar in construction, location and use, including the standard "All risk" endorsement, on a replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value (based upon replacement cost) of the Project. Each such policy shall contain the standard mortgagee clause which must be endorsed to provide that any proceeds shall be paid to the Association for the use and benefit of Mortgagees as their interests may appear. The assured shall be the Association as a trustee for the Unit Owners, or their authorized representatives. In addition the Association should obtain, if avail-

able, an Inflation Guard Endorsement, a Building Ordinance or Law Endorsement and a Steam Boiler and Machinery Coverage Endorsement (with minimum liability of \$2,000,000 per accident) if the Project has central heating or cooling.

(b) Public Liability. A comprehensive policy of public liability insurance covering all of the Common Areas insuring the Association, the Management Committee and its members, the Manager, and the Unit Owners against any liability incident to the ownership, use, or operation of the Common Areas and public ways of the Project or of any Unit which may arise among themselves, to the public, or to any invitees, or tenants of the Project, or of the Unit Owners. Limits of liability under such insurance shall be not less than One Million Dollars (\$1,000,000.00) covering all claims for bodily injury and/or property damage arising out of a single occurrence, including protection against water damage liability, liability for non-owned and hired automobiles and liability for property of others. Such insurance policy shall contain a "severability of interest" endorsement which shall preclude the insurer from denying the claim of a Unit Owner because of negligent acts of the Association, its committee members, its Officers or other Unit Owners. The scope of coverage must include all other coverage in the kinds and amounts required by private institutional mortgage investors for similar projects in location, construction and use.

(c) Workmen's Compensation Insurance. The Association shall obtain and maintain for the benefit of and on behalf of the Association workmen's compensation and employer's liability insurance and all other similar insurance with respect to employees of the Association in the amounts and in the forms now or hereafter required by law.

(d) Fidelity Insurance or Bond. The Association shall purchase for the benefit of and on behalf of the Association, in such amounts and in such forms as it deems appropriate, fidelity insurance or a bond to cover against dishonesty of Committee members, Officers and employees, destruction or disappearance of money or securities, and forgery.

10.2 Additional Provisions. The following additional provisions shall apply with respect to insurance.

(a) In addition to the insurance and bond coverage described above, the Association shall secure and at all times maintain for the benefit of and on behalf of the Association, insurance against such risks as are or hereafter may be customarily insured against in connection with all condominium projects similar to the Project in construction, nature and use.

(b) All insurance policies shall be written by a company holding a "B" or better general policyholder's rating or a "6" or better financial performance index rating in Best's Insurance Reports, an "A" or better general policyholder's rating and a financial size category of "VIII" or better in Best's Insurance Reports - International Edition, an "A" or better rating in Demotech's Hazard Insurance Financial Stability Ratings, a "BBBq" qualified solvency ratio or a "BBB" or better claims-paying ability rating in Standard and Poor's Insurer Solvency Review, or a "BBB" or better claims-paying ability rating in Standard and Poor's International Confidential Rating Service. Each insurer must be specifically licensed to transact business within the State of Utah. Policies are unacceptable where (i) under the terms of the carrier's charter, by-laws or policy, contributions or assessments may be made against the Borrower or a Mortgagee; or (ii) by the terms of the carrier's charter, by-laws or policy, loss payments are contingent upon action by the carrier's board of directors, policy holders, or members; or (iii) the policy includes any limiting clauses (other than insurance conditions) which could prevent a Mortgagee or the borrower from collecting insurance proceeds.

(c) The Association, on behalf of all Owners, individually and collectively, shall have the authority to adjust losses with respect to insurance secured and maintained by the Association, to pursue claims, negotiate and settle claims, and to enter into agreements relative to the same, and each Owner shall be deemed to have appointed the Association as an attorney-in-fact for such purpose.

(d) Insurance secured and maintained by the Association shall not be brought into contribution with insurance held by the individual Unit Owners or their Mortgagees.

(e) Each policy of insurance obtained by the Association for the benefit of the Association shall provide: a standard mortgagee clause commonly accepted by private institutional mortgage investors in the area in which the Project is located; a waiver (if available) of the insurer's subrogation rights with respect to the Association, the Trustees, Officers of the Association, the Manager and its members, the Unit Owners, and their respective servants, agents and guests; that it cannot be cancelled, suspended or invalidated due to the conduct of any member, officer, or employee of the Association or of the Manager without a prior written demand that the defect be cured; that any "no other insurance" clause therein shall not apply with respect to insurance held individually by the Unit Owners; and that a mortgagee clause endorsement which must provide that the insurance carrier shall notify in writing any and all insureds, including the servicers on behalf of Mortgagees thereof at least thirty (30) days in advance of the

effective date of any substantial modification or cancellation of the policy.

(f) Any Unit Owner may obtain additional insurance at his own expense, so long as such additional insurance does not have the effect of decreasing the amount which may be realized under any policy maintained by the Association. Any Unit Owner who individually obtains insurance covering any portion of the Project shall supply the Committee with a copy of his policy within thirty (30) days after he acquires such insurance.

(g) Insurance coverage required by this Article must not be prejudiced by (i) any act or neglect of the Unit Owners when such act or neglect is not within the control of the Association, or (ii) any failure of the Association to comply with any warranty or condition regarding any portion of the Project over which the Association has no control.

(h) All policies of property insurance must provide that notwithstanding any provision affording the insurer the right to elect to restore damage in lieu of a cash settlement, such option shall not be exercisable without the prior written approval of the Association (or any insurance trustee) or when in conflict with the provisions of any insurance trust agreement to which the insurance may be a party, or any requirement of law.

(i) The foregoing provisions of this Article X shall not be construed to limit the power or authority of the Association to obtain and maintain insurance coverage. In addition to any insurance coverage required hereunder, the Association may obtain such other insurance or additional insurance in such amounts and in such forms as the Association may deem proper from time to time.

(j) The Association shall have no responsibility regarding insurance on the personal property of Unit Owners.

(k) The maximum deductible amount for policies covering Units and Common Areas shall be the lesser of \$10,000 or 1% of the policy face amount.

XI. DAMAGE OR DESTRUCTION

11.1 Procedures. In the event of damage of or destruction of part or all of the improvements in the Project, the following procedures shall apply:

(a) Insurance Proceeds Sufficient to Repair or Reconstruct. If proceeds of the insurance maintained by the Association are alone sufficient to repair or reconstruct the dam-

age or destroyed improvement, such repair or reconstruction shall be carried out.

(b) Damage and Destruction less than 75%. If less than 75% of the Project's improvements are destroyed or substantially damaged, and if proceeds of the insurance maintained by the Association are not alone sufficient to accomplish repair or reconstruction, restoration shall be carried out and all Owners shall be assessed for any deficiency on the basis of their respective Percentage Interest.

(c) Damage or Destruction Exceeds 75%. If 75% or more of the Project's improvements are destroyed or substantially damaged, if proceeds of the insurance maintained by the Association are not alone sufficient to accomplish restoration, and unless the Owners within 100 days after the destruction or damage by a vote of at least 67% elect not to repair or reconstruct the affected improvements, restoration shall be accomplished in the manner directed under subsection (b) above.

(d) Substantial Damage or Destruction but Owners Elect Not to Repair or Reconstruct. If 75% or more of the Project's improvements are destroyed or substantially damaged, if proceeds of the insurance maintained by the Association are insufficient to accomplish restoration, and if the Owners, within 100 days after the destruction or damage, and by a vote of at least 67% elect not to repair or reconstruct the affected improvements, the Association shall promptly record with the Salt Lake County Recorder a notice setting forth such facts. Upon the recording of such notice the provisions of the Act shall apply and shall govern the rights of all parties having an interest in the Project or any of the Units.

11.2 Determination of Extent of Damage or Destruction. Any reconstruction or repair which is required to be carried out by this Article XI regarding the extent of damage to or destruction or Project improvements shall be made by three general contractors selected by the Association. The decision of any two such contractors shall be conclusive.

XII. OBSOLESCENCE

12.1 Adoption of a Plan. The Owners representing an aggregate voting interest of eighty percent (80%) or more of the Project may agree that the Project is obsolete and adopt a written plan for the renewal and reconstruction, provided that such plan have the unanimous approval of all first Mortgagees of record at the time of the adoption of such plan. Written notice of adoption of such a plan shall be given to all Owners. Such plan shall be recorded in the official records of the County Recorder of Salt Lake County, State of Utah.

12.2 Payment for Renewal and Reconstruction. The expenses of renewal or reconstruction shall be payable by all of the Owners as assessments against their respective Units. These assessments shall be levied in advance pursuant to Article IX hereof and shall be allocated and collected as provided in that Article. Further levies may be made in like manner if the amounts collected prove insufficient to complete the renewal and reconstruction.

12.3 Dissents from the Plan. An Owner not a party to such a plan for renewal or reconstruction may give written notice of dissent to the Association within fifteen (15) days after the recording of such plan. The Association shall then give written notice of such dissents to all Owners within five (5) days after the expiration of such fifteen (15) day period. Within fifteen (15) days of receipt of such notice from the Association, the Owners representing an aggregate voting interest of more than twenty percent (20%) of the Project may cancel the plan by written instrument recorded in the official records of the County Recorder of Salt Lake County, State of Utah. If the plan is not cancelled then the Units of each dissenter shall be purchased according to the following procedures. If the Owner and the Association can agree on the fair market value of such Owner's Unit, then such sale and conveyance shall be completed within sixty (60) days thereafter. If the parties are unable to agree on the fair market value of such Owner's Unit, the date when either party notifies the other that he or it is unable to agree with the other shall be the "commencement date" from which all periods of time mentioned herein shall be measured. Within ten (10) days following the commencement date, each party shall nominate a qualified appraiser by written nomination and shall give notice to the other of such nomination. In the event a party fails to nominate an appraiser, the appraiser nominated shall, within five (5) days after notice of the other party's failure to appoint an appraiser, appoint and associate with him another qualified appraiser. If the two appraisers designated by the parties, or selected pursuant hereto in the event of default of one party, are unable to agree, they shall appoint another qualified appraiser to be umpire between them, if they can agree on such person. If they are unable to agree upon such umpire, then each appraiser previously appointed shall nominate two qualified appraisers, and from the names of the four persons so nominated one shall be drawn by lot by a judge of any court of record in Utah, and the person whose name is so drawn shall be the umpire. The nominations from among which the name of the umpire is to be drawn by lot shall be submitted within ten (10) days of the failure of the two appraisers to agree, which, in any event, shall not be later than twenty (20) days, following the appointment of the second appraiser. The decision of the appraisers as to the fair market value, or in the case of their disagreement, the decision of such umpire shall be final and binding. The expenses and fees of such appraisers shall be borne equally by the Association and the Owner. The sale shall be consummated within sixty (60) days after decision of the appraisers, and the Association as attorney in fact shall disburse the proceeds first to Mortgagees and encumbrancers (in-

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cluding the Association) in the order of the priority of their liens and the balance remaining to the Owner. The obligation of the Association to make such purchase shall be conditioned on the fair market value of the Unit exceeding the obligations secured by Mortgages and liens on such Unit, and upon the marketability of the title of the Owner. An Owner shall furnish the Association an appropriate commitment for title insurance evidencing marketability of his title not less than fifteen (15) days prior to the date set for the completion of the sale.

The Association, pursuant to Article IX hereof, may levy a special assessment sufficient to provide funds to pay for other Units of the dissenters, provided that such assessments shall not apply to any of the Owners who are among the dissenters and shall not be liens against the Units of such Owners.

12.4 Sale of Obsolete Units. The Owners representing an aggregate ownership interest of eighty percent (80%) or more of the Units may agree that the Units are obsolete and that the Project should be sold. Such an agreement must have the unanimous approval of every first Mortgagee of record at the time such agreement is made. In such instance the Association shall forthwith record a notice setting forth such fact or facts, and upon the recording of such notice by the Association the Project shall be sold by the Association as attorney in fact for all of the Owners free and clear of the provisions contained in this Declaration, the Map and the By-laws of the Association. The sale proceeds shall be apportioned among the Owners in proportion to the respective undivided interests in the Common Areas, and such apportioned proceeds shall be paid into separate accounts, each such account representing one Unit. Each such account shall remain in the name of the Association, and shall be further identified by the Unit designation and the name of the Owner. From each separate account the Association, as attorney in fact, shall use and disburse the total amount of such accounts without contribution from one account to the other, first to Mortgagees and encumbrancers (including the Association) in the order of the priority of their liens and the balance remaining to each respective Owners.

12.5 Distribution of Excess. In the event amounts collected pursuant to Section 12.2 are in excess of the amounts required for renewal and reconstruction, the excess shall be returned to the Owners by the Association by a distribution to each Owner in an amount proportionate to the respective amount collected from each such Owner.

XIII. CONDEMNATION

13.1 Consequences of Condemnation. If at any time or times during the continuance of the condominium ownership pursuant to this Declaration, all or any part of the Project shall be taken or condemned by any public authority or sold or otherwise disposed of

in lieu of or in avoidance thereof, the following provisions shall apply.

13.2 Proceeds. All compensation, damages or other proceeds therefrom, the sum of which is hereinafter called the "Condemnation Award", shall be payable to the Association. The Association, on behalf of all Owners, individually and collectively, shall have the authority to represent the Association and all Owners and in such regard shall represent their interests in proceedings, negotiations, settlement and agreements, and each Owner shall be deemed to have appointed the Association as attorney-in-fact for such purpose.

13.3 Complete Taking. In the event that the entire Project is taken or condemned, or sold or otherwise disposed of in lieu of or in avoidance thereof, the condominium ownership pursuant thereto shall terminate. The Condemnation Award shall be apportioned among the Owners in proportion to the respective Percentage Interest in the Common Areas, provided that if a standard different from the value of the Project as a whole is employed to measure the Condemnation Award in the negotiations, judicial decree, or otherwise, then in determining such shares the same standard shall be employed to the extent it is relevant and applicable.

On the basis of the principle set forth in the last preceding paragraph, the Association shall soon as practicable determine the share of the Condemnation Award to which each Owner is entitled. Such shares shall be paid into separate accounts and disbursed as soon as practicable in the same manner provided in Section 13.4 of this Declaration.

13.4 Partial Taking. In the event that less than the entire Project is taken or condemned, or sold or otherwise disposed of in lieu of or in avoidance thereof, the condominium ownership hereunder shall not terminate. Each Owner shall be entitled to a share of the Condemnation Award to be determined in the following manner: (a) as soon as practicable the Association shall, reasonably and in good faith, allocate the Condemnation Award between compensation, damages, or other proceeds, and shall apportion the amounts so allocated to taking of or injury to the Common Areas among Owners in proportion to their respective Percentage Interests in the Common Areas, (b) the total amount allocated to severance damages shall be apportioned to those Units which were not taken or condemned, (c) the respective amounts allocated to the taking of or injury to a particular Unit and/or improvements an Owner has made within his own Unit shall be apportioned to the particular Unit involved, and (d) the total amount allocated to consequential damages and any other takings or injuries shall be apportioned as the Association determines to be equitable in the circumstances. If an allocation of the Condemnation Award is already established in negotiation, judicial decree, or otherwise, then in allocating the Condemnation Award the Association shall employ such allocation to the extent it is relevant and applicable. Distribution of apportioned proceeds

shall be made by checks payable jointly to the respective Owners and their respective mortgagees and encumbrancers.

13.5 Reorganization. In the event a partial taking results in the taking of a complete Unit, the Owner thereof automatically shall cease to be a member of the Association. Thereafter the Association shall reallocate the ownership, voting rights, and assessment ratio determined in accordance with this Declaration according to the same principles employed in this Declaration at its inception and as required by the Act and shall submit such reallocation to the Owners of remaining Units for amendment of this Declaration as provided.

13.6 Reconstruction and Repair. Any reconstruction and repair necessitated by condemnation shall be governed by the procedures specified in Article XII, above.

XIV. USE OF UNITS AND COMMON AREAS

14.1 Unit Use Restrictions. All Units within the Project shall be used exclusively for residential housing (including but not limited to long or short term leases or month to month tenancy for residential purposes) and for no other purposes, provided, however, that no Unit may be leased or rented for an initial period of less than six months. Any lease or rental agreement for a Unit must be in writing and subject to the terms of the Declaration, Bylaws, rules, and regulations, and other documentation of the Association.

14.2 Use of Common Areas. (a) There shall be no obstruction of the Common Areas by the Owners and/or their tenants, guests, or invitees without the prior consent of the Association. The Association may by rules and regulations prohibit or limit the use of the Common Areas as may be reasonably necessary for the purpose of protecting the interests of all the Owners or protecting the Units or the Common Areas. Nothing shall be kept or stored on any part of the Common Areas without the prior written consent of the Association, except as specifically provided herein. Nothing shall be altered on, constructed in, or removed from, the Common Areas except upon the prior written consent of the Association.

(b) Limited Common Areas appurtenant to each Unit have been designated upon the Map. No modification to any limited common area shall be made by an Owner except as permitted in this subparagraph (b). A Unit Owner shall have the right to plant and maintain at his own expense, annual plants within the private yard area, provided that: (i) any such planned use shall first be presented to and approved by the Management Committee, (ii) such use shall not interfere with the Association's responsibility for maintenance of common areas; and (iii) such Unit Owner shall be solely responsible for maintenance of the annual plants and the removal of the same at the end of each growing season.

14.3 Prohibition of Damage and Certain Activities. Nothing shall be done or kept in any Unit or in the Common Areas or any part thereof which would result in the cancellation of the insurance on the Project or any part thereof or an increase of the rate of the insurance on the Project or any part thereof, over what the Association, but for such activity, would pay, without the prior written consent of the Association. Nothing shall be done or kept in any Unit or in the 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. No damage to, or waste of, the Common Areas or any part thereof shall be committed by any Owner or any invitee of any Owner, and each Owner shall indemnify and hold the Association and other Owners harmless against all loss resulting from such damage or waste caused by him or his invitees; provided, however, that any invitee of the Declarant shall not be under any circumstances deemed to be an invitee of any other Owner. No noxious, destructive or offensive activity shall be carried on in any Unit or in the Common Areas or any part thereof, nor shall anything be done therein which may be or may become an annoyance or nuisance to any other owner or to any person at any time lawfully occupying a Unit in the Project.

14.4 Rules and Regulations. No Owner shall violate the rules and regulations for the use of the Units and of the Common Areas as adopted from time to time by the Association.

14.5 Structural Alterations. No structural alterations to any Unit shall be made, no other alterations to any Unit modifying the external appearance of any Unit and no plumbing, electrical or similar work within the Common Areas (including but not limited to Limited Common Areas) shall be done, by any Owner without the prior written consent of the Association.

14.6 Restriction on Signs. No signs, flags, or advertising devices of any nature shall be erected, displayed or maintained on any part of the Project (including placement of signs within a Unit or other location of the Project which are visible from the Common Areas) without the prior written approval of the Association, except (i) as may be necessary temporarily to caution or warn of danger or to provide directions as required by law, (ii) such signs as Declarant may erect or maintain incident to sale or lease of Units, and (iii) a sale incident to an Owner's sale or lease of a Unit provided the sign does not exceed six (6) square feet. If the Association consents to the erection of any such signs or devices, the same shall be removed promptly at the request of the Association.

14.7 Animals. No animals, livestock or poultry of any kind shall be raised, bred, or kept in or on the Properties for commercial or other purposes, except an Owner or Occupant may have one (1) dog or one (1) cat, provided: (a) they abide by the rules and regulations adopted by the Committee, (b) the dog or cat does not weigh more than twenty (20) pounds, (c) the dog or cat does not

have a known propensity for violence, and (d) owner shall be solely responsible for disposal of such pet's fecal material from common areas, including limited common areas.

No pet enclosures shall be erected, placed, or permitted to remain on any portion of the Common Areas, nor shall pets be kept tied to any structure outside the Unit. The keeping of pets and their ingress and egress upon the Common Areas shall be subject to such rules and regulations as may be issued by the Management Committee. Pets shall be on a leash at all times when outside a Unit. No pet shall be permitted to defecate on any portion of the Common Areas, and the Owner of such pet shall immediately remove feces left upon the Common Areas by his or her pet.

If an Owner or Occupant fails to abide by the rules and regulations and/or covenants applicable to pets, the committee may bar such pet from use of or travel upon the common Areas. The Management committee may subject ingress, egress, use, or travel upon the common Areas to a user fee, which may be a general fee for all similarly-situated persons or a specific fine or fee imposed for failure of an Owner or Occupant to abide by the rules, regulations, and/or covenants applicable to pets. In addition, any pet which endangers the health of any Owner or Occupant of a Unit or which creates a nuisance or an unreasonable disturbance or is not a common household pet, as may be determined in the sole discretion of the Committee, must be permanently removed from the Properties upon seven (7) days written notice by the Management Committee.

14.8 Recreational Vehicles. No recreational vehicle (boats, campers, trailers, motor homes, or similar items) shall: (i) be parked on any portion of the Common Areas except in common areas designated for immediate loading and unloading only or (ii) be maintained contrary to the Rules and regulations of the Association.

14.9 No Overloading. No Owner shall bring anything into his Unit or permit anything to be done in his Unit that will cause damage to a Building. No Owner shall overload a floor of his Unit. No Owner shall permit the use or operation in his Unit of any equipment or other device that will in any manner injure a Building or portions thereof. In furtherance of the foregoing objective, no Owner or tenant of an Owner shall install or maintain a waterbed.

14.10 Exemption of Declarant. The provisions of this Article XIV shall not apply to any improvement or structure constructed on the Subject Property by Declarant prior to the time that Units and appurtenant Percentage Interest are conveyed by Declarant to purchasers; and the Declarant shall have the right to use any Unit owned by it, and any part of the Common Areas reasonably necessary or appropriate, in furtherance of any construction, marketing, sales, management, promotional, or other activities designed to accomplish or facilitate improvement of the Common Areas or improvement and sale of Units owned by Declarant.

XV. MORTGAGEE PROTECTION

15.1 Notice to First Mortgagee. From and after the time a first Mortgagee (or an insurer or guarantor thereof) makes written request to the Association therefor, stating both its name and address and the Unit number or address of the Unit on which it has (or insures or guarantees) a Mortgage, the Association shall notify such first Mortgagee (or an insurer or guarantor thereof) in writing of the followings: (i) in the event that the Owner of the Unit encumbered by the first Mortgage held by such first Mortgagee neglects for a period of sixty (60) or more days to cure any failure on his part to perform any of this obligations under this Declaration; (ii) any condemnation or casualty loss that affects either a material portion of the Project or the Unit securing its Mortgage; (iii) a lapse, cancellation, or material modification of any insurance policy maintained by the Association; and (iv) any proposed action that requires the consent of a specified percentage of first Mortgagees.

15.2 Priority of Liens for Unpaid Assessments. The lien or claim against a Unit for unpaid assessments or charges levied by the Association pursuant to this Declaration or the Act shall be subordinate to a Mortgage affecting such Unit provided that such Mortgage was recorded prior to recording of such notice of lien or claim levied by the Association, and the Mortgagee thereunder which comes into possession of or which obtains title to the Unit shall take the same free of such lien or claim for unpaid assessments or charges, but only to the extent of assessments or charges which accrue prior to foreclosure of the Mortgage, exercise of a power of sale available thereunder, or deed or assignment in lieu of foreclosure (except for claims for a pro rata share of such prior assessments or charges resulting from a pro rata reallocation thereof to all Units including the Unit in which the Mortgagee is interested). No assessment, charge, lien or claim which is described in the preceding sentence as being subordinate to a Mortgage or as not to burden a Mortgage which comes into possession or which obtains title shall be collected or enforced by the Association from or against a Mortgagee, a successor in title to a Mortgagee, or the Unit affected or previously affected by the Mortgage concerned.

15.3 First Mortgagee Consents. Unless the consent of at least sixty-seven percent (67%) of the first Mortgagees (based upon one vote for each Mortgage) of the individual Units subject to first Mortgages is obtained, the Association shall not be entitled, by act, omission, or otherwise:

(a) To abandon or terminate the Project or to abandon or terminate the condominium arrangement which is established by this Declaration and the Map;

(b) To partition or subdivide any Unit;

(c) To abandon, partition, subdivide, encumber, sell or transfer all or any part of the Common Areas (except for the granting of easements for utilities and similar purposes consistent with the intended use of the Common Areas and except as to such matters which might result from Declarant's addition of Additional Land pursuant to the provisions of Article VI);

(d) To use hazard insurance proceeds resulting from damage to any part of the Project (whether to Units or to the Common Areas) for purposes other than the repair, replacement or reconstruction of such improvements, except as provided in Article XI;

(e) To change the pro rata interests or obligations of any Unit which apply for (i) purposes of levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards and for (ii) determining the pro rata share of ownership of each Unit in the Common Areas, except as such charges may occur as a result of partial condemnation, and except as such changes may occur as a result of expansion of the Project pursuant to the provisions of Article VI.

15.4 Miscellaneous Mortgagee Rights. (a) The Association shall not: (i) alter the provisions of Article X in such a way as to diminish the insurance protection required to be afforded to the parties designated to be protected thereby; or (ii) fail to maintain the insurance coverage described in said Article.

(b) Any first Mortgagee shall have the right, at its request and expense and upon reasonable notice, to examine the books and records of the Association. After the commencement of sale of individual Units, the Association shall establish an adequate reserve to cover the cost of reasonably predictable and necessary major repairs, maintenance and replacement of the Common Areas and shall cause such reserve to be funded by regular monthly or other periodic assessments against the Units rather than by special assessments.

(c) From and after the time a first Mortgagee makes written request to the Association therefore, the Association shall notify such Mortgagee in writing in the event that there occurs any damage or loss to, or taking or anticipated condemnation of: (i) any portion of the Project including the Common Areas involving an amount in excess of, or reasonably estimated to be in excess of, Fifty Thousand Dollars (\$50,000.00); or (ii) any Unit encumbered by the Mortgage held by such Mortgagee, if the amount involved in such damage, loss, or taking is in excess of, or reasonably estimated to be in excess of, One Thousand Dollars (\$1,000.00). Said notice shall be given within ten (10) days after the Association

learns of such damage, loss, taking or anticipated condemnation.

(d) No provision of this Declaration gives or may give a Unit Owner or any other party priority over any rights of Mortgagees pursuant to their respective Mortgages in the case of a distribution to Unit Owners of insurance proceeds or condemnation awards for loss to or taking of Units and/or the Common Areas.

(e) In the event another provision or clause of this Declaration deals with the same subject matter as is dealt with in any provision or clause of this Article XV, the provision or clause which results in the greatest protection and security for a Mortgagee shall control the rights, obligations or limits of authority, as the case may be, applicable to the Association with respect to the subject concerned.

(f) No amendment to this Declaration which has the effect of diminishing the rights, protection, or security afforded to first Mortgagees shall be accomplished or effected unless fifty-one percent (51%) of the first Mortgagees of the individual Units have given their prior written approval to such amendment. A change to the provisions governing the events set forth in Section 16.1(c) would be considered material requiring the consent of first Mortgagees as provided herein. Any amendment to this Article XV shall be accomplished by an instrument executed by the Association and filed for record in the official records of the Office of the County Recorder, Salt Lake County, State of Utah. In any such instrument an officer of the Association shall certify that any prior written approval of first Mortgagees required by this Article XV, as a condition to amendment, has been obtained.

15.5 Implied Approval. In the event that the approval of a first Mortgagee is required pursuant to the provisions of this Article XV or elsewhere herein, in the event a first Mortgagee fails to submit a response to any written proposal for an amendment within thirty (30) days after it receives proper notice of the proposal, approval will be deemed to have been given, provided notice was delivered to such Mortgagee by certified or registered mail, "return receipt" requested.

XVI. AMENDMENT

16.1 Except as provided in and/or subject to the terms of items (a) through (c) below, the vote of Members holding at least 67% of the Percentage Interest in the Common Areas shall be required to amend this Declaration or the Map, except that the Department of Veterans Affairs shall have the right to veto amendments until such time as Units to which an aggregate of at least three-fourths (3/4) of the Percentage Interests then

appurtenant to the Project have been conveyed by the Declarant to Unit purchasers. Any amendment so authorized shall be accomplished through the recordation of an instrument executed by the Association. In such instrument an officer of the Association shall certify that the vote required by this Article for amendment has occurred. The foregoing right of amendment shall, however, be subject to the following:

(a) Any amendment to Article XV ("Mortgagee Protection") shall be subject to the requirements for amendment contained in such Article XV.

(b) Declarant shall have the right unilaterally to amend and supplement this Declaration and the Map in conjunction with each and every addition of Additional Land, all in the manner and to the extent, but only in the manner and to the extent, provided for in Article VI.

(c) Until the Declarant has sold all Units (including Units constructed upon Additional Land), Declarant shall have the right unilaterally to amend and supplement this Declaration and the map to correct any technical errors or to clarify any provision to more fully express the intent of the Declarant for development and management of the Project.

(d) Until the Declarant has sold all Units (including Units constructed upon Additional Land) which it intends to sell to purchasers, no amendment to the Map or to any provisions of this Declaration which has or may have the effect of diminishing or impairing any right, power, authority, privilege, protection, or control accorded to Declarant (in its capacity as Declarant) herein shall be accomplished or effective unless the instrument through which such amendment is purported to be accomplished is consented to in writing by the Declarant.

(e) A change to the following provisions would require the vote of Members as provided in this Section 16.1 as well as the vote of first Mortgagees in accordance with the requirements of Section 15.4(f) above:

- (i) voting rights;
- (ii) increases in assessments that raise the previously assessed amount by more than 25%, assessment liens, or the priority of assessment liens;
- (iii) reductions in reserves for maintenance, repair, and replacement of Common Areas;
- (iv) responsibility for maintenance and repairs;

(v) reallocations of interests in the general or Limited Common Areas, or rights to their use;

(vi) redefinition of any Unit boundaries;

(vii) convertibility of Units into Common Areas or vice versa;

(viii) expansion or contraction of the Project, or the addition, annexation, or withdrawal of Property to or from the Project;

(ix) hazard or fidelity insurance requirements;

(x) imposition of any restrictions on the leasing of Units;

(xi) imposition of any restrictions on an Owner's right to sell or transfer his or her unit;

(xii) restoration or repair of the Project (after damage or partial condemnation) in a manner other than that specified in the Declaration; or

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

XVII. GENERAL PROVISIONS

17.1 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.

17.2 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 Declarant, all other signatories hereto, all parties who hereafter acquire any interest in a Unit or in the Project, and their respective grantees, transferees, heirs, rods, personal representatives, 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. Failure to comply with any of the same shall be grounds for an action to recover sums due and for damages or injunctive relief or both, maintainable by the Association on behalf of the Owners, or, in a proper case, by an aggrieved Owner. By acquiring any interest in a Unit or in the Project, the party acquiring such interest consents to, and agrees to be bound by, each and every provision of this Declaration.

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

17.4 Owner's Obligations Continue. All obligations of the Owner under and by virtue of the provisions contained in this Declaration shall continue, notwithstanding that he may have leased or rented a Unit, but the Owner of a Unit shall have no obligation for expenses or other obligations accruing after the date of conveyance of such Unit. In the event of the rental or lease of a Unit, an Owner shall be deemed to have granted a license to his tenant(s) of his right to use the Common Areas for the term of the lease or the period of rental and such Owner shall have no right to use the Common Areas during the term or period of such lease or rental.

17.5 Interpretation. To the extent the provisions of the Act are 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.

17.6 Agent for Service of Process. The President of the Association is the person to receive service of process in cases authorized by the Act. The Association shall, however, have the right to appoint a successor or substitute process agent. Such successor or substitute agent and his address shall be specified by an appropriate instrument filed in the official records of the Office of the County Recorder of Salt Lake County, State of Utah. The address of the initial registered office of the Association is 48 West 300 South, #1506-N, Salt Lake City, Utah, and the name of the registered agent at such address is ARMANDO ALVAREZ.

17.7 Effective Date. This Declaration, any amendment or supplement hereto, and any amendment or supplement to the Map shall

take effect upon its being filed for record in the official records of the Office of the County Recorder of Salt Lake County, State of Utah.

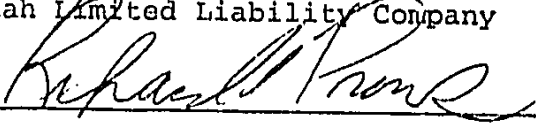
17.8 Request for Notice. The Association hereby requests that a copy of any notice of default and a copy of notice of sale under any mortgages or deeds of trust filed for record against any Units at Heritage Townhomes be mailed to the Heritage Townhome Homeowner's Association at 48 West 300 South, #1506-N, Salt Lake City, Utah 84101 pursuant to U.C.A. Section 57-1-26 (1953), as amended.

17.9 Lender's Agreement of Subordination. By its execution of this Declaration, Wells Fargo Bank, National Association, successor by merger to First Interstate Bank of Utah, N.A. (hereinafter "Phase I Lender"), agrees, covenants and declares that this Declaration shall be senior in priority to the Deed of Trust, Assignment of Rents, Security Agreement and Financing Statement made as of _____, 1996, between _____, as "Trustor," and _____, as "Trustee" and Phase I Lender as "Beneficiary" (hereinafter "Trust Deed"), which Trust Deed was recorded on _____, 1996, as Entry No. _____, in Book _____, beginning at page _____ of the Official Records of Salt Lake County, and that said Trust Deed shall be subordinate to and subject to this Declaration notwithstanding the fact that this Declaration is recorded later in time than the Trust Deed. By its execution, Phase I Lender does not become a party to this Declaration and does not make any representation or warranty concerning the contents of or the enforceability or effect of this Declaration.

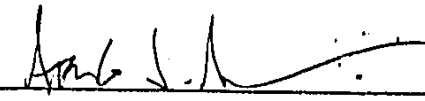
EXECUTED by Declarant on the day and year first above written.

DECLARANT:

AMERICAN-PROWS ONE, L.L.C.
a Utah Limited Liability Company

By 
Manager

AND

By 
Manager

[signatures continued on next page]

PHASE I LENDER:

First Interstate Bank of Utah, N.A.

By: _____
Its: _____

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

On the 12 day of August, 1996, personally appeared before me Richard Brown and [Signature], who being by me duly sworn, did say that they are Managers of American-Prows One, L.L.C., a Utah Limited Liability Company, and that the foregoing Declaration was signed on behalf of said company by authority of the Operating Agreement or a resolution of its members, and said Managers acknowledged to me that said company executed the same.

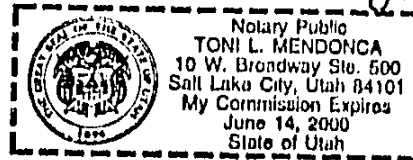
My Commission Expires:

June 14, 2000

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

Toni L. Mendonca
NOTARY PUBLIC, Residing at:

10 West Broadway, Ste 500
Salt Lake City, UT 84101



The foregoing instrument was acknowledged before me this _____ day of _____, 1996, by _____, the authorized _____ of First Interstate Bank of Utah, N.A.

My Commission Expires:

NOTARY PUBLIC, Residing at:

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PHASE I LENDER:

Wells Fargo Bank, N.A., successor by merger to
First Interstate Bank of Utah, N.A.

By: Ted Bodnar
Its: Vice President

STATE OF UTAH)
 : ss
COUNTY OF SALT LAKE)

On the 14th day of August, 1996, personally appeared
before me Ted Bodnar and _____, who being by
me duly sworn, did say that they are Managers of American-Prows
One, L.L.C., a Utah Limited Liability Company, and that the
foregoing Declaration was signed on behalf of said company by
authority of the Operating Agreement or a resolution of its mem-
bers, and said Managers acknowledged to me that said company
executed the same.

My Commission Expires:
November 12, 1998

K. Wooldredge
NOTARY PUBLIC, Residing at:
Walnut Creek, California

STATE OF UTAH)
 : ss
COUNTY OF SALT LAKE)

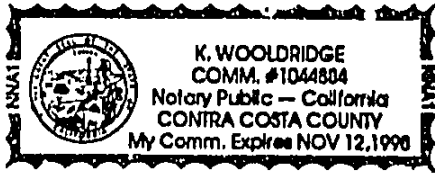
The foregoing instrument was acknowledged before me this _____
day of _____, 1996, by _____, the authorized
_____ of First Interstate Bank of Utah, N.A.

My Commission Expires:

NOTARY PUBLIC, Residing at:

STATE OF California)
COUNTY OF Contra Costa) SS

On August 14, 1996, before me,
the undersigned, a Notary Public in and for said State, personally
appeared Ted Bodnar, personally known to me (or proved to
me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the
within instrument and acknowledged to me that he/she/they executed the same in his/her/their
authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the
entirety upon behalf of which the person(s) acted, executed the instrument.



[SEAL]

WITNESS my hand and official seal.

K. Wooldridge

EXHIBIT "A"

to

Declaration of Condominium of
Heritage Townhomes
(A Utah Expandable Condominium Project)
(Legal Description)

Real property located at 5138 South 2700 West, Salt Lake City, Salt Lake County, State of Utah, known as Heritage Townhomes, and more particularly described as follows:

BEGINNING at a point North 00°14'53" West 1905.86 feet and North 89°45'07" East 50.00 feet from the South Quarter Corner of Section 9, Township 2 South, Range 1 West, Salt Lake Base & Meridian; thence North 00°14'53" West 53.42 feet to a point around a curve to the left through a central angle of 45°32'04" an arc 18.28 feet a chord bearing of South 71°44'15" East 17.80 feet to a point around a curve to the right though a central angle of 31°17'12" an arc 14.74 feet a chord bearing of South 78°51'41" East 14.56 feet; thence South 63°13'05" East 22.79 feet; thence South 89°59'58" East 99.52 feet around a curve to the left through a central angle of 90°00'02" an arc 20.42 feet a chord bearing of North 45°00'01" East 18.38 feet; thence North 136.29 feet; thence West 93.18 feet; thence North 72.15 feet; thence North 39°41'45" West 6.17 feet; thence North 64.17 feet; thence East 118.40 feet; thence South 93.60 feet; thence East 22.73 feet; thence South 29.47 feet; thence West 2.00 feet to a point around a curve to the left through a central angle of 90°00'16" an arc 20.42 feet a chord bearing of South 44°59'53" West 18.39 feet to a point; thence South 00°01'35" West 141.27 feet to a point around a curve to the left through a central angle of 90°18'18" an arc 20.49 feet a chord bearing of South 45°05'44" East 18.43 feet to a point; thence East 2.51 feet; thence South 29.00 feet; thence West 193.00 feet to a point around a curve to the left through a central angle of 00°30'24" an arc 0.20 feet a chord bearing of North 89°59'41" West 0.20 feet to a point around a curve to the left through a central angle of 41°12'11" an arc 16.54 feet a chord bearing of South 69°09'01" West 16.19 feet to the point of BEGINNING. Contains 28,249 square feet (0.65 acres) more or less.

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EXHIBIT "B"
to
Declaration of Condominium of
Heritage Townhomes
(A Utah Expandable Condominium Project)
(Percentage Interest)

<u>BLD</u>	<u>UNIT NO, &STYLE</u>	<u>SIZE</u>	<u>PERCENTAGE INTEREST</u>	<u>VOTES</u>
2	AL	1120	13.62	13.62
2	BL	1421	17.29	17.29
2	CL	1569	19.09	19.09
2	AR	1120	13.62	13.62
2	BR	1421	17.29	17.29
2	CR	1569	19.09	19.09
			100.00%	100.00

BOOK 7466 PAGE 2363

EXHIBIT "C"
to
Declaration of Condominium of
Heritage Townhomes
(A Utah Expandable Condominium Project)
(By-laws)

BOOK 7466 PAGE 2364

BYLAWS
OF
HERITAGE TOWNHOME OWNERS ASSOCIATION, INC.

ARTICLE I
NAME AND LOCATION

The name of the corporation is HERITAGE TOWNHOME OWNERS ASSOCIATION, INC. hereinafter referred to as the "Association". The initial principal office of the Corporation in the State of Utah shall be located at 5138 South 2700 West, Salt Lake City,, but meetings of members and directors may be held at such places within the State of Utah, County of Salt Lake, as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

Section 2.1 "Association" shall mean and refer to Heritage Townhome Owners Association, Inc., its successors and assigns.

Section 2.2 "Property" shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions and Restrictions, as amended, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 2.3 "Common Areas" shall mean and refer to that part of the Property which is not included with the Units and which is owned by the Association for the common use and enjoyment of the Owners, together with all improvements thereon and all easements appurtenant thereto including but not limited to private utility lines and personal property owned by the Association when the context so requires.

Section 2.4 "Unit" shall mean and refer to a separate physical part of the Property intended for independent use, consisting of rooms or spaces located in a Building upon the Subject Property and the Percentage Interest appurtenant thereto.

Section 2.5 "Owner" or "Owners" when referring to all or more than one Owner as the context requires, shall mean and refer to the person who is the Owner of record (in the office of the County Recorder of Salt Lake County, Utah) of a fee or an undivided interest in any Unit. Notwithstanding any applicable theory relating to a mortgage, deed of trust, or like instrument, the term "Owner" shall

not mean or include a mortgagee or a beneficiary or trustee under a deed of trust unless and until such party has acquired title pursuant to foreclosure or any arrangement or proceeding in lieu thereof.

Section 2.6 "Declarant" shall mean and refer to American-Prows One, L.L.C., a Utah limited liability company, its successors and assigns, if such successors or assigns should acquire from the Declarant all of its rights and obligations of development.

Section 2.7 "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restriction applicable to the Property recorded in the Office of the Recorder of Salt Lake County, State of Utah, and amendments thereto.

Section 2.8 "Member" shall mean and refer to those persons entitled to Membership as provided in the Declaration.

ARTICLE III

MEETING OF MEMBERS

Section 3.1 Annual Meetings. Annual meetings of the Members shall be held on the second Wednesday of March of each year commencing in the year 1997, and each subsequent regular annual meeting of the Members shall be held on the same day of the same month of each year thereafter, at the hour of 7:00 o'clock, p.m. (herein the "Annual Meeting"). If the day for the Annual Meeting of the Members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 3.2 Special Meetings. Special meetings of the Members may be called by or at the request of the president or by the Management Committee, or upon written request of the Members holding one-fourth (1/4) of the Percentage Interests (herein "Special Member Meetings").

Section 3.3 Notice of Meetings. Written notice of each Annual Meeting or Special Member Meeting (either or both sometimes referred to as a "Member Meeting") of the Members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least 15 days before such Member Meeting to each Member entitled to vote thereafter addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the Member Meeting, and, in the case of a Special Member Meeting, the purpose of the meeting.

Section 3.4 Quorum. The quorum required for any action by the Members hereunder, unless otherwise specifically set forth in the Declaration, shall be as follows: At each scheduled Member Meeting called the presence of Members or of proxies entitled to cast fifty percent (50%) of all outstanding votes shall constitute a quorum. If a quorum is not present at a scheduled Member Meeting, such Member Meeting may be adjourned pending notice of subsequently scheduled Member Meeting at which a quorum shall be one-half of the quorum which was required at the immediately preceding Member Meeting. No such subsequently scheduled Member Meeting shall be held more than forty-five (45) days following the immediately preceding Member Meeting.

Section 3.5 Proxies. At all Member Meetings, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Unit.

Section 3.6 Voting. Since a Unit Owner may be more than one person, if only one of such person is present at a Member Meeting of the Association that person shall be entitled to cast the votes appertaining to that Unit. But if more than one of such person is present, the votes appertaining to that Unit shall be cast only in accordance with the agreement of a majority of them, and such consent shall be conclusively presumed if any one of them purports to cast the votes appertaining to that Unit without protest being made forthwith by any of the others to the person presiding over the meeting. The votes appurtenant to any one Unit may not be divided between Owners of such Unit or with respect to matters before the Association; all such votes appurtenant to any one Unit shall be voted in one block.

ARTICLE IV

MANAGEMENT COMMITTEE: SELECTION AND TERM OF OFFICE

Section 4.1 Number. The affairs of the Association shall be managed by a Management Committee of not less than three (3) individuals and not more than five (5) individuals. In addition to individual Unit Owners, spouses of Unit Owners, Mortgagees (or designees of Mortgagees), partners of partnerships owning a Unit, and directors or officers of corporations, and managers of limited liability companies owning a Unit, shall be eligible for membership on the Committee.

Section 4.2 Term of Office. At the first Annual Meeting, the Members shall elect one (1) of the Committee Members for a term of one year, and two (2) of the Committee Members for a term of two years, and at each annual meeting thereafter the Members shall

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elect the number of Committee Members whose terms are to expire for a term of two years.

Section 4.3 Removal. Any Committee Member may be removed from the Management Committee, with or without cause, by a simple majority vote of the Members of the Association. In the event of death, resignation or removal of a Committee Member, his successor shall be selected by the remaining members of the Management Committee and shall serve for the unexpired term of his predecessor.

Section 4.4 Compensation. No Committee Member shall receive compensation for any service he may render to the Association. However, any Committee Member may be reimbursed for his actual expenses incurred in the performance of his duties.

ARTICLE V

NOMINATION AND ELECTION OF COMMITTEE MEMBERS

Section 5.1 Nomination. Nomination for election to the Management Committee shall be made by a Nominating Committee. If no Nominating Committee has been appointed by the Management Committee, the Management Committee shall serve in that capacity. Nominations may also be made from the floor at the Annual Meeting. The Nominating Committee shall consist of a Chairman, who shall be a Member of the Management Committee, and two or more Members of the Association or if such Members do not exist or decline appointment, the Declarant. The Nominating Committee shall be appointed by the Management Committee prior to each Annual Meeting of the Members, to serve from the close of such Annual Meeting until the close of the next Annual Meeting and such appointment shall be announced at each Annual Meeting. The Nominating Committee shall make as many nominations for election to the Management Committee as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made among Members or non-Members.

Section 5.2 Election. Election to the Management Committee shall be by secret written ballot. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VI

MEETINGS OF THE MANAGEMENT COMMITTEE

Section 6.1 Regular Meetings. Regular meetings of the Management Committee shall be held quarterly without notice, at such place and hour as may be fixed from time to time by resolution of the Committee Members. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 6.2 Special Meetings. Special meetings of the Management Committee shall be held when called by the president of the Association, or by any two Committee Members after not less than three (3) days notice to each Committee Member.

Section 6.3 Quorum. A majority of the number of Committee Members shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Committee Members present at a duly held meeting at which a quorum is present shall be regarded as the act of the Management Committee.

Section 6.4 Action Taken Without a Committee Meeting. The committee members shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Committee Members. Any action so approved shall have the same effect as though taken at a meeting of the Management Committee.

ARTICLE VII

POWERS AND DUTIES OF THE MANAGEMENT COMMITTEE

Section 7.1 Powers. The Management Committee shall have power to:

(a) adopt and publish rules and regulations governing the use of the Common Areas (including Limited Common Areas) and facilities, if any, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;

(b) suspend the voting rights and right to use of the recreational facilities, if any, of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations;

(c) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not

reserved to the Membership by other provisions of these By-laws, the Articles of Incorporation, or the Declaration;

(d) declare the office of a Committee Member of the Management Committee to be vacant in the event such Committee Member shall be absent from three (3) consecutive regular meetings of the Management Committee as specified in Section 6.1; and

(e) employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.

Section 7.2 Duties. It shall be the duty of the Management Committee to:

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the Annual Meeting of the Members, or at any Special Member Meeting when such statement is requested in writing by Members owning one-fourth (1/4) of the Percentage Interests;

(b) supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

(c) as more fully provided in the Declaration, to:

(1) create and adopt a budget and thereafter fix the amount of the annual assessment against each Unit at least fifteen (15) days in advance of each annual assessment period;

(2) send written notice of each assessment to every Owner subject thereto at least fifteen (15) days in advance of each annual assessment period; and

(3) foreclose the lien against any Unit for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the Owner personally obligated to pay the same.

(d) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Management Committee for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(e) procure and maintain adequate liability and hazard insurance on property owned by the Association;

(f) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(g) cause the Common Areas to be maintained;

(h) maintain current copies of the Declaration, Articles of Incorporation of the Association, these Bylaws, and rules and regulations adopted by the Association; and

(i) maintain the books and financial records of the Association, and, if requested by the holder, insurer or guarantor of any first mortgage secured by a Unit, prepare and furnish within a reasonable time at the expense of the party requesting the same, an audited financial statement of the Association for the immediately preceding fiscal year.

Section 7.3 Availability of Documents. The copies of the Declaration, Articles, Bylaws, rules and regulations and other books and records shall be available for inspection during normal business hours of the Association, for inspection by Owners, or by first Mortgagees (and holders, guarantors, or insurers thereof).

ARTICLE VIII

OFFICERS AND THEIR DUTIES

Section 8.1 Enumeration of Offices. The officers of this Association shall be a president and vice-president, who shall at all times be Members of the Management Committee, a secretary, and a treasurer, and such other officers as the Committee may from time to time by resolution create.

Section 8.2 Election of Officers. The election of officers shall take place at the first meeting of the Management Committee following each Annual Meeting of the Members.

Section 8.3 Term. The officers of this Association shall be elected annually by the Management Committee and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 8.4 Special Appointments. The Management Committee may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Management Committee may, from time to time, determine.

Section 8.5 Resignation and Removal. Any officer may be removed from office with or without cause by the Management Committee. Any officer may resign at any time by giving written notice to the Management Committee, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 8.6 Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by appointment by the Management Committee. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 8.7 Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 8.4 of this Article.

Section 8.8 Duties. The duties of the officers are as follows:

President

The president shall preside at all meetings of the Management Committee; shall see that orders and resolutions of the Management Committee are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

Vice-President

The vice-president shall act in the place and stead of the president in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Management Committee.

Secretary

The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Management Committee and of the Members; keep the corporate seal of the Association, if any, and affix it on all papers requiring said seal; keep appropriate current records showing the Members of the Association together with their addresses, and shall perform such other duties as required by the Management Committee.

Treasurer

The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Management Committee; shall sign all checks and promissory notes of the Association; keep proper books of account; if the Management Committee deems appropriate, cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the Membership at its regular Annual Meeting, and deliver a copy of each to the Members.

ARTICLE IX

COMMITTEES

The Management Committee, may if it elects appoint a Nominating Committee, as provided in these Bylaws. In addition, the Management Committee may appoint other committees as deemed appropriate in carrying out its purposes.

ARTICLE XI

ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments which are and will be secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date of delinquency at the rate of one and one-half percent (1-1/2%) per month, the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs and reasonable attorneys' fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Area or abandonment of his Unit.

ARTICLE XII

CORPORATE SEAL

The Association may obtain a seal, in such form as the Association may elect, having the name of the corporation, the year of incorporation, and the words "Corporate Seal".

ARTICLE XIII

AMENDMENTS

Section 13.1 These Bylaws may be amended, at an Annual Meeting or Special Member Meeting, by Members holding sixty-seven percent (67%) of the Percentage Interests, in person or by proxy, except that the Department of Veterans Affairs shall have the right to veto amendments until such time as Units to which an aggregate of at least three-fourths (3/4) of the Percentage Interests then appurtenant to the Project have been conveyed by the Declarant to Unit purchasers.

Section 13.2 In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

ARTICLE XIV

MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

IN WITNESS WHEREOF, the Declarant of American-Prows One, L.L.C. has executed these Bylaws this _____ day of August, 1996.

DECLARANT:

AMERICAN-PROWS ONE, L.L.C.
a Utah Limited Liability Company:

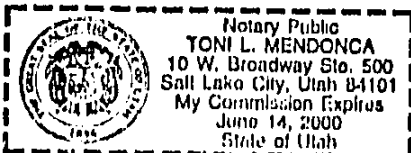
By *Richard Prows*

One of its Managers

AND

By *Joni L. Mendonca*

One of its Managers



Joni L. Mendonca

EXHIBIT "D"

to
Declaration of Condominium of
Heritage Townhomes
(A Utah Expandable Condominium Project)
(Legal Description of Additional Land)

Real property located at approximately 5138 South 2700 West,
Salt Lake City, Salt Lake County, State of Utah, and more particu-
larly described as follows:

BEGINNING at a point North 00°14'53" West 1819.64 feet
and East 50.00 feet from the South Quarter Corner of Sec-
tion 9, Township 2 South, Range 1 West, Salt Lake Base &
Merid'ian and running thence North 00°14'53" West 380.69
feet; thence East 49.18 feet; thence North 30.87 feet;
thence East 290.00 feet; thence South 290.88 feet; thence
East 43.68 feet; thence South 00°14'53" East 120.68 feet;
thence West 381.73 feet to the point of BEGINNING. Con-
tains 143,062 square feet (3.28 acres) more or less.

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EXHIBIT "E"
to
Declaration of Condominium of
Heritage Townhomes
(A Utah Expandable Condominium Project)
(Legal Description of Reserved Easement)

All project entrances, roadways, sidewalks, right-of-ways, curbs and gutters, shown on the Survey Map of Heritage Townhomes covering the real property described on Exhibit "A" to the Declaration, which easement is reserved for the benefit of the Additional Land.

EXHIBIT "F"
to
Declaration of Condominium of
Heritage Townhomes
(A Utah Expandable Condominium Project)
(Maximum and Minimum Percentage Interests)

<u>BLD</u>	<u>UNIT NO. & STYLE</u>	<u>SIZE</u>	<u>MAXIMUM* PERCENTAGE INTEREST</u>	<u>MINIMUM** PERCENTAGE INTEREST</u>
2	AL	1120	13.62	1.95
2	BL	1421	17.29	2.47
2	CL	1569	19.09	2.73
2	AR	1120	13.62	1.95
2	BR	1421	17.29	2.47
2	CR	1569	19.09	2.73

* Assumes no additional Units are constructed beyond the first phase.

** Assumes all Additional Land is added and a total of 42 units are constructed.