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2005 MAY 26 08:44 AM FEE \$196.00 BY GGB
REQUEST: COALITION TITLE

DECLARATION OF CONDOMINIUM

THE SILVER BARON LODGE AT DEER VALLEY

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**DECLARATION OF CONDOMINIUM
THE SILVER BARON LODGE AT DEER VALLEY**

THIS DECLARATION OF CONDOMINIUM - THE SILVER BARON LODGE AT DEER VALLEY ("Declaration") is made and executed by SILVER BARON PARTNERS, L.C., a Utah limited liability company (hereinafter referred to as "Declarant"), pursuant to the provisions of Title 57, Chapters 8 and 19, Utah Code Annotated, as amended.

1. RECITALS.

1.1 Declarant holds both legal and equitable title to the real property located in the County of Summit, State of Utah, hereinafter more particularly described, upon which Declarant desires to develop a whole unit condominium project.

1.2 The covenants, conditions and restrictions contained in this Declaration and in the Exhibits hereto shall be enforceable equitable servitudes and shall run with the land.

1.3 Recorded simultaneously herewith is a condominium plat of the Project as required by the Act.

1.4 All capitalized terms used in this Declaration shall have the definitions as set forth herein.

1.5 The Project shall be known as "The Silver Baron Lodge at Deer Valley".

1.6 Declarant intends to create within the Project two types of ownership consisting of the ownership of one or more Commercial Units and the ownership of one or more Residential Units. Notwithstanding the above, Declarant reserves the right to create such different types of ownership as Declarant deems necessary or desirable and shall not be obligated to create any of the ownership types described in this Section 1.6.

2. DEFINITIONS.

Unless the context clearly indicates otherwise, certain terms as used in this Declaration and the foregoing Recitals shall have the meanings set forth in this Section 2. (Certain terms not defined in this Section 2 are defined elsewhere in this Declaration.)

2.1 Act shall mean the Utah Condominium Ownership Act (Title 57, Chapter 8, Utah Code).

2.2 Additional Land shall mean the land that may be added to the Project in accordance with the provisions of Section 8.

2.3 Amendment shall mean any amendment to this Declaration made in accordance with this Declaration and the Act.

2.4 Articles shall mean the Articles of Incorporation of the Association.

2.5 Association shall mean The Silver Baron Lodge at Deer Valley Owners Association, Inc., a Utah nonprofit corporation, organized for the purposes set forth in this Declaration.

2.6 Building(s) shall mean the buildings constructed as part of the Project, as described in Section 3.2.

2.7 Bylaws shall mean the Bylaws of the Association, a copy of which is attached hereto as Exhibit "B" and incorporated herein by this reference, as amended from time to time.

2.8 Commercial Owner shall mean any person or entity or combination thereof, including Declarant, at any time owning a Commercial Unit. The term "Commercial Owner" shall not include any Mortgagee (unless such Mortgagee has acquired title for other than security purposes).

2.9 Commercial Unit shall mean a Unit within the Project which has been designated in Exhibit "A" attached hereto and incorporated herein by this reference, or any amendment thereto, and/or on the Plat as a Commercial Unit.

2.10 Common Area Manager shall mean the person, firm or company designated by the Management Committee to manage, in whole or in part, the affairs of the Association and the Common Areas and Facilities.

2.11 Common Areas and Facilities shall mean all portions of the Project other than the Units, as described in Section 6.1 below, including the Limited Common Areas and Facilities. The undivided interest in the Common Areas and Facilities appurtenant to each Unit is based upon the Par Value of a Unit as described in Section 6.2 below and is set forth in Exhibit "A" attached hereto.

2.12 Common Assessments shall mean those assessments described in Section 16 to fund the Common Expenses, and include Regular Common Assessments, Special Common Assessments and any other assessments levied by the Association.

2.13 Common Expense Fund shall mean one or more deposit or investment accounts of the Association into which are deposited the Common Assessments.

2.14 Common Expenses shall mean all expenses of the administration, maintenance, repair, or replacement of the Common Areas and Facilities, and all other expenses denominated as Common Expenses by this Declaration or by the Act.

2.15 Common Furnishings shall mean all furniture, furnishings, appliances, vehicles, fixtures and equipment, and all other personal property, from time to time, owned or leased by the Association or held for use at The Silver Baron Lodge at Deer Valley.

2.16 Convertible Land shall mean those portions of the Project which may be converted into Units, Common and Limited Common Areas and Facilities, as provided in Section 9 hereof, and as designated on the Plat.

2.17 Cost of Living Index shall mean the Consumer Price Index for Urban Wage Earners and Clerical Workers: U.S. City Average, All Items 1982-1984 = 100 compiled by the Bureau of Labor Statistics, United States Department of Labor. The Index for December 2005 is the reference base index. Declarant or the Association may select any other comparable index which measures changes in the cost of living.

2.18 Declarant shall mean Silver Baron Partners, L.C., a Utah limited liability company, or its successor in interest by express assignment of some or all of the rights of Declarant hereunder by an instrument executed by Declarant and the successor in interest and recorded in the Office of the County Recorder for Summit County, Utah.

2.19 Declaration shall mean this Declaration of Condominium – The Silver Baron Lodge at Deer Valley, and all amendments, modifications and supplements hereto.

2.20 Developmental Rights shall mean the right under the Act to expand the Project or convert a portion of the Project into one or more Units, Common Areas and Facilities or Limited Common Areas and Facilities pursuant to Sections 8 and 9 hereof, and the right under the Act or otherwise to exercise any of the rights set forth in Section 13 below.

2.21 Eligible Mortgagee shall mean and refer to a First Mortgagee that has requested notice of certain matters from the Association in accordance with Section 23.1 below.

2.22 Governing Documents shall mean this Declaration, the Bylaws, the Articles, the rules and regulations promulgated by the Management Committee, and the Management Committee's resolutions, as each document may be amended from time to time.

2.23 Guest means an Owner's accompanied or unaccompanied family member, guest, invitee, licensee, and any person or occupant who has the right to use and occupy a Unit.

2.24 Limited Common Areas and Facilities shall mean a portion of the Common Areas and Facilities allocated by this Declaration or the Act, or as may be shown on the Plat, for the exclusive use of one or more, but fewer than all, of the Units.

2.25 Management Committee shall mean the Board of Directors, Board of Managers, Board of Trustees or Executive Board (regardless of the specific term used) of the Association, appointed or elected in accordance with this Declaration and the Bylaws.

2.26 Mortgage shall mean any mortgage, deed of trust or other security instrument (including the seller's rights under a contract for deed) by which a Unit or any part thereof or interest therein is encumbered. A First Mortgage is a Mortgage having priority as to all other Mortgages encumbering a Unit or any part thereof or interest therein.

2.27 Mortgagee shall mean any person or entity named as the mortgagee, beneficiary or holder of the seller's interest (so long as a copy of the contract for deed is given to the

Association) under any Mortgage by which the interest of any Owner is encumbered, or any successor to the interest of such person under such Mortgage. A First Mortgagee shall mean any person or entity holding a First Mortgage including any insurer or guarantor of a First Mortgage. Any and all Mortgagee protections contained in this Declaration shall also protect the Declarant as the holder of a First Mortgage of a Unit or any interest therein.

2.28 Owner shall mean any person or entity, including Declarant, at any time owning a Unit within the Project (including, to the extent permitted by law, those purchasing an interest pursuant to a contract for deed who have given written notice of their purchase and a copy of their contract to the Association). The term "Owner" shall not refer to any Mortgagee, unless such Mortgagee has acquired title for other than security purposes.

2.29 Par Value shall mean the number of points assigned to each Unit as described herein and in the Act and used to determine ownership interests and votes of Units. In accordance with the provisions of the Act, the statement of Par Value should not be considered to reflect or control the sales price or fair market value of any Unit.

2.30 Personal Charges shall mean a charge levied by the Association against an Owner or Guest for all expenses resulting from the act or omission of such Owner or Guest (except an Owner's failure to pay any Assessment). The act or negligence of any Guest shall be deemed to be the act or negligence of the Owner who permits such Guest to use and occupy any Unit. Personal Charges shall include, without limitation, any expense resulting from the act or omission of any Owner or Guest, including, without limitation:

2.30.1 the cost of long distance and other telephone charges or telephone message charges and other special services or supplies attributable to the occupancy of the Unit and the expense of additional housekeeping services requested by such Owner or Guest during such occupancy;

2.30.2 the cost to repair any damage to any portion of the Project, or to repair or replace any Common Furnishings on account of loss or damage caused by such Owner or Guest;

2.30.3 the cost to satisfy any expense to any other Owner(s) or to the Association due to any intentional or negligent act or omission of such Owner or Guest, or resulting from the breach by such Owner or Guest of any provisions of the Governing Documents; and

2.30.4 Any transient occupancy tax, sales tax, use tax or other tax levied pursuant to the laws of the State of Utah and payable by any Owner or Guest which the Association is or shall be required or entitled to collect on behalf of the levying authority (this Section 2.30.4 shall not be deemed an acknowledgment that any such tax may be levied).

Personal Charges are not Assessments and are secured by a lien only to the extent provided in Section 16.5 below. In addition, the Association shall have all other remedies described in this Declaration which are available to the Association against any Owner for nonpayment of such Owner's Personal Charges.

2.31 Plat shall mean the Condominium Plat of The Silver Baron Lodge at Deer Valley Condominiums, recorded simultaneously with this Declaration in the office of the County Recorder for Summit County, State of Utah, as it may be amended from time to time pursuant to this Declaration and the Act. Such an amendment to the Plat is expressly authorized and may be undertaken by Declarant without the joinder or consent of any other Owners. To the extent required by applicable law, such amendment shall be subject to the review and approval of Park City Municipal Corporation.

2.32 Project shall mean the Property, the Units, the Common Areas and Facilities, the Building(s) and all improvements submitted by this Declaration to the provisions of the Act.

2.33 Property shall mean that certain real property situated in Summit County, State of Utah, more particularly described in Section 3.1 hereinafter, on which the Units and other improvements are or will be located.

2.34 Regular Common Assessments shall mean the annual assessments levied by the Association to pay the budgeted Common Expenses.

2.35 Residential Unit shall mean a Unit in the Project designated for residential use.

2.36 Special Common Assessments shall mean assessments which the Association may levy from time to time, in addition to the Regular Common Assessments, for unexpected Common Expenses or other purposes as provided herein.

2.37 The Silver Baron Lodge at Deer Valley shall mean, depending on the context, both the Property together with all improvements now or hereafter located thereon, including all facilities, roadways, common furnishings, equipment and all other appurtenances thereunto belonging and which are governed by this Declaration. The Silver Baron Lodge at Deer Valley shall also be deemed to include any and all additional real property, personal property and recreational or other rights from time to time acquired by the Association for the benefit of Owners subject to the provisions hereof.

2.38 Total Votes of the Association shall mean the total votes appertaining to all Units, as described in Section 17 below.

2.39 Unit shall mean a physical portion of the Project designed for separate ownership and occupancy as described in Section 5 hereof.

2.40 Unit Number shall mean the number, letter or combination of name, numbers and letters that identifies only one Unit in the Project.

2.41 Unit Type shall mean the designated size and configuration of a Unit, as set forth in Section 3.2.

3. DESCRIPTION OF THE PROPERTY AND THE IMPROVEMENTS.

3.1 The Property on which the Units and improvements are located is situated in Summit County, Utah and more particularly described as follows:

Beginning at a point on the east right-of-way of Deer Valley Drive East, said point being South 1129.51 feet and East 4094.91 feet from the East quarter corner of Section 16, Township 2 South, Range 4 East, Salt Lake Base and Meridian and running; thence South 85°42'00" East 208.79 feet; thence South 00°11'40" East 101.98 feet; thence West 86.37 feet; thence South 110.89 feet; thence West 149.70 feet to a point on the easterly right-of-way of Deer Valley Drive East; thence along said Easterly right-of-way line North 00°40'00" East 109.21 feet to a point of curvature; thence along the arc of a 300.00 foot radius curve to the right (center bears South 89°20'00 East) through a central angle of 23°30'00", a distance of 123.03 feet to the point of beginning.

3.2 The initial improvements will consist of one (1) freestanding residential Building with a basement and four (4) floors, containing twelve (12) Commercial Units and twenty-four (24) Residential Units, to include thirteen (13) Two-Bedroom Units, nine (9) Three-Bedroom Units and two (2) Four-Bedroom Units. The structure is of wood frame with wood, metal and stone siding. The roofs are sloped and flat with metal covering on the sloped portions and a membrane covering on the flat portions. The Building is supplied with telephone, cable or satellite television, electricity, natural gas, water, and sewer service. In addition to the Building, the initial improvements may also include maintenance facilities and other improvements.

4. SUBMISSION TO ACT.

Declarant hereby submits the Property, the Building(s), and all other improvements thereon to the provisions of the Act. All of said Project is and shall be held, conveyed, hypothecated, encumbered, leased, subleased, rented, used and improved as Residential Units and Commercial Units. All of said Project is and shall be subject to the covenants, conditions, restrictions, uses, limitations and obligations set forth herein, each and all of which are declared and agreed to be for the benefit of said Project and in furtherance of a plan for improvement of said Project and division thereof into Units; further, each and all of the provisions hereof shall be deemed to run with the land and shall be a burden and a benefit to the Declarant, the successors and assigns of the Declarant, and any person acquiring, leasing, subleasing or owning an interest in the real property and improvements comprising the Project, their assigns, lessees, sublessees, heirs, executors, administrators, devisees and successors.

5. DESCRIPTION OF UNITS.

The boundary lines of each Unit are as set forth on the Plat and consist of the undecorated and/or unfinished interior surfaces of its perimeter walls, bearing walls, lowermost floor, uppermost ceiling, and the interior surfaces of windows and doors. The interior surfaces of the doors and windows mean the points at which such surfaces are located when such window or door is closed. Without limitation, a Unit shall include any finishing material applied or affixed to the interior surfaces of the interior walls, floors and ceilings; non-supporting interior walls; and all utility outlets, fixtures or appliances found within the boundary lines of the Unit and servicing only that Unit. Notwithstanding the fact that they may be within the boundaries of the Unit, the following are not part of any Unit: bearing walls, floors, ceilings and roofs (except the interior finished surfaces thereof), foundations, ceiling equipment, tanks, pumps, pipes, vents, ducts, shafts, flues, chutes, conduits, wires and other utility installations, except the outlets

thereof when located within the Unit. The Plat and/or Exhibit "A" hereto contain the Unit Number of each Unit in the Project.

6. DESCRIPTION AND OWNERSHIP OF COMMON AREAS AND FACILITIES.

6.1 The Common Areas and Facilities shall mean and include the Property on which all Units are located and all portions of the Project not included as part of any Unit, including, but not by way of limitation, the foundations, columns, girders, beams, supports, exterior and bearing walls and roofs of the Building; the grounds and recreational facilities, if any, including, but not limited to any swimming pool area, hot tub area, game rooms, parking areas and certain other areas in the Project designated as part of the Common Areas and Facilities on the Plat (unless such areas are designated as a Commercial Unit), installations of all central services, including power, light, natural gas, hot and cold water, heating, ventilating and garbage collection; tanks, pumps, motors, fans, ducts and, in general, all apparatuses and installations existing for common use; all utility pipes, lines or systems servicing the Units; all ducts, flues, chutes, wires, television antennas, conduits, transformers, water lines, power lines, natural gas lines, sewer lines and other accessories and utility installations to the outlets used therewith; the underground water drainage system around the Building perimeter; and, all other parts of the Property necessary or convenient to its existence, maintenance and safety, or normally in common use, or which have been designated as Common Areas and Facilities on the Plat or any amendment to the Plat made in accordance with this Declaration and the Act; and all repairs and replacements of any of the foregoing.

6.2 The undivided interest in the Common Areas and Facilities appurtenant to each Unit in the Project is based upon the Par Value of such Unit, which is determined by the number of points allocated to each Unit. There shall be three (3) points allocated to each square foot in a Commercial Unit and four (4) points allocated to each square foot in a Residential Unit. Consequently, the total number of points for each Commercial Unit is calculated by multiplying the square footage area of such Unit by three and the total number of points allocated to each Residential Unit is calculated by multiplying the square footage area of such Unit by four. The percentage of undivided interest in the Common Areas and Facilities and the votes appurtenant to each Unit has been determined by dividing the number of points allocated to that Unit by the total number of points allocated to all Units in the Project. In accordance with the provisions of the Act, the statement of Par Value shall not be considered to reflect or control the sales price or fair market value of any Unit. The undivided interest appurtenant to each Unit shall have a permanent character and shall not be altered, except as provided in this Declaration and the Act. The sum of the undivided interests and votes in the Common Areas and Facilities allocated to all Units shall at all times equal one hundred percent (100%). Declarant has rounded the undivided interest of one or more Units in order to cause the total to equal one hundred percent (100%).

7. DESCRIPTION OF LIMITED COMMON AREAS AND FACILITIES.

Limited Common Areas and Facilities shall mean a portion of the Common Areas and Facilities reserved for the use of certain Owners to the exclusion of other Owners, including but not limited to any porches, decks, balconies, foyers, storage closets, hot tubs, patios, attics and other areas as indicated by this Declaration, the Plat or the Act to be for the exclusive use of one or more but fewer than all of the Units. Mechanical systems or utility closets serving only

certain Units shall be Limited Common Areas and Facilities with respect to the Units which they serve. The Limited Common Areas and Facilities shall be those areas designated as such on the Plat, in this Declaration or as provided for by the Act. The use and occupancy of designated Limited Common Areas and Facilities shall be reserved to the Units to which such Limited Common Areas is adjacent, unless otherwise shown on the Plat or as specified in this Declaration. Owners may not reallocate Limited Common Areas and Facilities between or among Units in which they have an interest.

8. OPTION TO EXPAND.

8.1 Declarant hereby reserves, pursuant to Section 57-8-13.6 of the Act, the option to expand the Project (the "Option to Expand") upon the terms and provisions set forth in this Section 8 without the prior consent of the other Owners or the Association. The Option to Expand must be exercised no later than seven (7) years from the date of recording this Declaration. The terms and conditions of the Option to Expand shall be as follows:

8.1.1 The real property subject to the Option to Expand consists of the real property sometimes hereinafter referred to as "the Additional Land," being more particularly described as follows:

Additional Land "A"

Beginning at a point on the North line of the McKinley Mining Claim (MS 6645). Said point being North 85°42'00" West 1210.6 Feet from the Northeast corner of said Mining Claim. Said point also being North 36°13'02" West 2248.75 feet more or less from the Southeast corner of Section 15, Township 2 South, Range 4 east, Salt Lake Base and Meridian; and running thence along the North line of the McKinley Mining Claim South 85°42'00" East 810.37 feet; thence along the Wasatch-Summit County line South 17°33'57" West 75.94 feet; thence along the Wasatch-Summit County line South 08°43'41" West 527.66 feet; thence along the South line of the McKinley Mining Claim North 85°42'00" West 705.05 feet; thence North 00°11'40" West 601.85 feet to the point of beginning.

Additional Land "B"

Beginning at a point South 1129.51 feet and East 4094.91 feet and South 85°42'00" East 208.79 feet and South 00°11'40" East 101.98 feet from the East quarter corner of Section 16, Township 2 South, Range 4 East, Salt Lake Base and Meridian and running; thence South 00°11'40" East 331.89 feet; thence North 89°20'00" West 239.77 feet to a point on the easterly right of way of Deer Valley Drive East; thence along said easterly right of way line North 00°40'00" East 218.22 feet; thence East 149.70 feet; thence North 110.89 feet; thence East 86.37 feet to the point of beginning.

Additional Land "C"

Beginning at a point South 1129.51 feet and East 4094.91 feet and South 85°42'00" East 208.79 feet and South 00°11'40" East 433.87 feet from the East

quarter corner of Section 16, Township 2 South, Range 4 East, Salt Lake Base and Meridian and running; thence South 00°11'40" East 35.00 feet; thence North 89°20'00" West 240.29 feet to a point on the easterly right of way of Deer Valley Drive East; thence along said easterly right of way line North 00°40'00" East 35.00 feet; thence South 89°20'00" East 239.77 feet to the point of beginning.

Additional Land "D"

Beginning at a point South 115.63 feet and East 4658.36 feet from the East Quarter corner of Section 16, Township 2 South, Range 4 East, Salt Lake Base and Meridian running thence; South 66°45'00" 253.05 feet; thence South 01°37'00" West 432.66 feet; thence North 66°01'24" East 170.47 feet; thence North 81°27'39" West 97.62 feet; thence North 39°03'24" West 94.43 feet to a point on the easterly right-of-way line of Queen Esther Drive, said point also being on the arc of a 200.00 foot radius curve to the left (center bears North 39°03'19" West) thence northeasterly along said 200.00 foot radius curve through a central angle of 46°32'36", a distance of 162.47 feet; thence North 04°24'00" East 236.02 feet to the POINT OF BEGINNING.

8.1.2 Subject to the provisions of paragraph 8.1.3 below, the Option to Expand may be exercised at different times as to portions of the Additional Land described in paragraph 8.1.1 and in any order elected by the Declarant. No assurance is made with regard to which portions of the Additional Land, if any, will be added to the Project or the order in which such portions will be so added. In the event the Option to Expand is exercised with respect to a portion of the Additional Land, the Option to Expand may subsequently be exercised with respect to any other portion of the Additional Land. There are no limitations as to which portions of the Additional Land may be added.

8.1.3 Declarant shall not be restricted in the location of Buildings or improvements on the Additional Land or in the number of Buildings or Units that may be created on the Additional Land, except as may be required by applicable zoning requirements, ordinances or regulations, provided the Project when completed shall not exceed five hundred (500) Units. The maximum number of Units per acre shall not exceed one hundred (100). Up to twenty percent (20%) of the total floor area of the Units to be constructed on the Additional Land may not be restricted exclusively to residential purposes. Rather, such Units may, in Declarant's sole discretion, be Commercial Units.

8.1.4 The Units to be located on the Additional Land shall be subject to the same uses as provided in Section 14 hereof and elsewhere as applicable.

8.1.5 The Units to be located on the Additional Land shall be substantially identical to the Units depicted on the Plat and future improvements shall be compatible with the initial improvements in structure, type, quality of construction, principal materials to be used and architectural style of the future Units. Structures other than buildings containing Units may be erected on the Additional Land. Additional improvements may include monuments and architectural features, parking areas, walkways and landscaping of the Common Areas and Facilities contained therein, but

Declarant makes no assurances regarding such other improvements. Declarant reserves the right to add additional Limited Common Areas and Facilities to the Additional Land without limitation.

8.1.6 The ownership interest in the Common Areas and Facilities, the corresponding responsibility for Common Assessments and the votes for all Units in the Project shall be changed at the time Declarant records an Amendment and amended Plat reflecting Declarant's exercise of the Option to Expand in accordance with the provisions set forth in paragraph 8.1.7 below. Said changes in ownership interest and votes shall be reflected in an amended Exhibit "A" to this Declaration to be filed with the Summit County Recorder as part of the Amendment. It is contemplated that there may be multiple Amendments filed by Declarant and such Amendments are hereby expressly authorized.

8.1.7 Declarant shall calculate and revise the undivided interest for each Unit in the Project based upon the following formula:

$$\frac{\text{Number of points assigned to a Unit}}{\text{Number of points assigned to all Units}} = \text{Ownership Interest in the Common Areas and Facilities of the Project}$$

Declarant shall have the right to adjust the resulting ownership interests of all Units in the Common Areas and Facilities of the Project as may be necessary to assure that the total ownership interest equals 100% (or one) as required by the Act.

8.1.8 Each Owner, by execution of a contract for deed or the acceptance of a deed to a Unit in the Project, shall be deemed to have consented to all provisions of this Section, including the procedure for adjustment of Unit ownership interests pursuant to paragraph 8.1.7 hereof. After the filing for record of any amended Exhibit "A" to this Declaration and the amended Plat reflecting Declarant's exercise of the option to expand, or any part thereof, legal and equitable title to each Unit thereby created within the Additional Land including its appurtenant ownership interest in the Common Areas and Facilities and voting rights shall be vested in and held by Declarant and none of the other Owners shall have any claim or title to or interest in such Unit or its appurtenant ownership interest in the Common Areas and Facilities.

8.1.9 Declarant reserves the right to create Limited Common Areas and Facilities within the Additional Land including porches, balconies, hot tubs, parking areas or other improvements intended to serve a single Unit. In addition, Declarant reserves the right to designate hallways and other portions of the improvements constructed on the Additional Land as Limited Common Areas and Facilities in accordance with the other terms and provisions of this Declaration. The size, type and total number of such Limited Common Areas and Facilities shall be reasonable and shall be appropriate to the Units involved in light of the number and nature of Units created within the Additional Land.

8.1.10 Declarant shall not be required to obtain the consent of any Owners or of any other person or entity having any right or interest in all or any portion of the Project prior to or subsequent to adding all or portions of the Additional Land.

8.1.11 No provision of this Section 8 shall be amended without the prior written consent of Declarant.

9. OPTION TO CONVERT LAND.

9.1 Declarant hereby reserves the option, pursuant to Section 57-8-13.2 of the Act, to commence construction of Buildings, create additional Units or Limited Common Areas and Facilities within portions of the Property (collectively "the Option to Convert Land") upon the terms and provisions set forth in this Section without the prior consent of the Owners or the Association at any time prior to the expiration of five (5) years from the date of recording of this Declaration. Any portion of the Property which is so utilized is or may be referred to as land "Converted" under the option or "Convertible Land." The terms and conditions of the Option to Convert Land shall be as follows:

9.1.1 The real property subject to the Option to Convert Land consists of the real property more particularly described as follows:

Convertible Land

Beginning at a point on the East right-of-way of Deer Valley Drive East, said point being South 1129.51 feet and East 4094.91 feet from the East quarter corner of Section 16, Township 2 South, Range 4 East, Salt Lake Base and Meridian and running; thence South 85°42'00" East 208.79 Feet; thence South 00°11'40" East 101.98 feet; thence West 86.37 feet; thence South 110.89 feet; thence West 149.70 feet to a point on the easterly right of way of Deer Valley Drive East; thence along said easterly right of way line North 00°40'00" East 20.25 feet; thence East 54.38 feet to the southwest corner of building "F" Silver Baron Lodge; thence along the southerly and easterly lines of said building "F" the following (24) courses, (1) East 60.58 feet, (2) North 10.89 feet, (3) East 5.91 feet, (4) North 15.00 feet, (5) East 5.00 feet, (6) North 23.00 feet, (7) West 5.00 feet, (8) North 15.00 feet, (9) West 5.00 feet, (10) North 15.00 feet, (11) East 5.00 feet, (12) North 23.00 feet, (13) West 5.00 feet, (14) North 14.50 feet, (15) East 6.50 feet, (16) North 8.50 feet, (17) East 14.50 feet, (18) South 6.00 feet, (19) East 17.50 feet, (20) South 4.00 feet, (21) East 28.00 feet, (22) North 16.28 feet, (23) East 7.00 feet, (24) North 3.54 feet; thence East 13.28 feet to a 39.73 foot non-tangent radius curve to the left (center bears North 13°12'58" West) through a central angle of 67°18'24", a distance of 46.67 feet; thence North 04°19'23" East 25.90 feet; thence South 85°42'00" East 0.77 feet to the POINT OF BEGINNING.

9.1.2 Subject to the provisions of Section 9.1.3 below, the Option to Convert Land may be exercised at different times as to portions of the parcel described in Section 9.1.1 and in any order elected by the Declarant. No assurance is made with regard to

which portions of the Convertible Land if any, will be converted to Units or Limited Common Areas and Facilities or the order in which such portions will be so converted. In the event the Option to Convert Land is exercised with respect to a portion of the Convertible Land, the Option to Convert Land may or may not, at Declarant's sole discretion, be exercised with respect to any other portion of the Convertible Land.

9.1.3 Declarant shall not be restricted in the location of improvements on the Convertible Land or in the number of Units that may be created on the Convertible Land, except as may be required by applicable zoning requirements, ordinances or regulations, provided the Project when completed shall not exceed five hundred (500) Units. The maximum number of Units per acre shall not exceed one hundred (100). Up to one hundred percent (100%) of the total floor area of the Units to be constructed on the Convertible Land may not be restricted exclusively to residential purposes. Rather, such Units may, in Declarant's sole discretion, be Commercial Units.

9.1.4 The Units to be located on the Convertible Land shall be subject to the same uses as provided in Section 14 hereof as applicable.

9.1.5 The Units to be located on the Convertible Land shall be substantially identical to the Units depicted on the Plat and future improvements shall be compatible with the initial improvements in structure type, quality of construction, principal materials to be used and architectural style of the future Units. Structures other than buildings containing Units may be erected on the Convertible Land. Further improvements may include monuments and architectural features, parking areas, walkways and landscaping of the Common Areas and Facilities contained therein. Declarant reserves the right to add additional Limited Common Areas and Facilities to the Convertible Land without limitation.

9.1.6 To the extent Declarant adds Units to the Project, the ownership interest in the Common Areas and Facilities and the corresponding responsibility for Common Assessments and votes for all Units in the Project shall be changed at the time Declarant records an Amendment and amended Plat reflecting Declarant's exercise of the Option to Convert Land in accordance with the provisions set forth in Section 9.1.7 below. Said changes in ownership interest and votes shall be reflected in an amended Exhibit "A" to this Declaration to be filed with the Summit County Recorder simultaneously with the filing of the amended Plat. It is contemplated that there may be multiple amendments filed by Declarant and such amendments are hereby expressly authorized.

9.1.7 Declarant shall calculate and revise the undivided interest for each Unit in the Project based upon the following formula:

$$\frac{\text{Number of points assigned to a Unit}}{\text{Number of points assigned to all the Units}} = \text{Ownership Interest in the Common Areas and Facilities of the Project}$$

9.1.8 Each Owner, by execution of a contract for deed or the acceptance of a deed to a Unit in the Project, shall be deemed to have consented to all provisions of this section, including the procedure for adjustment of Unit ownership interests pursuant to paragraph 9.1.7 hereof. After the filing for record of any amended Exhibit "A" to this Declaration and the amended Plat reflecting Declarant's exercise of the Option to Convert Land, or any part thereof, title to each Unit thereby created within the Convertible Land including its appurtenant ownership interest in the Common Areas and Facilities shall be vested in and held by Declarant and none of the other Owners shall have any claim or title to or interest in such Unit or its appurtenant ownership interest in the Common Areas and Facilities.

9.1.9 Declarant reserves the right to create Limited Common Areas and Facilities within the Convertible Land including porches, balconies, parking stalls or other apparatus or air space intended to serve a single Unit or multiple units. In addition, Declarant reserves the right to designate hallways and other portions of the improvements to the Convertible Land as Limited Common Areas and Facilities in accordance with the other terms and provisions of this Declaration. The size, type and total number of such Limited Common Areas and Facilities shall be reasonable and shall be appropriate to the Units involved in light of the number and nature of Units created within the Convertible Land.

9.1.10 Declarant shall not be required to obtain the consent of any Owners or of any other person or entity having any right or interest in all or any portion of the Project prior to or subsequent to converting all or portions of the Convertible Land.

9.1.11 No provision of this Section 9 shall be amended without the prior written consent of Declarant, so long as the Declarant owns any Units in the Project.

10. NATURE AND INCIDENTS OF RESIDENTIAL UNIT OWNERSHIP.

10.1 Each Residential Unit is and shall hereafter be a parcel of real property which may be separately held, conveyed, devised, mortgaged, encumbered, leased, rented, used, occupied, improved and otherwise affected in accordance with the provisions of this Declaration.

10.2 Subject to the limitations contained in this Declaration, each Owner shall have the non-exclusive right to use and enjoy the Common Areas and Facilities and the exclusive right to occupy and use their Unit and any Limited Common Areas and Facilities designated for exclusive use by such Owner or all Owners.

10.3 Except as otherwise provided herein, each Owner of a Residential Unit shall have the exclusive right to paint, repaint, tile, wax, paper, carpet or otherwise decorate the interior surfaces of the walls, ceilings, floors and doors forming the boundaries of their Unit and the surfaces of all walls, ceilings, floors and doors within such boundaries. Each Owner of a Residential Unit shall keep the interior of their Unit, including without limitation, interior walls, windows, ceilings, floors and permanent fixtures and appurtenances thereto, in a sanitary condition and in a good state of repair. In the event that the Management Committee determines

that any such Residential Unit has developed an unsanitary condition or has fallen into a state of disrepair and in the event that the Owner of such Residential Unit should fail to correct such condition or state of disrepair promptly following written notice from the Management Committee, the Management Committee shall have the right, at the expense of the Owner and without liability to the Owner for trespass or otherwise, to enter said Residential Unit and correct or eliminate said unsanitary condition or state of disrepair. Except as otherwise provided herein, no Owner may subdivide their Unit.

10.4 The Management Committee shall have the right to enter into any Unit for the purpose of emergency repairs, and for the purpose of abating a nuisance, or a known or suspected dangerous, unlawful or unauthorized activity.

10.5 Nothing in this Declaration shall limit the rights of Declarant to operate the Residential Units owned by it for transient rental purposes, and Declarant reserves to itself and shall have the right to operate its Units in the Project for, among other things, transient rental purposes.

10.6 The persons or entities who are at the time of reference Owners shall be members of the Association, the characteristics and nature of which are determined by the Act, this Declaration, the Bylaws, the Articles and other applicable Utah law.

11. NATURE AND INCIDENTS OF COMMERCIAL UNIT OWNERSHIP.

11.1 Each Commercial Unit is and shall hereafter be a parcel of real property which may be separately held, conveyed, devised, mortgaged, encumbered, leased, rented, used, occupied, improved and otherwise affected in accordance with the provisions of this Declaration.

11.2 Each Commercial Owner shall have the exclusive right to paint, repaint, tile, wax, paper, carpet, or otherwise decorate the interior surfaces of the walls, ceilings, floors and doors forming the boundaries of his or her Commercial Unit and surfaces of all walls, ceilings, floors and doors within such boundaries. Each Commercial Owner shall keep the interior of his or her Commercial Unit, including without limitation, interior walls, windows, ceilings, floors and permanent fixtures and appurtenances thereto, in a clean and sanitary condition and in a state of good repair. In the event that the Management Committee determines that such Commercial Unit has developed an unsanitary condition or fallen into a state of disrepair and in the event that the Owner of such Unit should fail to correct such condition or state of disrepair promptly following written notice from the Management Committee, the Management Committee shall have the right, at the expense of the Commercial Owner and without liability to the Commercial Owner for trespass or otherwise, to enter said Commercial Unit and correct or eliminate said unsanitary condition or state of disrepair.

11.3 Upon written notice to the Management Committee, two or more adjoining Commercial Units may be utilized by the Commercial Owner(s) thereof as if they were one Unit. Any walls, floors or other structural separations between any two such Commercial Units, may, for as long as the two Commercial Units are utilized as one Unit, be utilized by the Commercial Owner(s) of the adjoining Units as Limited Common Areas and Facilities, except to the extent that any such structural separations are necessary or contain facilities necessary for the support,

use or enjoyment of other parts of the Project. At any time, upon the request of the Commercial Owner of one of such adjoining Commercial Units, any opening between the two Commercial Units which, but for joint utilization of the two Units, would have been occupied by the structural separation, shall be closed, at the equal expense of the Commercial Owner(s) of each of the two Commercial Units and the structural separations between the two Commercial Units shall thereupon become Common Areas and Facilities.

11.4 Commercial Units may be subdivided or combined as set forth in the following paragraphs:

11.4.1 No Commercial Unit or Units shall be subdivided either by agreement or legal proceedings, except as provided in this Section 11.4. A Commercial Owner or Owners may subdivide Commercial Units by giving notice in writing to the Management Committee, the Mortgagees of the Commercial Unit(s) to be subdivided and, if required by local law, to Park City or Summit County. The notice must include complete plans and specifications for accomplishing the subdivision and proposed amendments of this Declaration and the Plat.

11.4.2 The subdivision of a Commercial Unit will be accepted only if approved in writing by the Mortgagees of the Commercial Unit(s) to be subdivided, if required by their Mortgages, and by Park City or Summit County, to the extent required by applicable law. The Management Committee may approve the subdivision only as to form and legal sufficiency. Park City or Summit County, if required, may approve the proposal as to applicable planning, zoning and other permitting requirements.

11.4.3 A subdivision of Commercial Units shall provide for reallocation of the percentage ownership in the Common Areas and Facilities among the resulting Units on a pro rata basis based upon the total square footage of each resulting Commercial Unit, consistent with the provisions of Section 6.2 above, so that the combined percentages of ownership of the resulting Unit(s), are identical with the combined percentage ownerships of the subdivided Unit(s) prior to subdivision.

11.4.4 The Commercial Owner(s) of the Commercial Unit(s) to be subdivided shall be responsible for all costs associated with its implementation including but not limited to costs of amendment and recording of the Amendment and supplemental Plat to effect the proposal; review of the documents for form, including reasonable attorneys' fees incurred by the Management Committee; and the cost of any modifications to the Project to implement the proposal.

11.4.5 Upon receipt of all approvals, the Commercial Owner(s) may proceed according to the proposed plans and specifications; provided that the Management Committee may, in its discretion, require that the Management Committee or its agent administer the work, or that provisions for the protection of other Units or Common Areas and Facilities and/or reasonable deadlines for completion of the work be inserted in the contracts for the work. The Management Committee may require the Commercial Owner(s) to provide completion bonds in form and amount satisfactory to the Management Committee. The changes in the Plat, if any, and the changes in this

Declaration shall be placed of record, at the requesting Commercial Owner's expense, as amendments thereto.

11.5 The Commercial Units may be used and occupied for commercial purposes only. Any Owner may lease all or any portion of its Commercial Unit for such purpose.

11.6 Owners of Commercial Units shall not use, and shall not permit their guests or invitees to use, any waiting area, library, stairway, elevator, patio, walkway, hallway, spa, storage area, restroom or other portion of the Project which is designated on the Plat as Limited Common Areas and Facilities for exclusive use by Owners of Residential Units.

11.7 Notwithstanding anything to the contrary contained in this Declaration, an Owner of a Commercial Unit may make improvements or alterations to its Commercial Unit or the Limited Common Areas and Facilities designed to serve only its Commercial Unit without the consent of any Owner or the Association, on the conditions that:

(i) the improvement or alteration does not impair any other Unit or any Limited Common Area and Facility designed to serve any Unit;

(ii) the Owner of the Commercial Unit promptly repairs any damage to any Common Areas and Facilities caused thereby at its cost and expense;

(iii) the improvement or alteration complies with all laws, ordinances, regulations and rules of governmental and quasi-governmental authorities with jurisdiction.

11.8 Notwithstanding anything to the contrary contained in this Declaration, and in addition to the rights of an Owner of a Commercial Unit under this Section 11:

11.8.1 The Owner of a Commercial Unit shall have the right to install, operate, maintain, repair and replace machinery, equipment, utility lines, wires, circuits, cables, and conduits serving such Commercial Unit, along, across and through any and all Common Areas and Facilities and any Limited Common Areas and Facilities, on the conditions that (a) the Owner of the Commercial Unit, at its sole cost and expense, shall repair, replace and restore any damage to the Common Areas and Facilities, and (b) such installation, maintenance, repair or replacement complies with all laws, ordinances, regulations and rules of governmental and quasi-governmental authorities with jurisdiction;

11.8.2 The Owner of a Commercial Unit shall have the right to alter that portion of the Project's building façade that serves as the boundary of that Commercial Unit and other Common Areas and Facilities located immediately adjacent to that Commercial Unit (including without limitation, the creation, removal and relocation of entrances, exits, window, window boxes, signage and other architectural features), without consent of any Owner or the Association, on the conditions that (a) the Owner of the Commercial Unit repairs any damage to any Common Areas and Facilities caused thereby at its expense, (b) the Owner obtains the consent of the Management Committee,

and (c) such alteration complies with all laws, ordinances, regulations and rules of governmental and quasi-governmental authorities with jurisdiction.

11.8.3 In the event consumption of electricity at Commercial Unit exceeds the normal amount supplied by the Association to other Units at the Project, the Owner of the Commercial Unit, at the cost and expense of such Owner, shall install a separate electrical meter to be installed at the Commercial Unit in order to measure the amount of electricity consumed for any such use. The Owner of the Commercial Unit shall pay such electrical charges as may be separately metered. In the event the electricity for a Commercial Unit is separately metered, the Common Assessments assessed to such Owner shall be reduced in order to eliminate that part of the Common Assessments attributable to the electrical costs at the Project.

11.9 Notwithstanding anything to the contrary in this Section 11, the Owner of a Commercial Unit may:

11.9.1 Perform such activities within its Commercial Unit as are common to or necessary for the conduct of commercial operations, including, without limitation, restaurant, nightclub, lounge and retail operations, and any lights, sounds and odors which result from such activities shall not violate the terms of this Section 11 or Section 14.

11.9.2 Erect and attach signs, banners, window boxes, decorations and other similar items on the exterior of the Project or projections from the exterior of the Project on the condition that such signs, banners, window boxes, decorations and other similar items and their locations are approved by the Management Committee, and otherwise comply with the Governing Documents.

11.9.3 Apply for and obtain special use permits and licenses (e.g., liquor licenses) which are necessary or appropriate for the conduct of commercial activities in its Unit in accordance with the Governing Documents, without obtaining the approval of the Management Committee, on the condition that such permits and licenses are consistent with the existing zoning and actual uses of the Commercial Unit at the time the permit or license is applied for.

11.10 The persons or entities who are at the time of reference Commercial Owners shall be members of the Association, the characteristics and nature of which are determined by the Act, the Declaration, the Bylaws, the Articles and other applicable Utah law.

12. TITLE TO UNITS.

12.1 Title to a Unit within the Project may be held or owned by any person or entity and in any manner in which title to any other real property may be held or owned in the State of Utah.

12.2 Except as otherwise provided herein, title to no part of a Unit within the Project may be separated from any other part thereof during the period of ownership, and each Unit, and the undivided interest in the Common Areas and Facilities appurtenant to each shall always be

conveyed, devised, encumbered and otherwise affected only as a complete Unit. Every gift, devise, bequest, transfer, encumbrance, conveyance or other disposition of a Unit, or any part thereof, shall be construed to be a gift, devise, bequest, transfer, encumbrance or conveyance, respectively, of the entire Unit, together with all appurtenant rights created by law and by this Declaration, including appurtenant membership in the Association as herein set forth. Excluding the initial transfer of Units by Declarant, upon an Owner's transfer of his or her Unit, the Management Committee may charge a reasonable transfer fee to cover the cost to the Management Committee of changing its books and records.

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

12.4 Each Owner shall have the right to encumber his or her interest in a Unit with a Mortgage. However, no Owner shall attempt to or shall have the right to encumber the Common Areas and Facilities or any part thereof except the undivided interest therein appurtenant to his or her interest in a Unit. Any Mortgage 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.

12.5 Labor performed or services or materials furnished for the Project, if authorized by the Association and provided for in this Declaration, shall be deemed to be performed or furnished with the express consent of each Owner. The Owner may remove his Unit from a lien against two or more Units or any part thereof by payment to the holder of the lien of the fraction of the total sums secured by such lien which is attributable to his Unit.

12.6 Every contract for the sale of a Unit and every other instrument affecting title to a Unit within the Project may describe a Unit by the name of the Project, the recording date for this Declaration, the county wherein the Project is located and its Unit Number as indicated in this Declaration or as shown on the Plat. Such description will be construed to describe the Unit, together with the appurtenant undivided interest in the Common Areas and Facilities, and to incorporate all the rights incident to ownership of a Unit within the Project and all of the limitations on such ownership as described in this Declaration.

13. CERTAIN ADDITIONAL DEVELOPMENTAL RIGHTS.

The following additional Developmental Rights are hereby granted or reserved by Declarant:

13.1 Declarant hereby reserves an easement throughout the Project for a period of ten (10) years from the recording of this Declaration for the purpose of completing all improvements contemplated by this Declaration and the Plat, including but not limited to improvements to the Additional Land and Convertible Land.

13.2 Declarant hereby reserves the right, but is not obligated to construct:

13.2.1 any improvements shown on the Plat; and

13.2.2 any other buildings, structures or improvements that Declarant desires to construct on the Property, or any other real estate owned by Declarant, regardless of whether the same ever become part of the Project.

13.3 Declarant hereby reserves the right to maintain sales offices, management offices, signs advertising the Project and models in any of the Units which it owns or leases or on the Common Areas and Facilities of the Project for so long as Declarant is an Owner within the Project. All signage shall comply with Park City regulations, as the same may be changed from time to time. Declarant shall be entitled to utilize, at any one time, any number of Units which it owns or leases and some or all of the Common Areas and Facilities as sales offices, management offices, and models anywhere in the Project. Declarant may relocate sales offices, management offices and models to other Units or Common Areas and Facilities at any time. Notwithstanding an Owner's right to resell his or her Unit and list such Unit with any firm or agency as he or she shall determine, no person or entity other than Declarant and/or its duly appointed affiliates, successors, agents or assigns, shall have the right to market or initially sell Units within the Project.

13.4 There is hereby established a period of Declarant control of the Association, during which period Declarant or persons designated by it shall have the authority to appoint and remove the Association officers and members of the Management Committee. The period of Declarant control shall terminate no later than the earlier of:

13.4.1 four (4) years after the first Unit is conveyed to an Owner or

13.4.2 after Units to which three-fourths (3/4) of the undivided interest in the Common Areas and Facilities appertain have been conveyed to Owners, or after all Additional Land has been added to the project and all Convertible Land has been converted, whichever last occurs.

13.5 During the period of Declarant control, Declarant hereby reserves the right to unilaterally change the name of the Project without the consent of any other Owner or of the Management Committee.

13.6 Declarant hereby reserves the right, but not the obligation, to convey any Unit(s) owned by Declarant free of monetary liens to the Association and to the extent necessary or required, to amend this Declaration to effect the same. Upon the completion of any such conveyance, the obligation to pay all Common Assessments and other sums and amounts attributed to the Unit(s) will cease, and the attributed Common Assessments will be allocated among the other Units which are subject to assessment. Further, the Association shall not have the right to exercise any of the voting rights associated with the Unit(s) that have been conveyed by Declarant to the Association. The right to convey Units, and, to the extent necessary, to amend this Declaration to effect the same shall occur at any time prior to the date when Declarant both owns no Units and has no further development rights under this Declaration and Declarant may, without being required to obtain the consent or joinder of any Owner, Mortgagee lien holder or other persons, execute, deliver and record any deed of conveyance and/or amendments to this Declaration and any and all other instruments necessary or appropriate for

the purpose of carrying out the provisions or exercising the foregoing rights, powers or privileges.

13.7 Neither the Association, the Management Committee, nor any Owner may take any action or adopt any rule or regulation that interferes or diminishes any Developmental Rights hereunder, without Declarant's prior written consent. Any action taken in violation of this Section 13.7 shall be null and void and have no force or effect.

14. RESTRICTIONS ON USE, ALIENATION AND OCCUPANCY.

14.1 Subject to the Developmental Rights, the Units, the Additional Land, the Convertible Land and Common Areas and Facilities, including but not limited to the Limited Common Areas and Facilities, except as otherwise permitted in writing by the Management Committee, shall be used in accordance with the following restrictions:

14.1.1 Except to the extent specifically permitted by this Declaration, Owners shall not make any commercial use of The Silver Baron Lodge at Deer Valley or any portion thereof, with the specific exception of the Commercial Units, subject to rules and regulations enacted by the Management Committee. Provided, however, that nothing in this Subsection shall prevent Declarant or an affiliated entity or a duly authorized agent from using any Unit owned or leased by Declarant as sales offices and model units or a property management office as provided in Section 13.3 above. Use of Units at The Silver Baron Lodge at Deer Valley shall be pursuant to the rules and regulations of the Association, this Declaration, the Articles and the Bylaws, as each document may be amended from time to time.

14.1.2 Any Owner shall have the right to lease or allow occupancy of a Unit upon such terms and conditions as the Owner may deem advisable, subject to the following, and to other restrictions regarding short-term and overnight rentals, which may be contained in the rules and regulations promulgated by the Management Committee:

14.1.2.1 Any Owner who rents or leases his or her Unit shall advise the Management Committee or Common Area Manager in writing that the Unit has been leased or rented.

14.1.2.2 Short-term occupancies and rentals (of less than 30 days) of Units for residential purposes for resort lodging to overnight and short-term guests shall be subject to reasonable regulation of the Management Committee.

14.1.2.3 All short-term and long-term occupancies, leases and rental agreements of Units shall state that the failure of the tenant, renter or guest to comply with the terms of this Declaration, the Bylaws, the Articles or the rules and regulations shall constitute a default of the occupancy, lease or rental agreement and of this Declaration and such default shall be enforceable by either the Association or the landlord, or by both of them.

14.1.2.4 All occupancies of Guests shall be subject to the right of the Association to remove and/or evict the Guest for failure to comply with the terms of this Declaration, the Bylaws, the Articles or the rules and regulations.

14.1.2.5 Except as restricted in this Declaration, and such rules and regulations that the Management Committee may promulgate, the right to lease or allow occupancy of a Unit shall not be restricted.

14.1.2.6 Any Owner who rents or leases or otherwise permits any other person to utilize his or her Unit shall be responsible for the conduct of his or her tenants or occupants, and upon written notice from the Management Committee or the Common Area Manager, said Owner shall be responsible for correcting violations of this Declaration, the Bylaws or the rules and regulations committed by such tenants or occupants.

14.1.3 Subject to the payment of all Common Assessments and other charges approved by the Association and levied against the Owners, and subject to compliance with the provisions of this Declaration and with rules and regulations promulgated from time to time by the Management Committee, each Owner shall have the right with all other Owners to occupy and use the Units and Common Areas and Facilities at The Silver Baron Lodge at Deer Valley.

14.1.4 No Owner shall erect or construct, in the Common Areas and Facilities, any structure of any type whatsoever without the prior written approval of the Management Committee. No Owner shall place, store, keep or permit to be placed, stored or kept, upon the Common Areas and Facilities any personal property, including, but not limited to, vehicles of any type except pursuant to the rules and regulations of the Association without the prior written approval of the Management Committee. Except as expressly provided in this Declaration, no Owner shall have the right to redecorate or make alterations or repairs to any Common Areas and Facilities or Common Furnishings, nor shall any Owner have the right to subject The Silver Baron Lodge at Deer Valley or any portion thereof to any liens for the making of improvements or repairs to The Silver Baron Lodge at Deer Valley or any portion thereof. The provisions of this Article are intended to benefit and protect First Mortgagees as well as Owners and may be enforced by any First Mortgagee, the Management Committee or by an Owner.

14.1.5 No noxious, offensive, illegal or unauthorized activity shall be carried on in or upon any part of the Project nor shall anything be done on or placed in or upon any part of the Project which is or may become a nuisance or may cause unreasonable embarrassment, disturbance or annoyance to Owners. Normal construction activities shall not be considered to violate the terms and conditions of this Section and by accepting a deed to a Unit, an Owner acknowledges that noises, lights and odors common to recreational and commercial activities, as well as construction activities, may exist on or near the Property, at any time and from time to time.

14.1.6 No activities shall be conducted, or improvements constructed, in or upon any part of the Project which are or may become unsafe or hazardous to any person or property.

14.1.7 No signs, flags or advertising devices of any nature, including, without limitation, for sale or for rent signs, political, informational or directional signs or devices, shall be erected or maintained on any part of the Project, except as may be necessary temporarily to caution or warn of danger, except as may be used by Declarant as part of its sales program, except to advertise the Project or Commercial Units, or except as otherwise approved by Declarant or, after expiration of the Declarant control period described in Section 13.4 above, the Management Committee.

14.1.8 No solid-fuel burning devices such as charcoal grills and wood burning stoves or fireplaces shall be used, kept or stored within any Units.

14.1.9 No motor vehicle classed by manufacturing rating as exceeding three-quarter ton and no motor home, trailer, detached camper or camper shell, boat or other similar equipment vehicle may be kept or parked at the Project.

14.1.10 No motor vehicle shall be constructed, repaired or serviced at the Project.

14.1.11 Owners shall not, and shall not permit their Guests to litter. No burning trash, garbage or other waste materials will be permitted on the Property.

14.1.12 Except for the Commercial Units, the draperies, shades and other interior window coverings in Units shall present a uniform appearance from the outside of the Units. All draperies, shades or other interior window coverings shall be installed or employed in each Unit by or at the direction of the Management Committee or with the prior inspection and written approval of the Management Committee.

14.1.13 Except as otherwise permitted by this Declaration, no Owner shall, without the prior written consent of the Management Committee, make or permit to be made any alteration, improvement or addition in or to any Unit. No Owner shall, without the prior written consent of the Management Committee, do any act that would impair the structural soundness or integrity of the Building(s) or the safety of property, impair any easement or hereditament appurtenant to the Project, or make or permit to be made any alteration, improvement or addition to the Common Areas and Facilities, notwithstanding Sections 10.3 and 11.2 above.

14.1.14 Nothing shall be done or kept in any Unit or in the Common Areas and Facilities or any part thereof which would result in cancellation of the insurance on the Project or any part thereof, nor shall anything be done or kept in any Unit which would increase the rate of 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 Management Committee. Nothing shall be done or kept in any Unit or in the Common Areas and Facilities or any part thereof which would be in violation of any statute or rule, ordinance, regulation, permit or other validly imposed requirement of any governmental

body. No damage to, or waste of, the Common Areas and Facilities or any part thereof shall be committed by any Owner or Guest, lessee, licensee or invitee of any Owner, and each Owner shall indemnify and hold the Association and the other Owners harmless against all loss resulting from any such damage or waste caused by him or her or his or her Guests, lessees, licensees or invitees.

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

14.2 By accepting title to a Unit, each Owner, for himself or herself and for his or her heirs, successors-in-title and assigns, does absolutely and forever waive any right to seek or obtain physical partition of The Silver Baron Lodge at Deer Valley, or any portion thereof, and does further waive the right to seek or obtain partition of The Silver Baron Lodge at Deer Valley by means of the sale of The Silver Baron Lodge at Deer Valley or any portion thereof unless the institution of such suit or action for partition has been approved by the affirmative vote of the same number of Owners that would be required to sell all or any portion of The Silver Baron Lodge at Deer Valley pursuant to and in compliance with this Declaration and the Declarant, if Declarant still then retains the right to control the Association. Notwithstanding the foregoing, there shall be no limitation on judicial sale in lieu of partition in the case of co-owners of individual Units.

14.3 It is intended that this Declaration alone, incorporating by reference the Articles and the Bylaws, shall govern all rights with respect to the use, possession, enjoyment, management and disposition of Units conveyed in The Silver Baron Lodge at Deer Valley. Accordingly, all rights with respect to the use, possession, enjoyment, management and disposition of any Units in The Silver Baron Lodge at Deer Valley which an Owner might otherwise have as a tenant-in-common (including, but not limited to, any common law or statutory right jointly to use, possess or manage commonly owned property), are hereby unconditionally and irrevocably subordinated to this Declaration and related Project governing documents for so long as this Declaration and the Units created hereby shall remain in effect.

15. ASSOCIATION AND MANAGEMENT COMMITTEE.

15.1 The Association shall be governed by the following provisions:

15.1.1 The management and maintenance of the Project and the administration of the affairs of the Association shall be conducted by a Management Committee consisting of at least five (5) and not more than seven (7) natural persons as provided in the Bylaws. The Management Committee shall be elected as provided in this Declaration and in the Bylaws.

15.1.2 Except as otherwise provided herein, the Management Committee shall have all the powers, duties and responsibilities as are now or may hereafter be provided by the Act, this Declaration and the Bylaws, including but not limited to the following:

15.1.2.1 To make and enforce all rules and regulations covering the operation and maintenance of the Project and the Units.

15.1.2.2 To engage the services of a Common Area Manager, accountants, attorneys or other employees or agents and to pay to said persons a reasonable compensation therefor.

15.1.2.3 To operate, maintain, repair, improve and replace the Common Areas and Facilities.

15.1.2.4 To determine and pay the Common Expenses.

15.1.2.5 To enter into contracts, deeds, leases and/or other written instruments or documents and to authorize the execution and delivery thereof by the appropriate officers.

15.1.2.6 To open bank accounts on behalf of the Association and to designate the signatories therefor.

15.1.2.7 To purchase, hold, sell, convey or mortgage any one or more Units in the name of the Association or its designee.

15.1.2.8 To bring, prosecute and settle litigation for itself, the Association and the Project, provided that it shall make no settlement which results in a liability against the Management Committee, the Association or the Project in excess of \$100,000 (as measured in year 2005 dollars and thereafter adjusted by the Cost of Living Index) without the prior approval of a majority of the Total Votes of the Association at a meeting or by written ballot distributed to Owners by mail; provided, any settlement which would be paid from proceeds of insurance which may be settled by the Association's insurance carrier and which in either case results in no actual liability of funds of the Association in excess of \$100,000 shall not require Association approval.

15.1.2.9 To obtain insurance for the Association with respect to the Units and the Common Areas and Facilities, as well as worker's compensation insurance.

15.1.2.10 To repair or restore the Project following damage or destruction or a permanent taking by the power of or power in the nature of eminent domain or by an action or deed in lieu of condemnation not resulting in the removal of the Project from the provisions of the Act.

15.1.2.11 To own, purchase or lease, hold and sell or otherwise dispose of, on behalf of the Owners, items of personal property necessary to or convenient to the management of the business and affairs of the Association and the Management Committee and to the operation of the Project, including without limitation furniture, furnishings, fixtures, maintenance equipment, appliances and office supplies.

15.1.2.12 To keep adequate books and records and implement the policies and procedures for the inspection of the books and records of the Project

by Owners in accordance with the terms of the Bylaws. The Association or the Management Committee shall make available to the Owners, Mortgagees and the holders, insurers and guarantors of the First Mortgage on any Unit current copies of this Declaration, Articles, Bylaws and other rules governing the Project and other books, records and financial statements of the Association. "Available" shall mean available for inspection, upon request, during normal business hours or under other reasonable circumstances.

15.1.2.13 To do all other acts necessary for the operation and maintenance of the Project, including the maintenance and repair of any Unit if the same is necessary to protect or preserve the Project.

15.1.2.14 To prepare, adopt, amend and disseminate budgets and other information from time to time in accordance with the terms of the Bylaws.

15.1.2.15 To grant conveyances, easements and rights-of-way over the Common Areas and Facilities and to approve signage for the Project.

15.1.2.16 To enforce the rules, regulations, policies and procedures of the Management Committee.

15.1.2.17 Subject to the limitations of Section 15.1.4, the Act and any other applicable law, the Management Committee may delegate to a Common Area Manager by written agreement all of the foregoing powers, duties and responsibilities referred to in this Section 15.1.2.

15.1.2.18 Members of the Management Committee, the officers and any assistant officers, agents and employees of the Association (i) shall not be liable to the Owners as a result of their activities as such for any mistake of judgment, negligence or otherwise, except for their own willful misconduct or bad faith; (ii) shall have no personal liability in contract to an Owner or any other person or entity under any agreement, instrument or transaction entered into by them on behalf of the Association in their capacity as such; (iii) shall have no personal liability in tort to any Owner or any person or entity, direct or imputed, by virtue of acts performed by them, except for their own willful misconduct or bad faith, nor for acts performed for and/or by them in their capacity as such; and (iv) shall have no personal liability arising out of the use, misuse or condition of the Project, which might in any way be assessed against or imputed to them as a result or by virtue of their capacity as such.

15.1.2.19 When a member of the Management Committee is sued for liability for actions undertaken in his or her role as a member of the Management Committee, the Association shall indemnify him or her for losses or claims, and undertake all costs of defense, until and unless it is proven that he or she acted with willful or wanton misfeasance or with gross negligence. After such proof the Association is no longer liable for the cost of defense, and may recover costs already expended from the member of the Management Committee who so acted.

Members of the Management Committee are not personally liable to the victims of crimes occurring at the Project. Punitive damages may not be recovered against the Association, but may be recovered from persons whose gross negligence gave rise to the damages.

15.1.3 Neither the Management Committee nor the Common Area Manager shall sell any property of the Association except as permitted by the Act and this Declaration.

15.1.4 The Association acting through the Management Committee may enter into a contract with a Common Area Manager for the management of the Project which complies with the requirements of Section 15.1.2 hereof as applicable to the Project. The Common Area Manager so engaged shall be responsible for managing the Project for the benefit of the Association and the Owners, and shall, to the extent permitted by law and by the terms of the agreement with the Association, be authorized to perform any of the functions or acts required to be performed by the Association itself.

15.1.5 Declarant reserves the right, for a period of fifteen (15) years following the recording of this Declaration, to unilaterally and without notice to or consent of the Owners or the Association, bind the Property and the Building(s) to the utilization of the services of any service company, service district or improvement district or any entity or organization acting in a similar capacity, including Declarant, its affiliates, successors and assigns (collectively referred to as "Service District"), established for the purpose of providing utility service or quasi-utility services or similar common service to the Property and/or other adjacent or proximate parcels of property, and to include the charges and assessments from such Service Company as a "Common Expense."

16. ASSESSMENT OF UNITS BY THE ASSOCIATION.

16.1 The making and collection of Common Assessments by the Association from Owners of Units for their share of Common Expenses shall be pursuant to the Bylaws and subject to the following provisions:

16.1.1 Each Owner, including Declarant, for each Unit which it owns, shall be liable for a proportionate share of the Common Expenses, such share being the same as the ownership interest in the Common Areas and Facilities appurtenant to the Unit owned by him or her. Two separate and distinct funds shall be created and maintained hereunder, one for operating expenses and one for capital reserve expenses. Such combined expenses shall constitute the Common Expenses, and the funds received from Common Assessments under this Section 16 shall be the Common Expense Fund. Common Assessments shall include both Regular Common Assessments and Special Common Assessments. After an assessment has been made by the Association, Regular Common Assessments must be made at least annually, based on a budget adopted at least annually by the Association in accordance with the provisions of this Declaration and the Bylaws. Regular Common Assessments shall be levied against each separate Unit, and

shall commence as to all Units in the Project on the first day of the month following the closing of the first sale of a Unit.

16.1.2 In addition to the Regular Common Assessments, the Association may levy in any calendar year, Special Common Assessments applicable to that year only, for any purpose that the Management Committee may determine in its sole and exclusive determination, including without limitation for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement upon any Common Areas and Facilities, including the necessary fixtures and personal property related thereto, and other costs, expenses of operation or shortfalls in the collection of Common Assessments from the Owners; structural alterations or capital additions or capital improvements to the Common Areas and Facilities as are necessary in the Management Committee's sole and exclusive judgment to preserve or maintain the integrity of the Common Areas and Facilities; to pay an increase in real property taxes; or imposing a special assessment against an individual Owner as a remedy utilized by the Management Committee to reimburse the Association for costs incurred in bringing the Owner and/or his or her Unit into compliance with the provisions of this Declaration, the Bylaws, rules and regulations of the Association, or any other governing instrument for the Project. The portion of any Special Common Assessment levied against a particular Unit shall be equal to the percentage of undivided interest in the Common Areas and Facilities appurtenant to such Unit. The Management Committee shall provide notice by first class mail to all Owners of any Special Common Assessments not less than thirty (30) nor more than sixty (60) days prior to the date such Assessment is due.

16.1.3 To the extent permitted by law, Declarant may pay the Association an amount less than its proportionate share of Common Expenses or other permitted Assessments for which it owes, provided Declarant has executed a subsidy agreement (approved, if required by law, by the Real Estate Division of the Department of Commerce of Utah) requiring Declarant to pay monies which are sufficient, together with the Assessments paid by all other Owners, to enable the Association to timely pay all of the Common Expenses. Any subsidy agreement shall require Declarant to pay its full proportionate share of all reserves for replacement and capital improvements assessed against the Units which it owns.

16.1.4 All Common Assessments shall be due as determined pursuant to the Bylaws. Common Assessments and any installments thereof not paid on or before sixty (60) days after the date when due shall bear interest at the rate of twelve percent (12%) per annum, or at such lower rate of interest as may be set by the Management Committee, from the date when due until paid. Furthermore, Owners who do not pay their Common Assessments within thirty (30) days of when due shall be subject to a late fee of up to one hundred dollars (\$100.00), adjustable from year to year at the discretion of the Management Committee pursuant to the Cost of Living Index. All payments of Common Assessments shall be first applied to accrued interest and late fees, and then to the Common Assessment payment first due. All Common Assessments to pay a judgment against the Association may be made only against the Units in the Project at the time the judgment was entered, in proportion to their liabilities for Common Expenses. If any

Common Expense is caused by the misconduct of any Owner, the Association may assess that expense exclusively against such Owner's Unit(s). If the Owners' percentage interests in the Common Areas and Facilities are reallocated, assessments for Common Expenses and any installment thereof not yet due must be recalculated in accordance with the reallocated percentage interests of the Owners.

16.1.5 There shall be a lien upon the applicable Unit for all unpaid Common Assessments, together with late fees, interest and costs (including attorneys' fees) charged pursuant to this Declaration and the Act. The lien for unpaid Common Assessments and related charges shall be effective upon recordation in the Office of the Summit County Recorder of a written notice of lien by the Management Committee or the Common Area Manager. The written notice of lien shall set forth the amount of the Common Assessment, the date(s) due, the amount remaining unpaid, the name of the Owner of the Unit and a description of the Unit. No notice of lien shall be recorded until there is a delinquency in payment of the Common Assessment. Such lien may be enforced by sale or foreclosure conducted in accordance with the provisions of law applicable to the exercise of powers of sale or foreclosure in deeds of trust or mortgages or in any other manner permitted by law including specifically, but without limitation, the method recognized under the laws of the state of Utah for the enforcement of a mechanic's lien which has been established in accordance with the provisions of Chapter 1, Title 38, Utah Code, as amended from time to time.

16.1.6 In any foreclosure, the Owner shall be required to pay the costs and expenses of such proceeding (including reasonable attorneys' fees), and such costs and expenses shall be secured by the lien being foreclosed. The Owner shall also be required to pay to the Association any Common Assessments against the Unit which shall become due during the period of foreclosure, and all such Common Assessments shall be secured by the lien being foreclosed. The Management Committee shall have the right and power on behalf of the Association to bid at any foreclosure sale and to hold, lease, mortgage or convey the subject Unit in the name of the Association. In furtherance of such foreclosure rights, the Association may bring an action at law against the Owner personally obligated to pay the same or the Association may foreclose the lien in accordance with the provisions of the Utah Condominium Ownership Act (Title 57, Chapter 8, Utah Code). The Association and each Owner hereby appoint Coalition Title Agency, its successors and/or assigns, as trustee for the purpose of exercising the power of sale in connection with non-judicial foreclosures as provided in Title 57, Chapter 1, Utah Code and made applicable hereto by Title 57, Chapter 8, Utah Code. Provided, however, the Association reserves the right to substitute and appoint a successor trustee as provided for in Title 57, Chapter 1, Utah Code. Each Owner hereby conveys and shall upon taking title to a Unit be deemed to have conveyed all of its right, title and interest in his or her Unit to such trustee, in trust, with a power of sale, to secure each Owner's obligations under this Declaration, including but not limited to the obligation to pay all Common Assessments. The Association may, through its duly authorized agents, bid on the Unit at any foreclosure sale and acquire, hold, lease, mortgage and convey the same.

16.1.7 The lien of the Association shall be superior (prior) to all other liens and encumbrances except liens and encumbrances recorded before recordation of this

Declaration, a First Mortgage on a Unit as provided for herein and assessments, liens and charges in favor of the state or any political subdivision thereof, for taxes and other governmental assessments or charges past due and unpaid on the Unit. The lien procedures described herein do not prohibit actions to recover sums for which the Act creates a lien or prohibit the Association from taking a deed in lieu of foreclosure. The Management Committee, upon written request, shall furnish to an Owner a statement setting forth the amount of unpaid assessments against the Unit. This statement must be furnished within ten (10) business days after receipt of the request and is binding on the Association, the Management Committee, the Common Area Manager and every Owner, in favor of all who rely on such statement in good faith.

16.1.8 The amount of any Common Assessment against any Unit shall be the personal obligation of the Owner of such Unit to the Association. Suit to recover a money judgment for such personal obligation shall be maintainable by the Association without foreclosing or waiving the lien securing the same. No Owner may avoid or diminish any such personal obligation by waiver of the use and enjoyment of any of the Common Areas and Facilities or by abandonment of his Unit or by waiving any services or amenities provided for in this Declaration. In the event of any suit to recover a money judgment of unpaid assessments hereunder, the involved Owner shall pay the costs and expenses incurred by the Association in connection therewith, including reasonable attorneys' fees.

16.1.9 The personal obligation of an Owner to pay unpaid assessments against his Unit shall not pass to successors in title unless assumed by them. Provided, however, a lien to secure unpaid assessments shall not be affected by the sale or transfer of the Unit unless foreclosure by a First Mortgagee is involved in which case the foreclosure will extinguish the lien for any assessments that were payable before the foreclosure sale, but shall not relieve any subsequent Owner from paying further assessments.

16.2 The Association through the Management Committee shall include in the Common Assessments amounts representing sums to be used for the replacement of or additions to capital items or improvements in the Project.

16.3 The Management Committee shall not expend funds designated as reserves for any purpose other than the repair, restoration, replacement or maintenance of major components of the Common Areas and Facilities for which the Association is responsible and for which the reserve fund was established or for litigation involving such matters. Nevertheless, the Management Committee may authorize the temporary transfer of money from the reserve account to the Association's operating account from time to time to meet short term cash flow requirements and pay other expenses. Any such funds so transferred shall constitute a debt of the Association, and shall be restored and returned to the reserve account within three (3) years of the date of the initial transfer; provided, however, the Management Committee may, upon making a documented finding that a delay in the restoration of such funds to the reserve account would be in the best interests of the Project and Association, delay such restoration until the time it reasonably determines to be necessary. The Management Committee shall exercise prudent fiscal management in the timing of restoring any transferred funds to the reserve account and

shall, if necessary, levy a Special Common Assessment to recover the full amount of the expended funds within the time limit specified above. At least once every three (3) years the Management Committee shall cause a study to be conducted of the reserve account of the Association and its adequacy to satisfy anticipated future expenditure requirements. The Management Committee shall, thereafter, annually review the reserve account study and shall consider and implement necessary adjustments to reserve account requirements and funding as a result of that review. Any reserve account study shall include, at a minimum:

16.3.1 Identification of the major components which the Association is obligated to repair, replace, restore or maintain which, as of the date of the study, have a useful life of less than thirty (30) years.

16.3.2 Identification of the probable remaining useful life of the components identified in subparagraph 16.3.1 above, as of the date of the study.

16.3.3 An estimate of the cost of repair, replacement, restoration or maintenance of each major component identified in subparagraph 16.3.1 above, during and at the end of its useful life.

16.3.4 An estimate of the total annual contribution necessary to defray the cost to repair, replace, restore or maintain each major component during and at the end of its useful life, after subtracting total reserve funds as of the date of the study.

For the purposes of this Section, the term "reserve account requirements" means the estimated funds which the Management Committee has determined are required to be available at a specified point in time to repair, replace or restore those major components which the Association is obligated to maintain.

16.4 If an Owner shall at any time lease his or her Commercial Unit or Residential Unit and shall default in the payment of Common Assessments, the Management Committee may, at its option, so long as such default shall continue, demand and receive from any tenant of the Owner the rent due or becoming due, and the payment of such rent to the Management Committee shall be sufficient payment and discharge of such tenant and the Owner for such assessments to the extent of the amount so paid.

16.5 The Assessment lien described in Section 16.1.5 above in favor of the Association to secure the payment of Assessments shall not apply to any of the Personal Charges which are incurred. Personal Charges shall be paid by each Owner and Guest as follows:

16.5.1 If the Management Committee is able to determine the amount of Personal Charges at departure time (for example, Personal Charges constituting long distance telephone charges, optional housekeeping service, etc., but which shall not include services which are assessed to all Owners as part of the Common Expenses), such Personal Charges shall be payable at the termination of the Owner's or Guest's or tenant's occupancy of the Unit.

16.5.2 Personal Charges which are not ascertainable at the time of termination of an Owner's or Guest's or tenant's occupancy of a Unit shall be payable as determined by the Management Committee.

17. VOTING.

17.1 At any meeting of the Association, each Owner of a Unit, including Declarant, either in person or by proxy, shall be entitled to vote the same number of votes as specified in Exhibit "A". The voting rights appurtenant to each Unit shall vest upon execution and recording of this Declaration.

17.2 The vote appurtenant to each respective Unit shall be based on the undivided interest of the Unit in the Common Areas and Facilities as set forth in Exhibit "A". The vote appurtenant to each Unit shall have a permanent character, and, except as otherwise permitted and provided for in this Declaration, shall not be altered without the unanimous consent of all Owners expressed in a duly recorded Amendment.

18. MAINTENANCE, ALTERATION AND IMPROVEMENT.

18.1 The maintenance, replacement and repair of the Common Areas and Facilities shall be the responsibility of the Association, and the cost thereof shall be a Common Expense. The Association shall also maintain, replace and repair all common porches and decks and all conduits, ducts, plumbing and wiring and other central facilities for the furnishing of heat, air conditioning, gas, light, power, water and sewer service. All incidental damages caused to a Unit by the maintenance, replacement and repairs of the Common Areas and Facilities or utility services shall be repaired promptly and the cost thereof charged as a Common Expense.

18.2 Some of the Common Areas and Facilities are or may be located within the Units or may be conveniently accessible only through the Units. The Association shall have the irrevocable right to have access to each Unit and to all Common Areas and Facilities from time to time during such reasonable hours as may be necessary for the cleaning, repair or replacement of any Common Areas and Facilities or for making any emergency repairs at any time and when necessary to prevent damage to the Common Areas and Facilities or to any Unit. The Association shall also have the irrevocable right to have access to any Unit when necessary in connection with any cleaning, maintenance, repair, replacement, painting, landscaping, construction or reconstruction for which the Association is responsible or for the purpose of abating a nuisance or a known or suspected dangerous or unlawful condition. Such entry shall be made with as little inconvenience to the Owners as is practicable under the circumstances and any damage caused thereby shall be repaired by the Association.

19. INSURANCE.

19.1 The Association shall at all times maintain in force insurance meeting the following requirements:

19.1.1 A "master" or "blanket" type policy of property insurance shall be maintained covering the entire Project, including: Common Areas and Facilities; all Buildings including all Units; fixtures, building service equipment, personal property and

supplies comprising a part of the Common Areas or Facilities or owned by the Association, but excluding land, foundations, excavations, and other items normally not covered by such policies. References herein to a "master" or "blanket" type policy of property insurance are intended to denote single entity insurance coverage. As a minimum, such "master" or "blanket" policy shall afford protection against loss or damage by fire, by other perils normally covered by the standard extended coverage endorsement, and by all other perils which are customarily covered with respect to projects similar to the Project in construction, location, and use, including (without limitation) all perils normally covered by the standard "all risk" endorsement, where such endorsement is available. Such "master" or "blanket" policy shall be in an amount not less than one hundred percent (100%) of current replacement cost of all elements of the Project covered by such policy, exclusive of land, foundations, excavation, and other items normally excluded from coverage.

19.1.2 If the Management Committee deems such advisable and as long as it is available at a reasonable cost, the insurance policy described in Section 19.1.1 above shall include either of the following endorsements to assure full insurable value replacement cost coverage: (1) a Guaranteed Replacement Cost Endorsement (under which the insurer agrees to replace the insurable property regardless of the cost) and, if the policy includes a co-insurance clause, an Agreed Amount Endorsement (which waives the requirement for co-insurance); or (2) a Replacement Cost Endorsement (under which the insurer agrees to pay up to one-hundred percent of the property's insurable replacement cost but no more) and, if the policy includes a co-insurance clause, an Agreed Amount Endorsement (which waives the requirement for co-insurance). Unless the Management Committee otherwise determines, the maximum deductible amount for such a policy covering the Common Areas and Facilities shall be Ten Thousand Dollars (\$10,000) and for losses related to individual Units that are covered by such a policy, the deductible related to each individual Unit shall be Ten Thousand Dollars (\$10,000.00). Funds to cover these deductible amounts shall be included in the Association's operating reserve account.

19.1.3 If any habitable structure located within the Project is or comes to be situated in a Special Flood Hazard Area as designated on a Flood Insurance Rate Plat, a "master" or "blanket" policy of flood insurance shall be maintained covering the Buildings (a separate policy is required for each separate multi-story building that houses Units), any machinery and equipment that are not part of a Building and all Common Areas and Facilities within the Project (hereinafter "Insurable Property") in an amount deemed appropriate, but not less than the lesser of: (1) the maximum limit of coverage available under the National Flood Insurance Administration Program for all Buildings and Insurable Property within any portion of the Project located within a designated flood hazard area; or (2) one hundred percent (100%) of the insurable value of all such facilities. The maximum deductible amount for any such policy shall be the lesser of Five Thousand Dollars (\$5,000.00) or one percent (1%) of the policy face amount.

19.1.4 The name of the insured under each policy required to be maintained by the foregoing Sections 19.1.1 and 19.1.3 shall be the Association for the use and benefit of the individual Owners. Said Owners shall be designated by name, if required.

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

19.1.5 Each policy required to be maintained by the foregoing Sections 19.1.1 and 19.1.3 shall contain the standard mortgage clause, or equivalent endorsement (without contribution), commonly accepted by private institutional mortgage investors in the area in which the Project is located. In addition, such mortgage clause or another appropriate provision of each such policy shall provide that the policy may not be canceled or substantially modified without at least ten (10) days' prior written notice to the Association and to each Mortgagee which is listed as a scheduled holder of a Mortgage in the policy.

19.1.6 Each policy required to be maintained by the foregoing Sections 19.1.1 and 19.1.3 shall provide, if it is available at a reasonable cost to the Association, for the following: recognition of any insurance trust agreement; a waiver of the right of subrogation against Owners individually; the insurance is not prejudiced by any act or neglect of individual Owners which is not in the control of such Owners collectively or the Association; and the policy is primary in the event the Owner has other insurance covering the same loss.

19.1.7 In contracting for the policies of insurance required to be maintained by the foregoing Section 19.1.1, the Management Committee shall make reasonable efforts to secure, if the Management Committee deems such advisable and if it is available at a reasonable cost to the Association, coverage which provides the following endorsements: (1) "Inflation Guard Endorsement"; (2) "Building Ordinance or Law Endorsement", if the enforcement of any building, zoning, or land use law will result in loss or damage, increased cost of repairs or reconstruction, or additional demolition and removal costs (the endorsement must provide for contingent liability from the operation of building laws, demolition costs, and increased costs of reconstruction); and (3) "Steam Boiler and Machinery Coverage Endorsement", if the project has central heating or cooling, which shall provide that the insurer's minimum liability per accident at least equals the lesser of Two Million Dollars (\$2,000,000.00) or the insurable value of the Building containing the boiler or machinery. In lieu of obtaining this as an endorsement to the commercial package property, the Association may purchase separate stand-alone boiler and machinery coverage.

19.1.8 The Association shall at all times maintain in force and pay the premiums for "blanket" fidelity bonds for all officers, members, and employees of the Association and for all other persons handling or responsible for funds of or administered by the Association whether or not that individual receives compensation for services. Furthermore, where the Association has delegated some or all of the responsibility for the

handling of funds to the Common Area Manager, the Common Area Manager shall provide "blanket" fidelity bonds, with coverage identical to such bonds required of the Association, for the Common Area Manager's officers, employees and agents handling or responsible for funds of, or administered on behalf of, the Association. The total amount of fidelity bond coverage required shall be based upon the Association's best business judgment and shall not be less than the estimated maximum of funds, including reserve funds, in the custody of the Association or the Common Area Manager, as the case may be, at any given time during the term of each bond.

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

19.1.10 Notwithstanding any of the foregoing provisions and requirements relating to property or liability insurance, there may be named as an insured on behalf of the Association, the Association's authorized representative, including any trustee with whom the Association may enter into any Insurance Trust Agreement or any successor to such trustee (each of whom shall be referred to herein as the "Insurance Trustee"), who shall have exclusive authority to negotiate losses under any policy providing such property or liability insurance. Each Owner hereby appoints the Association, or any Insurance Trustee or substitute Insurance Trustee designated by the Association, as his or her attorney-in-fact for the purpose of purchasing and maintaining such insurance, including: the collection and appropriate disposition of the proceeds thereof; the negotiation of losses and execution of releases of liability; the execution of all documents; and the performance of all other acts necessary to accomplish such purpose.

The Association, or any Insurance Trustee, shall receive, hold, or otherwise properly dispose of any proceeds of insurance in trust for the use and benefit of the Owners and their Mortgagees, as their interests may appear.

19.1.11 Each insurance policy maintained pursuant to the foregoing Sections 19.1.1, 19.1.3, 19.1.8, and 19.1.9 shall be written by an insurance carrier which is licensed to transact business in the State of Utah and which has a B general policyholder's rating or a financial performance index of 6 or better in the Best's Key Rating Guide or an A or better rating from Demotech, Inc., or which is written by Lloyd's of London. No such policy shall be maintained where: (1) under the terms of the carrier's charter, bylaws, or policy, contributions may be required from, or assessments may be made against, an Owner, a Mortgagee, the Management Committee, or the Association; (2) by the terms of the carrier's charter, bylaws, or policy, loss payments are contingent upon action by the carrier's board of directors, policyholders, or members; or (3) the policy includes any limiting clauses (other than insurance conditions) which could prevent the party entitled (including, without limitation, the Management Committee, the Association, or Owner) from collecting insurance proceeds. The provisions of this Section 19.1.11 and of the foregoing Sections 19.1.1, 19.1.3, 19.1.8 and 19.1.10 shall not be construed to limit the power or authority of the Association to obtain and maintain insurance coverage, in addition to any insurance coverage required hereunder, in such amounts and in such forms as the Association may deem appropriate from time to time.

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

20. DESTRUCTION OR DAMAGE.

20.1 All of the Owners irrevocably constitute and appoint the Association their true and lawful attorney-in-fact in their name, place and stead for the purpose of dealing with the Project upon its damage or destruction as hereinafter provided. Acceptance by any grantee of a deed from the Declarant or from any Owner shall constitute an appointment by said grantee of the Association as his or her attorney-in-fact as herein provided. As attorney-in-fact, the Association shall have full and complete authorization, right and power to make, execute and deliver any contract, deed or other instrument with respect to the interest of an Owner which may be necessary or appropriate to exercise the powers herein granted. All insurance proceeds shall be payable to the Association except as otherwise provided in this Declaration.

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

20.3 In the event all or any part of the Project is damaged or destroyed, the Association shall proceed as follows:

20.3.1 The Association shall give timely written notice to any holder of any First Mortgage on a Unit who requests such notice in writing in the event of substantial damage to or destruction of any part of the Common Areas or Facilities or a Unit subject to such First Mortgage.

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

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

20.3.4 If the proceeds of the insurance maintained by the Association are less than the estimated costs to repair and reconstruct the damaged or destroyed part of the Project and if less than seventy-five percent (75%) of the Project is damaged or destroyed, such repair and reconstruction shall nevertheless be carried out. The Association shall levy a Special Common Assessment sufficient to provide funds to pay the actual costs of such repair and reconstruction to the extent that such insurance proceeds are insufficient to pay such costs. Such Special Common Assessment shall be allocated and collected as provided in Section 16 above. Further levies may be made in like manner if the amounts collected (together with the proceeds of insurance) are insufficient to pay all actual costs of such repair and reconstruction.

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

20.3.5.1 The Project shall be deemed to be owned in common by the Owners;

20.3.5.2 Each Owner shall own an undivided interest in the Project equal to his ownership interest in the Common Areas and Facilities;

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

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

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

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

20.5 If repair or reconstruction is to occur, the insurance proceeds held by the Association and any amounts received from Common Assessments made pursuant to Section 16 above shall constitute a fund for the payment of costs of repair and reconstruction after casualty. It shall be deemed that the first money disbursed in payment for costs of repair and reconstruction shall be made from insurance proceeds; if there is a balance after payment of all costs of such repair and reconstruction, such balance shall be distributed to the Owners equally.

20.6 This Section 20 shall not be amended unless Owners entitled to vote at least seventy-five percent (75%) of the Total Votes of the Association consent and agree to such amendment and such consent and agreement is reflected in an instrument duly executed by the Association and recorded in accordance with the provisions of this Declaration.

21. TERMINATION.

21.1 Except as otherwise provided in this Declaration, including but not limited to Section 22 below, the Project may be terminated only by agreement of Owners entitled to vote all of the votes of all Units.

21.2 All of the Owners may remove the Project from the provisions of the Act by an instrument duly recorded to that effect, provided that the holders of all liens affecting any of the Units consent or agree by instruments duly recorded, that their liens are transferred to the undivided ownership interest of the Owners in the Project. Provided further, as long as Declarant has ownership rights in the Project, its consent shall also be required to remove the Project from the provisions of the Act. Upon removal of the Project from the provisions of the Act, the Project shall be deemed to be owned in common by the Owners. The undivided interest in the Project owned in common which shall appertain to each Owner shall be the percentage of undivided interest previously owned by such Owner in the Common Areas and Facilities.

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

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

21.5 Following termination of the Project, the proceeds of any sale of real estate, together with the assets of the Association, shall be held by the Association as trustee for Owners and Mortgagees as their interests may appear. Following termination, Mortgagees holding Mortgages on the Units which were recorded before termination may enforce those liens in the same manner as any lienholder.

22. EMINENT DOMAIN.

22.1 Whenever any proceeding is instituted that could result in the temporary or permanent taking, injury or destruction of all or part of the Common Areas and Facilities or one or more Units or portions thereof by the exercise of the power of or power in the nature of eminent domain or by an action or deed in lieu of condemnation, the Management Committee and each Owner shall be entitled to notice thereof and the Management Committee shall, and the Owners at their respective expense may, participate in the proceedings incident thereto.

22.2 With respect to the Common or Limited Common Areas and Facilities, any damages or awards shall be determined for such taking, injury or destruction as a whole and not for each Owner's interest therein. After such determination, each Owner shall be entitled to a share in the damages in the same proportion as his ownership interest in the Common Areas and

Facilities. This provision does not prohibit a majority of the Owners from authorizing the Management Committee to use such damages or awards for replacing or restoring the Common Areas and Facilities so taken on the remaining land or on other acquired land, provided that this Declaration and the Plat are duly amended.

22.3 With respect to one or more Units or portions thereof, the damages or awards for such taking shall be deemed to be proceeds from insurance on account of damage or destruction pursuant to Section 20 above and shall be deposited with the Management Committee as trustee. Even though the damages or awards may be payable to one or more Owners, the Owners shall deposit the damages or awards with the Management Committee as trustee. In the event an Owner refuses to so deposit his award with the Management Committee, then at the option of the Management Committee, either a Special Common Assessment shall be made against the defaulting Owner and his Unit in the amount of this award or the amount of such award shall be set off against the sum hereafter made payable to such Owner.

22.4 In the event the Project is removed from the provisions of the Act pursuant to Section 20 above, the proceeds of the damages or awards shall be distributed or used in accordance with the Owners' respective undivided interest in the Common Areas and Facilities.

22.5 If one or more Units are taken, in whole or in part, and the Project is not removed from the provisions of the Act, the taking shall have the following effects:

22.5.1 If the taking reduces the size of a Unit and the remaining portion of the Unit may be made tenantable, the Unit shall be made tenantable. If the cost of such work exceeds the amount of the award, the additional funds required shall be assessed against the Owners of the Unit. The balance of the award, if any, shall be distributed to the Mortgagee to the extent of the unpaid balance of its Mortgage and the excess, if any, shall be distributed to the Owner.

22.5.2 If the taking destroys or so reduces the size of a Unit that it cannot be made tenantable, the award shall be distributed to the Mortgagee of the Unit to the extent of the unpaid balance of its Mortgage and the excess, if any, shall be distributed to the Owners thereof. The remaining portion of such Unit, if any, shall become a part of the Common Areas and Facilities and shall be placed in condition for use by all Owners in the manner approved by the Management Committee. The ownership interest in the Common Areas and Facilities appurtenant to the Units that continue as part of the Project shall be equitably adjusted to distribute the ownership of the Common Areas and Facilities among the reduced number of Owners.

22.6 Changes in Units, in the Common Areas and Facilities and in the ownership of the Common Areas and Facilities that are affected by the taking referred to in this Section 22 shall be evidenced by an amendment to this Declaration and the Plat, which need not be approved by the Owners.

23. MORTGAGEE PROTECTION.

23.1 The Management Committee shall maintain a roster containing the name and address of each First Mortgagee that has provided the Management Committee with written

notice as described in this Section 23.1 ("Eligible Mortgagee"). To be considered an Eligible Mortgagee, a First Mortgagee shall provide the Management Committee with a certified copy of its recorded First Mortgage and the name and address of the First Mortgagee and a statement that the Mortgage is a First Mortgage together with a written request that it receive notice of the matters and actions described below. The Eligible Mortgagee shall be stricken from the roster upon request by such Eligible Mortgagee or upon receipt by the Management Committee of a certified copy of a recorded full release or satisfaction of the Eligible Mortgage. Notice of such removal shall be given to the Eligible Mortgagee unless the removal is requested by the Eligible Mortgagee. Upon the Association's receipt of such written request, an Eligible Mortgagee shall be entitled to timely written notice of:

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

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

23.1.3 Any lapse, cancellation or material modification of any insurance policy or fidelity bond or insurance maintained by the Association.

23.2 The assessment or claim against a Unit for unpaid assessments or charges levied by the Association pursuant to this Declaration shall be subordinate to the First Mortgage affecting such Unit, and the First Mortgagee thereunder which comes into possession of or which obtains title to such Unit shall take the same free of such lien or claim for unpaid assessment or charges, but only to the extent of assessments or charges which accrue prior to foreclosure of the First Mortgage, exercise of a power of sale available thereunder, or taking of a deed or assignment in lieu of foreclosure. No assessment, assessment lien, or claim which is described in the preceding sentence as being subordinate to a First Mortgage or as not to burden a First Mortgagee which comes into possession or which obtains title shall be collected or enforced by the Association from or against a First Mortgagee, a successor in title to a First Mortgagee, or the Unit therein, affected or previously affected by the First Mortgage concerned.

23.3 In the event any taxes or other charges which may or have become a lien on the Common Areas and Facilities are not timely paid, or in the event the required hazard insurance described in Section 19 lapses, is not maintained, or the premiums therefor are not paid when due, any First Mortgagee or any combination of First Mortgagees may jointly or singly, pay such taxes or premiums or secure such insurance. Any First Mortgagee which expends funds for any of such purposes shall be entitled to immediate reimbursement therefor from the Association.

23.4 No provision of this Declaration or the Articles gives or may give an Owner or any other party priority over any rights of Mortgagees pursuant to their respective Mortgages in the case of a distribution to Owners of insurance proceeds or condemnation awards for loss to or taking of all or any part of the Units or the Common Areas and Facilities. All proceeds or awards shall be paid directly to any Mortgagees of record, as their interest may appear.

24. AMENDMENT.

24.1 Except as provided elsewhere in this Declaration, any amendment to this Declaration or the Plat shall require the affirmative vote of at least sixty-seven percent (67%) of the Total Votes of the Association cast in person or by proxy at a meeting duly called for such purpose or otherwise approved in writing by such Owners without a meeting. Any Amendment authorized pursuant to this Section shall be accomplished through the recordation in the office of the Summit County Recorder of an instrument executed by the Association. In such instrument an officer or trustee of the Association shall certify that the vote required by this Section for Amendment has occurred.

24.2 The Declarant alone may amend or terminate this Declaration prior to the closing of a sale of the first Unit. Notwithstanding anything contained in this Declaration to the contrary, this Declaration may be amended unilaterally at any time and from time to time by Declarant if such Amendment is (i) necessary to correct typographical errors or inadvertent omissions; (ii) necessary to bring any provision hereof into compliance with any applicable governmental statute, rule, or regulation or judicial determination which shall be in conflict therewith; or (iii) reasonably necessary to enable any reputable title insurance company to issue title insurance coverage with respect to the Units subject to this Declaration; provided, however, any such Amendment shall not materially adversely affect the title to any Unit unless any such Owner shall consent thereto in writing. Further, prior to the expiration of the Declarant's control period as described in Section 13.4 above, Declarant may unilaterally amend this Declaration for any other purpose; provided, however, any such Amendment shall not materially adversely affect the substantive rights of any Owner hereunder, nor shall it adversely affect title to any property without the consent of the affected Owner.

24.3 Anything in this Section 24 or this Declaration to the contrary notwithstanding, Declarant reserves the unilateral right to amend all or any part of this Declaration to such extent and with such language as may be requested by a State Department of Real Estate (or similar agency), FHA, VA, the FHLMC or FNMA and to further amend to the extent requested by any other federal, state or local governmental agency which requests such an amendment as a condition precedent to such agency's approval of this Declaration or approval of the sale of Units, or by any federally chartered lending institution as a condition precedent to lending funds upon the security of any Unit(s) or any portions thereof. Any such amendment shall be effected by the recordation by Declarant of an Amendment duly signed by the Declarant, specifying the nature of the qualifying reason for such amendment pursuant to this Section 24.3. Recordation of such an Amendment shall be deemed conclusive proof of the agency's or institution's request for such an amendment, and such Amendment, when recorded, shall be binding upon all Units and all persons having an interest therein. It is the desire of Declarant to retain control of the Association and its activities during the anticipated period of planning and development. If any amendment requested pursuant to the provisions of this Section 24 deletes, diminishes or alters such control, Declarant alone shall have the right to amend this Declaration to restore such control.

25. EASEMENTS AND LICENSES.

25.1 If any part of the Common Areas and Facilities 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 exist. If any part of a Unit encroaches or shall hereafter encroach upon the Common Areas and Facilities, or upon an adjoining Unit or Units, an easement for such encroachment and for the maintenance of the same shall and does exist. Such easements shall extend for whatever period the encroachment exists. Such encroachments shall not be considered to be encumbrances either on the Common Areas and Facilities or the Units. Encroachments referred to herein include, but are not limited to, encroachments caused by error in the original construction of any improvement constructed or to be constructed within the Project, by error in the Plat, by settling, rising or shifting of the earth, or by changes in position caused by repair or reconstruction of the Project or any part thereof.

25.2 Improvements, including Units, Common Areas and Facilities and Limited Common Areas and Facilities, constructed as subsequent phases of the Project may encroach upon portions of the Common Areas and Facilities of earlier phases of the Project. A perpetual easement for such encroachment and the activities necessary to repair, maintain and operate such improvements is hereby granted.

25.3 Each Owner shall have the right to ingress and egress over, upon and across the Common Areas and Facilities as necessary for access to the Unit he or she is occupying and to any Limited Common Areas and Facilities appurtenant to his or her Unit, and shall have the right to the horizontal, vertical and lateral support of his or her Unit.

25.4 The Association hereby grants and conveys to the Declarant an exclusive easement to make such use of the Common Areas and Facilities as may be necessary or convenient to perform the duties and functions that each is obligated or permitted to perform pursuant to this Declaration, including, without limitation, the right to construct and maintain the Common Areas and Facilities for use by the Owners and the Association.

25.5 The Declarant hereby reserves for itself and its affiliates and assignees a temporary construction easement over the Common Areas and Facilities for the purpose of doing all things that are reasonably necessary as a part of constructing any new improvements for the Project including all physical improvements as well as all Units and Common Areas and Facilities. The Owners of Units do hereby acknowledge and agree that there will be construction activities, traffic, noises, odors and vibrations which may temporarily disrupt their quiet enjoyment of their Units and the Common Areas and Facilities appurtenant thereto until all improvements are complete, and such Owners do hereby waive any right to object to such construction activity; provided, however, Declarant shall endeavor to use reasonable efforts to minimize the adverse impact of such construction activities on the Owners of Units in the Project. Declarant's construction activities pursuant to the easement granted hereunder shall not be deemed to be a violation of the restrictions set forth in Section 14 above.

25.6 Declarant reserves a non-exclusive easement for itself and its affiliates and assignees over, through and under the Property for ingress to, egress from, and installation, replacement, repair and maintenance of, all utility and service lines and systems, including,

without limitation, water, sewer, gas, telephone, electricity and cable communication that service the Property or any portion thereof as well as any such lines and systems which service property owned by the Declarant.

25.7 Declarant reserves a non-exclusive easement for itself and its affiliates and assignees to construct, operate, maintain, repair and replace all types of telecommunication facilities, including but not limited to roof antennas, within suitable locations for such facilities ("Facilities Locations") within the Project. Declarant further reserves a right of access to the Facilities Locations over, across, and through all other Common Areas and Facilities of the Project in order to access the Facilities Locations to exercise the rights established herein. Declarant reserves the perpetual right to transfer by easement, license agreement or other conveyance the rights reserved hereunder to one or more telecommunication facilities providers. Declarant may exercise all of the rights under this Section 25.7 without the consent of any Owner, Mortgagee or the Association. The Association, on behalf of all Owners, agrees to execute such further and additional instruments as may be requested by Declarant documenting the rights hereunder, in form satisfactory to the Declarant, and any assignee of its rights hereunder.

25.8 While occupying a Unit, all Owners are entitled to use the parking areas designated as Common Areas and Facilities, in accordance with the rules and regulations adopted by the Management Committee or the Association, which rules and regulations may, among other things, regulate times, areas and location of parking spaces.

25.9 All customers, clients, patrons, and licensees of Owners of Commercial Units shall be permitted to enter upon the Project and the Declarant hereby grants and conveys to such parties a non-exclusive license across the Common Areas and Facilities to the extent reasonably necessary for access to such Commercial Units.

25.10 The Declarant prior to the expiration of the Declarant's control period described in Section 13.4 above, or thereafter the Association, shall have the right to relocate and/or reconfigure any and all the easements or licenses described in this Declaration from time to time as it sees fit without the consent of any Owners. All conveyances of Units within the Project hereafter made, whether by Declarant or otherwise, shall be construed to grant and reserve such easements and/or licenses as are provided herein, even though no specific reference to such easements appears in any such conveyance.

26. NOTICES.

26.1 Any notice permitted or required to be delivered as provided herein may be delivered either personally, by first class mail, by express mail or overnight courier service providing proof of delivery, or by telecopy or facsimile transmission. Notice to Owners shall be addressed to each Owner at the address given by such Owners to the Management Committee for the purpose of service of such notice or to the Unit of such Owner if no such address has been given to the Management Committee. Notice shall be deemed given when actually received if personally delivered or sent by overnight courier; if faxed, when the fax is received, except that if the fax is received at a time other than the normal business hours of the office at which it is received, on the next regular business day; and if by mail, the earlier of the day actually received

or the third business day after the notice is deposited in the United States Mail, properly addressed and postage prepaid. Such address may be changed from time to time by notice in writing to the Management Committee addressed to:

Management Committee
The Silver Baron Lodge at Deer Valley Owners Association, Inc.
2800 Deer Valley Drive
P.O. Box 1878
Park City, Utah 84060

27. NO WAIVER.

The failure of the Management Committee or its agents or designees to insist, in one or more instances, upon the strict performance of any of the terms, covenants, conditions or restrictions of this Declaration, the Bylaws, to exercise any right or option herein contained or to serve any notice or to institute any action shall not be construed as a waiver or a relinquishment for the future of such term, covenant, condition or restriction; but such term, covenant, condition or restriction shall remain in full force and effect. The receipt and acceptance by the Management Committee or its agents or designees of the payment of any assessment from an Owner with knowledge of the breach of any covenant hereof shall not be deemed a waiver of such breach, and no waiver by the Management Committee of any provision hereof shall be deemed to have been made unless expressed in writing and signed by the Management Committee.

28. ENFORCEMENT.

28.1 All Owners, guests or lessees of an Owner, and persons under Owner's control, shall strictly comply with the provisions of this Declaration, the Bylaws, and the rules and regulations and decisions issued pursuant thereto. The Association and any aggrieved Owner shall have a right of action against Owners who fail to comply with provisions of this Declaration or the decisions of the Association. Owners shall have a similar right of action against the Association. Failure to so comply shall be grounds for: (i) an action to recover sums due for damages or injunctive relief or both, maintainable by the Management Committee, or its agent or designee on behalf of the Owners, or in an appropriate case, by an aggrieved Owner; and/or (ii) the Management Committee to impose monetary penalties, temporary suspensions of an Owner's right to the use of a Unit or the Common Areas and Facilities, or other appropriate discipline so long as any such Owner has been given notice and has had an opportunity to present a written or oral defense to the charges in a hearing. The Management Committee shall determine whether the Owner's defense shall be oral or written. After the hearing, but before any disciplinary action is taken, the Owner shall be notified of the decision of the Management Committee. The Management Committee may delegate to the Common Area Manager, the power and authority to carry out disciplinary actions duly imposed.

28.2 The Association shall not be empowered to cause the absolute forfeiture of an Owner's right, title or interest in the Project on account of the Owner's failure to comply with the provisions of this Declaration or the rules and regulations for the Project except pursuant to:

28.2.1 The judgment of a court; or

28.2.2 A foreclosure for the failure of an Owner to pay assessments duly levied by the Association.

28.3 The Association shall only be empowered to cause or require alteration or demolition of any construction to enforce any restrictions contained in this Declaration pursuant to judicial proceedings.

29. SECURITY.

The Association may, but shall not be obligated to, maintain or support certain activities within the Project designed to make the Project safer than they otherwise might be. Neither the Association, nor the Declarant shall in any way be considered insurers or guarantors of security within the Project, however, and neither the Association, nor the Declarant shall be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken. All Owners and his, her or its tenants, Guests and invitees acknowledge that the Declarant, and the Association and its Management Committee do not represent or warrant that any fire protection system or burglar alarm system designated by or installed in the Project may not be compromised or circumvented, that any fire protection or burglar alarm systems will prevent loss by fire, smoke, burglary, theft, hold-up, or otherwise nor that fire protection or burglary alarm systems will in all cases provide the detection or protection for which the system is designed or intended. Each Owner or his, her or its tenant, guest or invitee acknowledges and understands that the Declarant and the Management Committee are not insurers and that each Owner or his, her or its tenant, guest and invitee assumes all risks for loss or damage to persons or property within the Project and further acknowledges that Declarant and the Management Committee have made no representations or warranties nor has any Owner or his, her or its tenant, Guest or invitee relied upon any representations or warranties, expressed or implied, including any warranty of merchantability or fitness for any particular purpose, relative to any fire and/or burglar alarm systems recommended or installed or any security measures undertaken within the Project.

30. DECLARANT.

The term "Declarant" as used herein shall mean and include Declarant and any person or persons who might acquire title from it to all or some of the unsold Units through purchase, assignment or other transfer including foreclosure or deed in lieu of foreclosure; or, in the situation where, any person purchases all, or some of the remaining Units in a sale in the nature of a bulk sale. The person acquiring any of such property from the Declarant shall be considered a Declarant with respect to that portion of the property so acquired and shall have the right to develop the property and/or sell such property in accordance with the terms and provisions of this Declaration and the Act. Provided, however, a notice of succession shall be recorded with the Summit County Recorder signed by both the current Declarant and by its successor in interest as the new Declarant.

31. AGENT FOR SERVICE OF PROCESS.

The initial agent for service of process under the Act shall be Steven D. Peterson whose address is 201 South Main Street, Suite 600, Salt Lake City, Utah 84111.

32. SEVERABILITY.

The provisions of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any one provision or portion hereof shall not affect the validity or enforceability of any other provision hereof.

33. CAPTIONS.

The captions in this Declaration are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of this Declaration or the intent of any provision hereof.

34. LAW CONTROLLING.

This Declaration and the Plat shall be construed and controlled by and under the laws of the State of Utah.

35. EFFECTIVE DATE.

This Declaration shall take effect when recorded.

IN WITNESS WHEREOF, the undersigned have executed this instrument this 20 day of May, 2005.

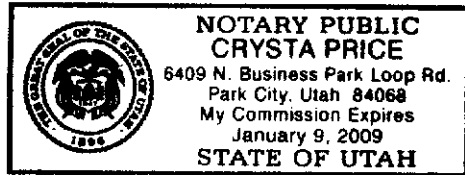
Silver Baron Partners, L.C., a Utah limited liability company

By: *[Handwritten Signature]*
 Its: MANAGER

STATE OF Utah)
) :ss.
 COUNTY OF Summit)

On this 20th day of May, 2005, before me, the undersigned, a Notary Public in and for the State of Utah, duly commissioned and sworn, personally appeared F. Lynn Fadan, the manager of Silver Baron Partners, L.C., a Utah limited liability company.

Witness my hand and official seal affixed the day and year first above written.



Crysta Price
 Notary Public in and for the State of Utah
 Residing at Wasatch County
 My appointment expires: 1/9/2009

CONSENT TO RECORD AND SUBORDINATION

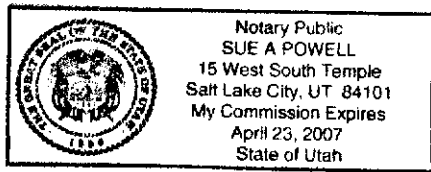
The undersigned U.S. Bank National Association is the holder of a Deed of Trust dated December 23, 2003, and recorded December 24, 2003, as Entry No. 683915, in Book 1590, beginning at Page 743 of the official records of Summit County, Utah, together with related loan documents (collectively "Loan Documents"), which constitute liens of record against the property subject to the foregoing Declaration. U.S. Bank National Association hereby subordinates the liens and encumbrances of the Loan Documents to this Declaration and to the rights of the Owners as set forth in such Declaration and consents to the recordation of such Declaration.

U.S. Bank National Association

By: *Alvin Jones*
Its: *Senior Vice Pres.*

STATE OF *Utah*)
) : ss.
COUNTY OF *Salt Lake*)

On the *25* day of *May*, 2005, personally appeared before me *Robert M Bower*, who, being by me duly sworn, did say that he is the *SVP* of *Commercial Real Estate* U.S. Bank National Association, that said instrument was signed on behalf of said corporation by authority of its by-laws or a resolution of its board of directors, and said *Robert M. Bower* acknowledged to me that said corporation executed the same.



Sue Powell
NOTARY PUBLIC

CONSENT TO RECORD AND SUBORDINATION

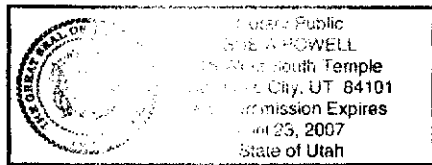
The undersigned U.S. Bank National Association is the holder of a Deed of Trust dated December 23, 2003, and recorded December 24, 2003, as Entry No. 683917, in Book 1590, beginning at Page 780 of the official records of Summit County, Utah, together with related loan documents (collectively "Loan Documents"), which constitute liens of record against the property subject to the foregoing Declaration. U.S. Bank National Association hereby subordinates the liens and encumbrances of the Loan Documents to this Declaration and to the rights of the Owners as set forth in such Declaration and consents to the recordation of such Declaration.

U.S. Bank National Association

By: *Alvin Jones*
Its: *Senior Vice Pres*

STATE OF *Utah*)
) : ss.
COUNTY OF *Salt Lake*)

On the *25* day of *May*, 2005, personally appeared before me *Robert M. Bowen*, who, being by me duly sworn, did say that he is the *SVP* of *Commercial Real Estate* U.S. Bank National Association, that said instrument was signed on behalf of said corporation by authority of its by-laws or a resolution of its board of directors, and said *Robert M. Bowen* acknowledged to me that said corporation executed the same.



Steve Powell
NOTARY PUBLIC

RECORDERS NOTE
DUE TO THE COLOR OF THE INK
OF THE NOTARY SEAL AFFIXED
TO THIS DOCUMENT, THE
SEAL MAY BE UNSATISFACTORY
FOR COPYING.

BK1703 PG0063

EXHIBIT A

Schedule of Units, Square Footage, Votes and Undivided Interests in Common Areas

Unit Number	Approx. Sq. Footage of Unit	Points Per Square Foot	No. of Par Value Points Per Unit	No. of Votes Per Unit	Undivided Interest Per Unit*
6101	1497	4	5,988	5,988	3.35%
6102	1497	4	5,988	5,988	3.35%
6110	1498	4	5,992	5,992	3.35%
6111	1992	4	7,968	7,968	4.45%
6114	1498	4	5,992	5,992	3.35%
6115	1498	4	5,992	5,992	3.35%
6119	1498	4	5,992	5,992	3.35%
6123	1498	4	5,992	5,992	3.35%
6201	1981	4	7,924	7,924	4.43%
6202	1981	4	7,924	7,924	4.43%
6210	1498	4	5,992	5,992	3.35%
6211	1992	4	7,968	7,968	4.45%
6214	1498	4	5,992	5,992	3.35%
6215	1498	4	5,992	5,992	3.35%
6219	1498	4	5,992	5,992	3.35%
6223	1498	4	5,992	5,992	3.35%
6301	2492	4	9,968	9,968	5.57%
6302	2492	4	9,968	9,968	5.57%
6310	2000	4	8,000	8,000	4.47%
6311	1992	4	7,968	7,968	4.45%
6314	2000	4	8,000	8,000	4.47%
6315	1483	4	5,932	5,932	3.31%
6319	2000	4	8,000	8,000	4.47%
6323	2000	4	8,000	8,000	4.47%
CU-1	243	3	729	729	.41%
CU-2	311	3	933	933	.52%
CU-3	264	3	792	792	.44%
CU-4	330	3	990	990	.55%
CU-5	264	3	792	792	.44%
CU-6	330	3	990	990	.55%
CU-7	215	3	645	645	.36%
CU-8	344	3	1,032	1,032	.58%
CU-9	194	3	582	582	.33%
CU-10	258	3	774	774	.43%
CU-11	206	3	618	618	.35%

CU-12	211	3	633	633	.35%
TOTAL:			179,026	179,026	1

* May total slightly more or less than 1 due to rounding.

EXHIBIT B

BYLAWS

THE SILVER BARON LODGE AT DEER VALLEY OWNERS ASSOCIATION, INC.

The administration of THE SILVER BARON LODGE AT DEER VALLEY OWNERS ASSOCIATION, INC., a Utah nonprofit corporation (“Association”) shall be governed by the Declaration, the Articles, these Bylaws, the Utah Condominium Ownership Act (Title 57, Chapter 8, Utah Code) (the “Act”) and the Utah Revised Nonprofit Corporation Act (Title 16, Chapter 6a, Utah Code) (the “Nonprofit Act”).

1. Definitions. Terms which are capitalized in these Bylaws and which are not otherwise defined herein shall have the meanings set forth in Section 2 of the Declaration of Condominium – The Silver Baron Lodge at Deer Valley (“Declaration”).

2. Application of Bylaws. All present and future Owners, Mortgagees, lessees and occupants of Units, and their employees and Guests, and any other persons who may use the facilities of the Project in any manner are subject to the Declaration, these Bylaws and all rules made pursuant hereto and any amendments hereof. The acceptance of a deed or conveyance of a Unit, or the occupancy of any Unit, shall constitute a ratification and acceptance of and an agreement to comply with the provisions of the Declaration, these Bylaws and any rules and regulations made pursuant hereto, as each may be amended from time to time.

3. Management Committee

3.1. Members. The management and maintenance of the Project and the administration of the affairs of the Association shall be conducted by a Management Committee consisting of at least five (5) and not more than seven (7) natural persons in accordance with the provisions of Section 15 of the Declaration.

3.2. Declarant Control of Management Committee. Notwithstanding the other provisions of this Section 3, the Declaration establishes a period of Declarant control of the Association, during which period the Declarant or persons designated by it have authority to appoint and remove the Association officers and members of the Management Committee, who may or may not be Owners. The period of Declarant control under the Declaration shall terminate upon the earlier to occur of:

3.2.1. four (4) years after the first Unit is conveyed to an Owner; or

3.2.2. after Units to which three-fourths (3/4) of the undivided interest in the Common Areas and Facilities appertain have been conveyed to Owners, or after all Additional Land has been added to the project and all Convertible Land has been converted, whichever last occurs.

3.3. Election of Management Committee by Owners. Not later than the termination of the period of Declarant control described above, the Owners shall elect the members of the Management Committee, a majority of whom must be Owners. The

members and officers of the Management Committee shall take office upon election. Thereafter, at every annual meeting, the Association shall elect the members of the Management Committee to fill those positions becoming vacant at such meeting, pursuant to the terms of this Section 3.

3.4. Nominating Committee. At least thirty (30) days prior to the annual meeting of the Association, the Management Committee shall elect from the Owners a nominating committee of not less than three (3) members, none of whom shall be at that time members of the Management Committee. The nominating committee shall recommend to the Association at least one (1) nominee for each position on the Management Committee to be filled at that particular annual meeting. Nominations for positions on the Management Committee may also be made by petition filed with the Secretary of the Association at least seven (7) days prior to the annual meeting of the Association, which petition shall be signed by one (1) or more Owners and the nominee named therein indicating his or her willingness to serve as a member of the Management Committee, if elected.

3.5. Voting for the Management Committee. Voting for the Management Committee shall be by secret written ballot. At any meeting of the Association, each Owner, either in person or by proxy, shall be entitled to the number of votes set forth in the Declaration for each Unit owned multiplied by the number of Management Committee seats to be filled. Each Owner may cumulate his or her votes with respect to the Units for which he or she is voting and cast all of them in favor of a single candidate, or distribute his or her votes among as many candidates as the Owner sees fit. Notwithstanding anything to the contrary contained in these Bylaws, at least one (1) member of the Management Committee must be elected solely by the votes of Commercial Owners. The initial members of the Management Committee shall be the following persons and each shall hold the office indicated:

Lynn Padan	President
Keith Christensen	Vice President
Alan Wright	Secretary-Treasurer
Fred Fairclough	Member
Roy Bartee	Member

3.6. Term. Members of the Management Committee shall serve for terms of two (2) years beginning immediately upon their election by the Association; provided, however, that a majority of the members of the Management Committee elected at the first annual meeting following the termination of Declarant control shall serve for an initial term of two (2) years, and the balance shall serve for initial terms of three (3) years. Thereafter, all members of the Management Committee elected shall serve for two-year terms. The members of the Management Committee shall serve until their respective successors are elected, or until death, resignation, or removal.

3.7. Resignation and Removal. Any member of the Management Committee may resign at any time by giving written notice to the President of the Association or to the remaining Management Committee members. Any member of the Management

Committee who fails to attend three (3) consecutive Management Committee meetings or fails to attend at least twenty-five percent (25%) of the Management Committee meetings held during any fiscal year either in person or via telephone shall be deemed to have tendered his or her resignation, and his or her position shall be vacant following confirmation of the failure to attend by the affirmative vote of the remaining members of the Management Committee, though less than a quorum. The Owners representing at least two-thirds (2/3) of the Total Votes of the Association present and entitled to vote at any meeting of the Owners at which a quorum is present may remove any member of the Management Committee with or without cause, other than a member appointed by Declarant. A member of the Management Committee may only be removed by the Owners at a meeting called for the purpose of removing such member and if the meeting notice states that the purpose, or one of the purposes, of the meeting is removal of such member of the Management Committee.

3.8. Vacancies. If vacancies shall occur in the Management Committee by reason of the death or resignation of a Management Committee member, the Management Committee members then in office shall continue to act, and such vacancies shall be filled by a vote of the Management Committee members then in office, though less than a quorum. Any vacancy in the Management Committee occurring by reason of removal of a Management Committee member by the Association may be filled by election at the meeting at which such Management Committee member is removed or any subsequent regular or special meeting of the Association. A vacancy resulting from a removal shall only be filled by the vote or written consent of a majority of the Total Votes of the Association.

3.9. No Compensation. The members of the Management Committee shall receive no compensation for their services unless expressly approved by the vote or written assent of a majority of the Total Votes of the Association; provided, however, that members of the Management Committee shall be reimbursed by the Association for transportation expenses actually incurred and a reasonable per diem payment for attendance at regular and special meetings of the Management Committee. Any member of the Management Committee may be employed by the Association in another capacity and receive compensation for such employment; provided further, that such employment shall be approved by vote or in writing by all members of the Management Committee not including the member to be employed.

3.10. Powers. The Management Committee, for the benefit of the Project and the Association, shall manage the business, property and affairs of the Project and the Association and enforce the provisions of the Declaration, these Bylaws and the rules and regulations governing the Project. The Management Committee is authorized to adopt rules and regulations governing the use and operation of the Project, which shall become effective thirty (30) days after adoption by the Management Committee. The Management Committee shall have the powers, duties and responsibilities with respect to the Project as contained in the Declaration, the Articles and these Bylaws.

3.11. Management Committee Meetings. The regular meetings of the Management Committee shall be held at least semi-annually at such times and places

within the Project, or some other reasonable and suitable location in Summit County, unless a meeting at another location would significantly reduce the cost to the Association and/or the inconvenience to Management Committee members, as the Management Committee shall determine. Management Committee members may participate in Management Committee meetings by means of telephonic conference or similar communications equipment by which all persons participating in the meeting can hear each other at the same time and by any other means permitted under Utah law. Such participation shall constitute presence in person at the meeting.

3.12. Special Meetings. Special meetings of the Management Committee may be called by written notice signed by any two (2) members of the Management Committee. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. Special meetings shall be held within the Project or some other reasonable location in Summit County unless a meeting at another location would significantly reduce the cost to the Association and/or inconvenience to the members of the Management Committee, as the Management Committee shall determine. Written notice of any special meeting shall be sent to all members of the Management Committee in the manner set forth in Section 3.13 below. If an agenda is prepared for a special meeting, the meeting need not be restricted to discussions of those items listed on the agenda.

3.13. Notice. Unless otherwise provided by Utah law, regular meetings of the Management Committee may be held without notice of the date, time, place, or purpose of the meeting. Special meetings of the Management Committee must be preceded by two days' notice of the date, time and place of the meeting. The notice need not describe the purpose of the special meeting unless required by Utah law. The giving of notice of any special meeting shall be governed by the rules set forth in Section 103 of the Nonprofit Act.

3.14. Waiver of Notice. A member of the Management Committee may waive any notice of a meeting before or after the time and date of the meeting stated in the notice by signing a written waiver. A member's attendance at or participation in a meeting waives any required notice to that member of the meeting unless such member, at the beginning of the meeting or promptly upon the member's arrival at the meeting, objects to the holding of the meeting or transacting business at the meeting because of lack of notice or defective notice and the objecting member does not vote for or assent to action taken at the meeting.

3.15. Actions and Open Meetings. The Management Committee members shall act only as a Management Committee, and individual Management Committee members shall have no powers as such. Regular and special meetings of the Management Committee shall be open to all members of the Association; provided, however, that the Association members who are not on the Management Committee may not participate in any deliberation or discussion unless permission to speak is requested on his or her behalf by a Management Committee member. In such case, the President may limit the time any Association member may speak. The Management Committee may, with the approval of a majority of a quorum of its members, adjourn the meeting and reconvene in

executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, and orders of business of a similar nature.

3.16. Quorum and Voting. A majority of the Management Committee shall constitute a quorum, and if a quorum is present, the decision of a majority of those present shall be the act of the Management Committee. If less than a quorum is present at the meeting, a majority of the members present may adjourn the meeting from time to time without further notice other than an announcement at the meeting, until a quorum shall be present. No Management Committee member may vote or act by proxy at any Management Committee meeting.

3.17. Action Without a Meeting. Any action that is required or permitted to be taken at a meeting of the Management Committee may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the Management Committee members and such signed consents are filed with the records of the Association. Such consent shall have the same force and effect as a unanimous vote.

3.18. Fiscal Year. The fiscal year of the Association shall be set by resolution of the Management Committee. In the absence of a Management Committee resolution, the fiscal year shall be the calendar year.

3.19. Special Committees. The Management Committee may designate by resolution such committees and subcommittees as the Management Committee deems appropriate, from time to time. Each committee shall exercise those powers granted to it by an enabling resolution of the Management Committee; provided, however, that no committee shall exercise any power which is excluded from the delegation of power of the Management Committee by the laws of the State of Utah, the Articles, or these Bylaws.

3.20. Eligibility. An officer, employee, agent or director of a corporate Owner of a Unit, a trustee or designated beneficiary of a trust that owns a Unit, a partner of a partnership that owns a Unit, a member of a limited liability company that owns a Unit, and a fiduciary of an estate that owns a Unit may be considered an Owner for the purpose of determining eligibility for membership of the Management Committee. In all events where the person serving or offering to serve as an officer or member of the Management Committee is not the record Owner, they shall file proof of authority in the records of the Association.

3.21. Common Area Manager. Subject to the limitations of Section 15.1.4 of the Declaration, the Act and any other applicable law, the Management Committee may delegate to a Common Area Manager by written agreement all of the powers, duties and responsibilities of the Management Committee referred to in this Section 3 and in the Declaration to the extent such duties and obligations are properly delegable.

4. Membership, Voting and Meetings of the Association.

4.1. Membership. Every Owner of a Unit, including Declarant, shall be a member of the Association. The foregoing is not intended to include a Mortgagee.

4.2. Annual Meeting. The first meeting of the Association shall be held within one (1) year after the closing of the sale of the first Unit sold in the Project. Thereafter, there shall be an annual meeting of the Association on a date and at a time designated by the Management Committee at a reasonable place in the Project or some other location that is readily accessible at reasonable cost to the largest possible number of Owners.

4.3. Special Meetings. Special meetings of the Association may be called by the Declarant, the President, a majority of the Management Committee, or Owners representing at least twenty five percent (25%) or more of the Total Votes of the Association and may be held at a reasonable place in the Project or some other location that is readily accessible at reasonable cost to the largest possible number of Owners. Written notice of a special meeting of the Association shall be sent to Owners in the manner described in Section 4.4 below.

4.4. Notice of Meetings. Notice of the annual meeting of the Association and of any special meetings of the Association shall be hand delivered or sent by first-class or certified mail, no fewer than ten (10) nor more than sixty (60) days prior to the date fixed for said meeting to each Owner entitled to vote at such meeting at such Owner's address as shown in the records of the Association or to any other mailing address designated in writing by the Owner. Such notice shall specify the place, date and hour of the meeting and a description of any matters that must be approved by the Owners for which the Owners' approval is sought at such meeting. The notice of a special meeting shall also include a description of the purposes for which the meeting is called. If any annual or special meeting of the Owners is adjourned to a different date, time or place, notice need not be given of the new date, time and place if the new date, time and place are announced at the meeting before adjournment. Notwithstanding the foregoing sentence, if the adjournment is for more than thirty (30) days, or if after the adjournment a new record date for the adjourned meeting is or must be fixed under Section 706 of the Nonprofit Act and Section 4.5 of these Bylaws, notice of the adjourned meeting must be given pursuant to the requirements of this Section 4.4 to Owners entitled to vote at the meeting.

4.5. Quorum. The presence in person or by proxy of Owners holding ten percent (10%) or more of the Total Votes of the Association at any meeting of the Association held in response to notice to all Owners of record properly given shall constitute a quorum. In the absence of a quorum at an Association meeting, a majority of those present in person or by proxy may adjourn the meeting to another time, but may not transact any other business. An adjournment for lack of a quorum by those in attendance shall be to a date not less than five (5) nor more than thirty (30) days from the original meeting date. The quorum for an adjourned meeting shall also be ten percent (10%) of the Total Votes of the Association. If the time and place for an adjourned meeting is not fixed by those in attendance at the original meeting, or if for any reason a new date is

fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given to members in the manner prescribed for regular meetings of the Association. Unless otherwise expressly provided in the Act, the Nonprofit Act, the Declaration and these Bylaws, any action may be taken at any meeting of the Owners upon a majority vote of the Owners who are present in person or by proxy.

4.6. Conduct of Meeting. Robert's Rules of Order (latest edition) shall govern the conduct of the Association's meeting when not in conflict with the Declaration or these Bylaws.

4.7. Action Without Meeting. Any action that may be taken at any annual or special meeting of the Association may be taken without a meeting and without prior notice, if one (1) or more consents in writing, setting forth the action taken, are signed by the Owners having not less than the minimum voting power that would be necessary to authorize or take the action at a meeting at which all Owners entitled to vote on the action were present and voted. Unless the written consents of all Owners entitled to vote have been obtained, notice of any Owner approval without a meeting shall be given at least ten (10) days before the consummation of the transaction, action, or event authorized by the Owner action to those Owners entitled to vote who have not consented in writing. Such notice shall contain or be accompanied by the same material that would have been required to be sent in a notice of meeting at which the proposed action would have been submitted to the Owners for action. Notwithstanding anything to the contrary herein, members of the Management Committee may not be elected by written consent except by unanimous written consent of all Owners entitled to vote for the election of directors.

4.8. Action by Written Ballot. Any action that may be taken at any annual, regular, or special meeting of the Owners may be taken without a meeting if the Association delivers a written ballot to every Owner entitled to vote on the matter. The written ballot shall set forth each proposed action; and provide an opportunity to vote for or against each proposed action. Approval by written ballot shall be valid only when:

4.8.1. The time by which all ballots must be received by the Association has passed so that a quorum can be determined; and

4.8.2. The number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

4.9. Voting and Proxies. At each meeting of the Owners, each Owner entitled to vote shall be entitled to vote in person or by proxy. The right to vote by proxy shall exist only where the instrument authorizing such proxy to act shall have been executed by the Owner or by their attorney-in-fact thereunto duly authorized in writing. The instrument authorizing the proxy shall be delivered, at the beginning of the meeting, to the Secretary of the Association, or such other officer or person who may be acting as the secretary at the meeting. The secretary of the meeting shall enter a record of all such proxies in the minutes of the meeting. An Owner may revoke a proxy given pursuant to

this Section only by actual notice of revocation to the Association. A proxy is void if it is not dated or purports to be revocable without notice.

4.10. Exercise of Voting. In the event that a Unit is owned by more than one (1) Owner, then by the majority written agreement of all Owners after the initial conveyance of such Unit, one (1) Owner shall be appointed as the designated owner ("Designated Owner") for the Unit for the purposes of voting on Association matters and for billing purposes. This Designated Owner may be changed at any time by delivering to the Association written notification of such change signed by all the Owners of the Unit. In the absence of such a designation, if only one (1) of several Owners of a Unit is present at a meeting of the Association, that Owner is entitled to cast all the votes allocated to that Unit. If more than one (1) of the Owners of a Unit is present, the votes allocated to that Unit may be cast only in accordance with the agreement of a majority in interest of such Owners. There shall be deemed to be majority agreement if any one (1) of the Owners casts the votes allocated to the Unit owned without protest made promptly to the person presiding over the meeting by any of the other Owners of such Unit.

4.11. Minutes. If required by Utah law, minutes of the annual and special meetings of the Association shall be distributed to each member within sixty (60) days after the meeting.

5. Officers.

5.1. Designation. All officers and employees of the Association shall serve at the will of the Management Committee. The officers shall be a President, a Vice President and a Secretary-Treasurer ("Officers"). The Management Committee may appoint additional Vice Presidents and such other assistant officers as the Management Committee may deem necessary ("Assistant Officers"). Each Officer shall be required to be member of the Management Committee. Each Assistant Officer shall be required to be an Owner or a member of the Management Committee. No Officer shall receive compensation for serving as such. Officers shall be annually elected by the Management Committee and may be removed and replaced by the Management Committee. The Management Committee shall require that officers (and other employees of the Association) be subject to fidelity bond coverage.

5.2. President. The President shall be the chief executive of the Management Committee and shall preside at all meetings of the Association and of the Management Committee and may exercise the power ordinarily allowable to the presiding officer of an association, including the appointment of committees. The President shall exercise general supervision over the Project and its affairs. He or she shall sign, and the Secretary shall witness, on behalf of the Association, all conveyances, mortgages and contracts of material importance to its business. He or she shall do and perform all acts which the Management Committee may require.

5.3. Vice President. The Vice President shall perform the functions of the President in his or her absence or inability to serve.

5.4. Secretary. The Secretary shall keep minutes of all proceedings of the Management Committee and of the meetings of the Association and shall keep such books and records as may be necessary and appropriate for the records of the Owners and the Management Committee.

5.5. Treasurer. The Treasurer shall be responsible for the fiscal affairs of the Association, but may delegate the daily handling of funds and the keeping of records to the Common Area Manager.

5.6. Execution of Amendments. Any officer may prepare, execute, certify and record amendments to the Declaration on behalf of the Association.

6. Assessments and Expenses.

6.1. Common Assessments. All Common Assessments shall be made in accordance with the Declaration. Assessments shall be assessed on a monthly, quarterly or annual basis, at the election of the Management Committee.

6.2. Common Expenses. The Management Committee shall approve or disapprove the estimated Common Expenses and capital contributions for the coming fiscal year.

6.3. No Waiver. The failure by the Management Committee before the expiration of any fiscal year to estimate the Common Expenses as required herein shall not be deemed a waiver or modification in any respect of the provisions of the Declaration or these Bylaws or a release of the Owners from the obligation to pay any past or future Common Assessments, and the estimated Common Expenses fixed for the previous and current year shall continue until a new estimate is made.

6.4. No Exemption. No Owner shall be exempt from liability for Common Expenses by waiver of the use or enjoyment of the Project or by abandonment of his or her Unit.

6.5. Records. The Treasurer shall keep detailed records of all receipts and expenditures, including expenditures affecting the Project, specifying and itemizing the maintenance, repair and replacement expenses of the Project and any other expenses incurred. Such records shall be available for examination by the Owners during regular business hours. In accordance with the actions of the Management Committee in assessing Common Expenses against the Units, the Treasurer shall keep an accurate record of such Common Assessments and of the payments thereof by each Owner.

6.6. Personal Obligation. All Common Assessments shall be a separate, distinct and personal liability of the applicable Owners at the time each Common Assessment is made. The Management Committee shall have the rights and remedies contained in the Act and in the Declaration to enforce the collection of Common Assessments.

6.7. Statements for Purchasers. Any person who shall have entered into a written agreement to purchase a Unit, by written request directed to the Management Committee, shall be entitled to obtain a written statement from the Treasurer setting forth the amount of the monthly, quarterly, annual or other periodic Common Assessment and the amount of unpaid Common Assessments charged against such Unit and its Owner(s), and if such statement does not reveal the full amount of the unpaid Common Assessments as of the date it is rendered, neither the purchaser nor the Unit shall be liable for the payment of an amount in excess of the unpaid Common Assessments as shown thereon, provided that the former Owner shall remain so liable. Any such excess which cannot be promptly collected from the former Owner-grantor shall be reassessed by the Management Committee as a Common Expense to be collected from all Owners, including without limitation the purchaser of such Unit, his or her successors and assigns. The new Owner shall, and the former Owner shall not, be liable for any Common Assessments made after the date of transfer of title, even though the expenses incurred or the advances made by the Management Committee for which the Common Assessment is made relate in whole or in part to any period prior to that date. The Management Committee is authorized to require a reasonable fee for furnishing such statements.

6.8. Statements for Owners and Mortgagees. In addition to the statements issuable to purchasers, the Management Committee shall, upon ten (10) days prior written request therefor, provide to any Owner, to any person who shall have entered into a binding agreement to purchase a Unit and to any Mortgagee, on request at reasonable intervals a current statement of unpaid Common Assessments with respect to a Unit. The Management Committee is authorized to require a reasonable fee for furnishing such statements.

6.9. Collection. In all cases where all or part of any Common Assessments for Common Expenses and capital contributions and for any expenses of and advances by the Management Committee cannot be promptly collected from the persons or entities liable therefor under the Declaration or these Bylaws, the Management Committee shall reassess the same as a Common Expense without prejudice to its right of collection against such persons or entities, or without prejudice to its lien for such Common Assessments.

7. Indemnification.

7.1. Indemnification of Members of Management Committee. The Association shall indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Association) by reason of the fact that he or she is or was a member of the Management Committee or an officer of the Association, who is or was serving at the request of the Association in such capacity, against expenses (including expert witness fees, attorneys' fees and costs) judgments, fines, amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding, if he or she acted in good faith and in a manner which such individual reasonably believed to be in the best interests of the Association, and, with respect to any criminal action or

proceeding, had no reasonable cause to believe his or her conduct was unlawful. Determination of any action, suit or proceeding by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not of itself create a presumption that the person did not act in good faith and in a manner he or she reasonably believed to be in the best interests of the Association and, with respect to any criminal action or proceeding, had reasonable cause to believe his or her conduct was unlawful. No indemnification shall be made in respect of any claim, issue or matter as to which such person has been adjudged to be liable for negligence or misconduct in the performance of his or her duty to the Association unless, and to the extent that the court in which such action or suit was brought determines upon application that, despite the adjudication of liability, but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnification for such expenses if such court deems proper.

8. Litigation.

8.1. Expenses. If any action is brought by a member of the Management Committee on behalf of the Association, the expenses of suit, including reasonable attorneys' fees, shall be a Common Expense. Except as otherwise provided, if any action is brought against the Owners or against the Management Committee or the officers, employees or agents thereof in their capacities as such, with the result that the ultimate liability asserted would, if proved, be borne by all the Owners, the expenses of suit, including attorneys' fees, shall be a Common Expense. If any action is brought against one or more, but less than all Owners, with the result that the ultimate liability would, if proved, be borne solely by such Owners, the expenses of suit, including attorneys' fees, shall not be charged to or borne by the other Owners, as a Common Expense or otherwise.

8.2. Defense. Except as otherwise provided by the Act, any action brought against the Association, the Management Committee or the officers, employees or agents thereof, in their respective capacities as such, or the Project as a whole, shall be directed to the Management Committee, and shall be defended by the Management Committee; and the Owners and Mortgagees shall have no right to participate in such defense other than through the Management Committee. Actions against one or more, but less than all Owners, shall be directed to such Owners, who shall promptly give written notice thereof to the Management Committee, and shall be defended by such Owners.

9. Abatement and Enjoinment of Violations by Owners.

9.1. Violations. The violation of any rules or regulations adopted by the Management Committee, the breach of any provision contained herein or the breach of any provision of the Declaration shall give the Management Committee the right, in addition to any other rights set forth in these Bylaws:

9.1.1. To enter the Unit in which or as to which such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Owner or Owners, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Management Committee

shall not thereby be deemed guilty in any manner of trespass provided that items of construction may not be altered or demolished without proper judicial proceedings; and/or

9.1.2. To enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach.

9.2. Remedies Cumulative. These remedies are cumulative to other remedies provided in the Declaration and these Bylaws or in any other applicable laws.

10. Accounting and Maintenance and Inspection of Records.

10.1. Accounting. The books and accounts of the Association shall be kept in accordance with generally accepted accounting procedures under the direction of the Treasurer. A budget for each fiscal year shall be adopted by the Management Committee and distributed to all members of the Association prior to the beginning of the fiscal year to which the budget applies. The Management Committee shall distribute to the Owners an unaudited financial statement, within one hundred twenty (120) days after the close of each fiscal year.

10.2. Inspection of Records. The membership register, including mailing addresses and telephone numbers, books of account and minutes of meetings of the Association, of the Management Committee and of committees of the Management Committee and all other records of the Project maintained by the Association, Common Area Manager or managing company shall be made available for inspection and copying by any member of the Association or his or her duly appointed representative upon written request at any reasonable time and for a purpose reasonably related to his or her interest as an Owner, at the office where the records are maintained. Upon receipt of an authenticated written request from an Owner along with the fee prescribed by the Management Committee to defray the costs of reproduction, the Common Area Manager or other custodian of records of the Association shall prepare and transmit to the Owner a copy of any and all records requested. The Association may, as a condition to permitting an Owner to inspect the membership register or to its furnishing information from the register, require that the Owner agree in writing not to use, or allow the use, of information from the membership register for commercial or other purposes not reasonably related to the regular business of the Association and the Owner's interest in the Association. The Management Committee shall establish reasonable rules with respect to:

10.2.1. Notice to be given to the custodian of the records by the Owner desiring to make the inspection or obtain copies;

10.2.2. Hours and days of the week when such an inspection may be made; and

10.2.3. Payment of the cost of reproducing copies of documents requested by an Owner.

Every member of the Management Committee shall have the absolute right at any time to inspect all books, records and documents of the Association and to inspect all real and personal properties owned or controlled by the Association. This right of inspection shall include the right to make extracts and copies of records, subject only to the right of the Association to require that the Management Committee member agree in writing not to use, or allow the use of, the information from the membership register for commercial or other purposes not reasonably related to the business of the Association and the Management Committee member's interest in such Association.

10.3. Financial Statements. Within fifteen (15) days of receipt of a written request of any Owner, the Association shall mail to the requesting Owner its most recent annual or quarterly financial statement.

11. Amendment of Bylaws. Except as otherwise provided by Utah law, the Declaration or these Bylaws, the Bylaws may be amended by the vote or written assent of Owners holding a majority of the Total Votes of the Association present in person or by proxy at a meeting duly called for such purpose. Provided, however, the percentage of the voting power necessary to amend a specific clause or provision shall not be less than the percentage of affirmative votes prescribed for action to be taken under that clause. Upon such an affirmative vote, the Management Committee shall acknowledge the amended Bylaws, setting forth the fact of the required affirmative vote of the Owners, and the amendment shall be effective upon recording. Notwithstanding the foregoing, Declarant, during the period of Declarant control, shall have the right to unilaterally amend these Bylaws without the vote or consent of the Management Committee or any Owner pursuant to the unilateral amendment procedures reserved to Declarant under the Declaration.

12. Severability. The provisions hereof shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any one provision or portion hereof shall not affect the validity or enforceability of any other provision hereof.

13. Captions. The captions herein are inserted only as a matter of convenience and for reference and in no way to define, limit or describe the scope of these Bylaws nor the intent of any provision hereof.

14. Effective Date. These Bylaws shall take effect as of the date of the Declaration, having been duly adopted by the Management Committee.

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

CERTIFICATION

I, the undersigned, do hereby certify:

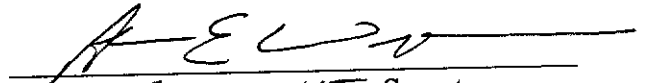
That I am the duly elected and acting Secretary of The Silver Baron Lodge at Deer Valley Owners Association, Inc., a Utah nonprofit corporation;

That the foregoing Bylaws constitute the original Bylaws of said Association, as duly adopted by the Management Committee.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association (if any) this 20th day of MAY, 2005.


ALAN E. WRIGHT, Secretary

Certified to be the Bylaws adopted by the Management Committee of THE SILVER BARON LODGE AT DEER VALLEY OWNERS ASSOCIATION, INC. dated MAY 20th, 2005.


ALAN E. WRIGHT, Secretary

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