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**CONDOMINIUM DECLARATION
CONTAINING CONVERTIBLE SPACE
FOR
PIERPONT LOFTS CONDOMINIUM
IN
SALT LAKE CITY, UTAH
BY
KIMBALL PROJECT, L.C.,
a Utah limited liability company**

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WHEN RECORDED, RETURN TO:
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Space Above for Recorder's Use Only

CONDOMINIUM DECLARATION
FOR PIERPONT LOFTS CONDOMINIUM
IN SALT LAKE CITY, UTAH

THIS DECLARATION is made and executed by KIMBALL PROJECT, L.C., a Utah limited liability company, hereinafter referred to as "Declarant," pursuant to the provisions of the Utah Condominium Ownership Act, Utah Code Annotated §§ 57-8-1 through 57-8-36, for itself, its successors, grantees and assigns.

ARTICLE I

RECITALS

A. Declarant is the sole owner of that certain land situated in Salt Lake County, State of Utah, which is more particularly described in Exhibit "A" attached hereto and made a part hereof by this reference (the "Land").

B. Declarant desires to submit the Land to a condominium project consisting of forty-nine (49) residential units and two commercial units subject to the terms hereof in accordance with Utah Code Annotated Sections 57-8-1 *et seq.*

C. Existing buildings and/or other improvements are being remodeled, renovated, improved and constructed on the Land in accordance with the information set forth in the Record of Survey Map recorded concurrently herewith, consisting of eight (8) sheets, prepared and certified by McNeil Engineering, a registered land surveyor ("Plat").

D. Declarant desires by recording this Declaration and the aforesaid Record of Survey Map to submit the Land and the said buildings and other improvements constructed thereon to the provisions of the Utah Condominium Ownership Act as a Condominium Project known as PIERPONT LOFTS CONDOMINIUMS.

NOW, THEREFORE, Declarant hereby makes the following Declaration:

ARTICLE II

DEFINITIONS

1. Name. The name by which the Condominium Project shall be known is PIERPONT LOFTS CONDOMINIUMS.

2. Definitions. The terms used herein shall have the meaning stated in the Utah Condominium Ownership Act and as given in this Section 2.

(a) "Act" shall mean the Condominium Ownership Act of the State of Utah, Utah Code Annotated 1953, §§ 57-8-1 through 57-8-36 as the same now exists and as it may be amended from time to time.

(b) "Allocated Interest" shall mean the undivided interest (expressed as a fraction or percentage in this Declaration) in the Common Areas and Facilities, the Common Expense liability and votes in the Association allocated to each Unit. It also includes reapportioned undivided interests upon the conversion of the Convertible Space contained in this Declaration pursuant to U.C.A. Section 57-8-13.4.

(c) "Assessments" shall mean the charges against owners to defray the Common Expenses as well as miscellaneous special assessments, special assessments for capital improvements and special assessments for the purpose of restoring and reconstructing the Condominium in the event of casualty, all as provided in this Declaration.

(d) "Association of Unit Owners" or "Association" shall mean PIERPONT Lofts Condominium Owners Association, Inc., a Utah nonprofit corporation formed to manage the affairs of the Project in accordance with this Declaration and the Articles of Incorporation and Bylaws of the Association attached hereto as Exhibit "B", which Articles and Bylaws are hereby made a part hereof by this reference.

(e) "Board of Trustees" shall mean the governing Board of the Association, appointed or elected in accordance with this Declaration, the Articles of Incorporation and the Bylaws.

(f) "Common Areas and Facilities" shall mean and refer to:

- (1) The land described in Exhibit "A" attached hereto;
- (2) That portion of the Property not specifically included in the respective Units as herein defined;
- (3) All foundations, columns, girders, beams, supports, main walls, roofs, halls, corridors, stairs, stairways, yards, landscaping, fences, service and parking areas and in general all other apparatus, installations and other parts of the Property necessary or convenient to the existence, maintenance and safety of the foregoing or normally in common use;

(4) Those areas specifically identified on the Map as "Common Area" or "Limited Common Area"; and

(5) All Common Areas and Facilities as defined in the Act, whether or not expressly listed herein.

(g) "Common Expenses" shall mean and refer to:

(1) All sums described in the Act, this Declaration, the Bylaws or in the rules and regulations promulgated by the Board of Trustees which are lawfully assessed against the Unit Owners or any of them in accordance with the Act, this Declaration, the Bylaws or such rules and regulations;

(2) All expenses of operation, administration, maintenance, repair and replacement of the Common Areas and Facilities, including but not limited to, such aggregate sum as the Board of Trustees shall from time to time estimate, in its best judgment, is needed during each year or other appropriate time period to pay all budgeted expenses and other cash requirements arising out of or in connection with operation, administration, maintenance, repair and/or replacement of the Common Areas and Facilities, including but not limited to:

(i) all costs and expenses of operation of the Association, all costs of management of the Common Areas and Facilities, all costs of enforcement of the Act, this Declaration, the Bylaws and the rules and regulations promulgated by the Board of Trustees, all costs of repair and reconstruction of the Common Areas and Facilities, all insurance premiums, all Utility Services, all wages and salaries, all legal and accounting fees, all management fees and all other expenses and liabilities incurred by the Association under or by reason of this Declaration;

(ii) the payment of any deficit remaining from any previous year or time period;

(iii) the creation, maintenance or expansion of an adequate reserve or contingency fund for maintenance, repairs and/or replacement of those Common Areas and Facilities that must be replaced on a periodic basis, and/or for unforeseen emergencies; and

(iv) all other costs and expenses relating to the Project;

(3) Expenses agreed upon as Common Expenses by the Association;

and

(4) All other expenses declared to be Common Expenses by the Act, this Declaration, the Bylaw or the rules and regulations promulgated by the Board of Trustees.

(h) "Condominium" shall mean a single unit in this Condominium Project together with an undivided interest in common with other Unit Owners in the Common Areas and Facilities of the Property, and together with all other appurtenances belong thereto, as described in this Declaration.

(i) "Condominium Project" or sometimes the "Project" shall mean the entire Property, as defined above, together with all rights, obligations and organizations established by this Declaration.

(j) This paragraph has intentionally been left blank.

(k) "Declarant" shall mean Kimball Project, L.C., a Utah limited liability company, sole owner as described on the Record of Survey Map, which has made and executed this Declaration and/or any successor to or assignee of Declarant which, either by operation of law or through a voluntary conveyance, transfer or assignment, comes to stand in the same relation to the Project as did its predecessor.

(l) "Declaration" shall mean this instrument by which the Project is established as a Condominium Project.

(m) "Limited Common Area" shall mean those portions of the Common Areas and Facilities reserved for the exclusive use of certain Unit Owners, as specified herein and as more particularly identified in the Map.

(n) "Manager" shall mean the person, persons or corporation, if any, selected by the Association to manage the affairs of the Condominium Project.

(o) "Map" shall mean the Record of Survey Map of the Project recorded herewith by Declarant.

(p) "Mortgage" shall mean and include both a mortgage and a deed of trust on any Condominium. "First Mortgage" shall mean a Mortgage, the lien of which is prior and superior to the lien of any other Mortgage on the same Condominium.

(q) "Mortgagee" shall mean and include both the mortgagee under a mortgage and the beneficiary under a deed of trust on any Condominium. "First Mortgagee" shall mean the Mortgagee under a First Mortgage on any Condominium.

(r) "Occupant" shall mean a person or persons, other than an Owner, in possession of, or using a Unit, including, without limitation, family members, tenants, guests or invitees.

(s) "Property" shall mean and include the Land, all improvements and structures thereon, all easements, rights and appurtenances belonging thereto, and all articles of personal property intended for use in connection therewith.

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(t) "Unit" shall mean one of the Units which is designated as a Unit on the Map and more particularly described in Article V 3. hereof.

(u) "Unit Owner" or "Owner" shall mean the entity, person or persons owning a Unit in the Condominium Project in fee simple and an undivided interest in the fee simple estate of the Common Areas and Facilities as shown in the records of the County Recorder of the county in which the Project is situated. The term Unit Owner or Owner shall not mean or include a mortgagee or beneficiary or trustee under a deed of trust unless and until such a party has acquired title pursuant to foreclosure or any arrangement or proceeding in lieu thereof.

(v) "Utility Services" shall include, but not be limited to, any water, electricity, sewage disposal, garbage disposal services and all other similar services provided to the Project.

(w) Those definitions contained in the Act, to the extent they are applicable hereto and not inconsistent herewith, shall be and are hereby incorporated herein by reference and shall have the same effect as if expressly set forth herein and made a part hereof.

ARTICLE III

SUBMISSION TO CONDOMINIUM OWNERSHIP

Declarant hereby submits the Property to the provisions of the Act as a Condominium Project, with said submission to become effective upon the recording of this Declaration and the Map in the office of the recorder of the county in which the Project is situated. This Declaration is submitted in accordance with the Act and shall be construed in accordance therewith.

ARTICLE IV

COVENANTS TO RUN WITH THE LAND

This Declaration contains covenants, conditions and restrictions relating to the Project which, in accordance with the Act, are and shall be enforceable equitable servitudes, shall run with the land and shall be binding upon Declarant, its successors and assigns and upon all Unit Owners or subsequent Unit Owners, their grantees, mortgagees, successors, heirs, personal representatives, devisees, lessees, assigns and guests.

ARTICLE V

DESCRIPTION OF PROPERTY

1. Description of Land. The Land is that parcel more particularly described in Article I and Exhibit "A" of this Declaration.

2. Description of Improvements. The Project shall be constructed on the Land in accordance with the information contained in the Map. The building in the Project consists of a two story brick building, which will be remodeled and which shall contain forty-nine (49) residential units ("Residential Units") and two (2) commercial units ("Commercial Units"), with the option in the Declarant to further subdivide the Commercial Units in accordance with Utah Code Annotated, Sections

57-8-1 *et seq.* The Project shall have some uncovered parking spaces adjacent to the Building. Electricity and gas will be separately metered to each Unit. Each Unit shall be unfurnished, but each Residential Unit will contain a range, washer and dryer. The Project will be subject to the easements which are reserved through the Project and as may be required for utilities.

Invitees, customers, guests and patrons of the Commercial Units shall not have access to or use of common areas, except that portion of the common areas devoted to parking, and in that event, only for the purpose of ingress and egress from the Unit. Access to the Commercial Units by invitees, customers, guests and patrons, shall be limited to access directly from the street/parking level entrances to such units.

3. Description and Legal Status of Units. The Map and Exhibit "C" attached hereto and hereby made a part hereof by this reference show the unit number of each Unit, its location, and the Common Areas and Facilities to which it has access. Dimensions shown are approximate as to size and floor space, and said dimensions are shown for the purposes of identification only. Purchasers of Units assume sole responsibility to confirm Unit sizes and conditions prior to closing the purchase of their Units. All Units shall be capable of being independently owned, encumbered and conveyed.

(a) Each Unit shall include that part of the building containing the Unit which lies within the boundaries of the Unit, which boundary shall be determined in the following manner:

(1) The upper boundary shall be the plane of the unfinished lower surface of the ceiling;

(2) The lower boundary shall be the plane of the unfinished upper surface of the floor; and

(3) The vertical boundaries of the Unit shall be the unfinished interior surface of the walls bounding a Unit.

If any pipes, wires, conduits, chutes, flues, ducts, shafts, public utility, water, or sewer lines, or any other similar fixtures lie partially or wholly within or outside the designated boundaries of a Unit, any portion serving only that Unit is a Limited Common Area and Facility allocated solely to that Unit and any portion serving more than one Unit or any portion of the Common Areas and Facilities is part of the Common Areas and Facilities.

4. Description of Common Areas and Facilities. The Common Areas and Facilities are as indicated on the Map and include, but are not limited to, common walkways and parking spaces. Except as otherwise provided in this Declaration, the Common Areas and Facilities also consist of the areas and facilities described in the definitions and constitute in general all of the parts of the Property except the Units. Without limiting the generality of the foregoing, the Common Areas and Facilities shall include the following, whether located within the bounds of a Unit or not:

(a) All structural parts of the building including, without limitation, foundations, columns, joists, beams, supports, supporting walls, floors, ceilings and roofs;

(b) Common hallways, walkways, driveways, parking areas, landscaped areas, balconies, patios, lawns, shrubs, trees and entrance ways;

(c) Any utility pipe or line or system servicing more than a single Unit, and all ducts, wires, conduits, and other accessories used therewith;

(d) 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 in the Map;

(e) All repairs and replacements of any of the foregoing.

ARTICLE VI

RIGHT TO COMBINE UNITS

With the written consent of the Board of Trustees, which consent shall not be unreasonably withheld, two or more Units may be utilized by the Owner or Owners thereof as if they were one Unit. To the extent permitted in the written consent of the Association, any walls, floors, or other structural separations between any two such Units, or any space which would be occupied by such structural separations but for the utilization of the two Units as one Unit, may, for as long as the two Units are utilized as one Unit, be utilized by the Owner or Owners of the adjoining Units as Limited Common Areas, except to the extent that any such structural separations are necessary or contain facilities necessary for the support, use, or enjoyment of other parts of the Project. At any time, upon the request of the Owner of one of such adjoining Units, any opening between the two units which, but for joint utilization of the two Units, would have been occupied by structural separation, shall be closed, at the equal expense of the Owner or Owners of each of the two Units and the structural separations between the two Units shall thereupon become Common Areas.

ARTICLE VII

STATEMENT OF PURPOSE AND RESTRICTION ON USE

1. Purpose. The purpose of the Condominium Project is to provide residential housing space, retail and commercial space for Unit Owners, their families, guests, business invitees, customers, lessees and tenants, and the family and guests of such lessees and tenants, and to provide parking for use in connection therewith, all in accordance with the provisions of the Act.

2. Restriction on Use. The Units and Common Areas and Facilities shall be used and occupied as hereinafter set forth:

(a) Residential and Commercial Purposes. Each of the Residential Units shall be occupied only as a residence and for no other purpose, except that Owners may conduct and operate a home business, which, as part of the business, does not require or invite any retail or commercial traffic. Notwithstanding the foregoing, no home business may be conducted which, in the good faith judgment of the Board, results in an annoyance or is obnoxious to Owners or Occupants within the Condominium and the Board may exercise this judgment for specific home businesses even though others are permitted to remain. All home businesses shall be self-contained and shall not generate excess noise or otherwise violate

this Declaration. The Board may adopt Association Rules applicable to the provisions of this Section and to the conducting of home businesses within the Condominium, and their enforcement, including the assessment of charges to Owners and Occupants who violate such rules. Any charges so assessed shall be a special Assessment. Each Commercial Unit shall be used for a commercial business. No business shall be operated in or from any Residential Unit itself other than the rental of the Unit itself and no Commercial Unit shall be used for a Residential Purpose.

(b) Description of Limited Common Areas and Facilities for Parking. The Common Areas and Facilities shall be used only for the purposes for which they are intended. All of the uncovered parking spaces constitute Limited Common Areas and Facilities and shall be reserved for the exclusive use of the respective Owners of a particular Unit. Each parking space shall be used for the parking of operable motor vehicles of a size no larger than a standard automobile or a 3/4 ton truck and for no other purpose. No more than one vehicle may be parked in any parking space at one time. Such Limited Common Area and Facility shall be appurtenant to each respective Unit where so identified and may not be severed from the ownership of the Unit.

(c) Use of Units. Nothing shall be done or kept in any Unit or in the Common Areas and Facilities which will increase the rate of insurance on the building or contents thereof beyond that customarily applicable for the use authorized for such Unit, or will result in the cancellation of insurance on the building, or the contents thereof, without the prior written consent of the Association. No Unit Owner shall permit anything to be done or kept in his Unit or in the Common Areas and Facilities which is in violation of any law or regulation of any governmental authority.

(d) Signs and Attachments. No Residential Unit Owner or occupant shall cause or permit anything (including, without limitation, an awning, canopy, shutter, storm door or screen door) to hang, be displayed, be visible or otherwise be placed on the exterior walls or roof of any building or any part thereof, or on the outside of windows or doors, without the prior written consent of the Association. Declarant shall be entitled to maintain signs installed by Declarant in the course of constructing the Project.

(e) No Nuisance. No noxious or offensive activity shall be carried on in any Unit or in the Common Areas and Facilities, nor shall anything be done therein, either willfully or negligently, which may be or become an annoyance or nuisance to the other Unit Owners or occupants.

(f) No Structural Changes. Nothing shall be done in any Unit or in, on or to the Common Areas and Facilities which will impair the structural integrity of the building or any part thereof or which would structurally change the building or any part thereof except as is otherwise provided herein.

(g) Animals. No animals, livestock, birds, reptiles, or poultry of any kind shall be raised, bred or kept in any Unit or upon the Condominium, except that one (1) dog, two (2) domestic cats, or other household pets approved by the Board may be kept by Owners within a Unit provided such pets are not raised, bred, kept or maintained for any commercial purposes. Notwithstanding the foregoing, no animal or fowl may be kept within a Unit which, in the good faith judgment of the Board, results in an annoyance or is obnoxious to Owners or Occupants within the Condominium and the Board may exercise this judgment for specific pets even though others are permitted to remain. All animals permitted to be kept by this Section shall be kept on a leash, and all fecal matter shall be immediately cleaned up when on any portion of the Condominium except within a Unit. The Board may adopt Association Rules applicable to the provisions of this Section and to the keeping of pets within the Condominium, and their enforcement,

including the assessment of charges to Owners and Occupants who violate such rules. Any charges so assessed shall be a special Assessment.

(h) No Rubbish. The Common Areas and Facilities shall be kept free and clear of all rubbish, debris and other unsightly materials.

(i) No Fees or Charges. No admission fees, charges for use, leases or other income-generating arrangement of any type shall be employed or entered into with respect to any portion of the Common Areas and Facilities without the prior written consent of the Association.

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

(k) No Obstructions or Storage in Common Areas. No Unit Owner or occupant shall obstruct the Common Areas or any part thereof. No Owner shall store or cause to be stored in the Common Areas any property whatsoever, unless the Board of Trustees shall consent thereto in writing.

(l) Floor Load. There shall be no floor load in excess of the weight for which the Unit or balcony was designed, unless special arrangements are made, and an engineering determination of floor load capacity in the area of the heavy use is approved in writing by the Association. No water beds will be allowed without the express written consent of the Association.

(m) Leases. Any agreement for the leasing, rental or occupancy of a Unit (hereinafter in this Section referred to as a "Lease") shall be in writing and a copy thereof shall be delivered to the Association before the term of the Lease commences. Prior to an Occupant's possession of a Unit, the Owner shall provide the Association with the name, address and telephone number of the Occupant. Every Lease shall provide that the terms of such lease shall be subject in all respects to the provisions of this Declaration, the Bylaws and the Association Rules. Said Lease shall further provide that any failure by the Occupant thereunder to comply with the terms of the foregoing documents shall be a default under the Lease. If any Lease does not contain the foregoing provisions, such provisions shall nevertheless be deemed to be a part of the lease and binding on the Owner and Occupant by virtue of their inclusion in this Declaration. No Owner shall be permitted to lease his Unit for transient or hotel purposes, which shall be defined as rental for any period of less than thirty (30) days. No Owner may lease less than his entire Unit. Any owner who shall lease his Unit shall be responsible for compliance by the Occupant with this Declaration, the Bylaws and the Association Rules. Failure by an Owner to take legal action, including the institution of a forcible entry and detainer proceeding against his Occupant who is in violation of this Declaration, the bylaws or the Association Rules within ten (10) days after receipt of written demand so to do from the Board, shall entitle the Association, through the Board, to take any and all such action including the institution of proceedings in forcible entry and detainer on behalf of such Owner against his Occupant. Neither the Association or any agent retained by the Association to manage the Condominium shall be liable to the Owner or the Occupant for any eviction under this Section that is made in good faith. Any expenses incurred by the Association, including attorney's fees and costs of suit, shall be repaid to it by such owner. Failure by such Owner to make such repayment within ten (10) days after receipt of a written demand therefor shall entitle the Board to levy a Special Assessment against such Owner and his Unit for all such

expenses incurred by the Association. In the event such Special Assessment is not paid within thirty (30) days of its due date, the Board may resort to all remedies of the Association for the collection thereof. Other than as stated in this Section 9.13, there is no restriction on the right of any owner to lease or otherwise grant occupancy rights to a Unit. No Residential Unit shall be leased to more than four individual tenants without the prior written consent of the Association. and a copy of the written lease agreement.

Notwithstanding the provisions of the immediately preceding paragraph, prior to renting a Unit, the Owner and the proposed Occupant shall execute a written Lease agreement which shall include the following provisions:

- (i) the tenants shall agree to comply with all of the terms and conditions of this Declaration and the Association's by-laws.
- (ii) Tenants shall agree not to allow or commit any nuisance, waste, unlawful or illegal act on the premises.
- (iii) Owner and tenant shall acknowledge that the Association is an intended third-party beneficiary of the Lease agreement, that the Association shall have the right to enforce compliance with this Declaration and the Association's by-laws and that the Association shall have the right to abate any nuisance, waste, unlawful or illegal activity on the premises and that the Association shall be entitled to exercise all of the owner's rights and remedies under the Lease agreement to do so.

ARTICLE VIII

PERSON TO RECEIVE SERVICE OF PROCESS

The person to receive service of process in the cases provided herein or in the Act is J. Randall Call, Esq., whose address is City Centre I, Suite 900, 175 East 400 South, Salt Lake City, Utah 84111. The said person may be changed by the recordation by the Association of an appropriate instrument.

ARTICLE IX

OWNERSHIP AND USE

1. Ownership of a Unit. Except with respect to any of the Common Areas and Facilities located within the bounds of a Unit, each Unit Owner shall be entitled to the exclusive ownership and possession of his Unit and to the ownership of an undivided interest in the Common Areas and Facilities.

2. Nature of and Restrictions on Ownership and Use. Each Unit Owner shall have and enjoy the rights and privileges of fee simple ownership of his Unit. There shall be no requirements concerning who may own Units; they may be owned as any other property rights by persons, corporations, partnerships or trusts and in the form of common or joint tenancy. The Unit Owners may lease or rent their

Units with their appurtenant rights subject to terms and conditions chosen solely by the Unit Owner and his lessee or tenant, except that all Unit Owners, their tenants and other occupants or users of the Project, shall be subject to the Act, this Declaration, the Bylaws, and all rules and regulations of the Association.

3. Prohibition against Subdivision of Unit. Except as provided in Article VI above, no Unit Owner, by deed, plat or otherwise, shall subdivide or in any manner cause his Unit to be separated into physical tracts or parcels smaller than the whole Unit as shown on the Map, nor shall any Unit Owner cause, suffer or permit the fee ownership of his Unit to be separated or divided in annually recurring or any other time periods for which the Unit will be separately owned.

4. Ownership of Common Areas and Facilities. The Common Areas and Facilities contained in the Project are described and identified in Article V 4. of this Declaration. Said Common Areas and Facilities shall be owned by the Unit Owners as tenants in common. No percentage ownership interest in the Common Areas and Facilities shall be separated from the Unit to which it appertains; and even though not specifically mentioned in the instrument of transfer, such a percentage of undivided ownership interest shall automatically accompany the transfer of the Unit to which it relates. A Unit Owner's percentage ownership interest in the Common Areas and Facilities is computed on the basis of square footage of such Owner's Unit (but not including storage area located within the Residential Units), as compared to the total square footage of all Units (but not including storage area located within the Residential Units) within the Project, computed by reference to the Map and rounded off to a whole number, and shall be the same for all purposes, including voting and assessment of Common Expenses. The percentage ownership interests in the Common Areas and Facilities are set forth in Exhibit "C" hereto.

5. Use of Common Areas and Facilities. The Common Areas and Facilities shall be used only in a manner which is consistent with their community nature and with the use restrictions applicable to the Units contained in the Project, subject to this Declaration, the Bylaws, and the rules and regulations promulgated by the Association. This right of use shall be appurtenant to and run with each Unit.

ARTICLE X

LIMITED COMMON AREAS

Each Unit Owner shall be entitled to the exclusive use and occupancy of the Limited Common Areas reserved to his Unit as set forth herein and/or as shown on the Map, subject, however, to the same restrictions on use which apply generally to the Common Areas and Facilities and to rules and regulations promulgated by the Association. Such right to use the Limited Common Areas shall be appurtenant to and contingent upon ownership of the Unit associated therewith, and even though not specifically mentioned in the instrument of transfer, shall automatically pass to the grantee or transferee of such Unit. Such right of use shall not be revocable, nor may it be voluntarily or involuntarily relinquished, waived, or abandoned.

ARTICLE XI

VOTING - MULTIPLE OWNERSHIP

The vote attributable to and exercisable in connection with a Unit shall be the percentage of undivided ownership interest in the Common Areas and Facilities which is appurtenant to such Unit. In the

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

ARTICLE XII

MANAGEMENT

1. The Association. The business, property and affairs of the Project shall be managed, operated and maintained by the Association as agent for the Unit Owners. All duties, responsibilities, rights and powers imposed upon or granted to the "management committee" or to the "manager" under the Act shall be duties, responsibilities, rights and powers of the Association hereunder. In addition to its other authority and powers set forth in the Act, the Articles of Incorporation and elsewhere in this Declaration, the Association shall have, and is hereby granted, the following authority and powers:

- (a) the authority, without the vote or consent of the Unit Owners or of any other person(s), to grant or create, on such terms as it deems advisable, utility and similar easements, over, under, across and through the Common Areas and Facilities;
- (b) the authority to execute and record, on behalf of all Unit Owners, any amendment to the Declaration or Map which has been approved by the vote or consent necessary to authorize such amendment;
- (c) the power to sue;
- (d) the authority to enter into contracts which in any way concern the Project, so long as any vote or consent of the Unit Owners necessitated by the subject matter of the agreement has been obtained;
- (e) the power and authority to convey or transfer any interest in real property, so long as any vote or consent necessary under the circumstances has been obtained;
- (f) the authority to promulgate such reasonable rules, regulations, and procedures as may be necessary or desirable to aid the Association in carrying out any of its functions or to insure that the Project is maintained and used in a manner consistent with the interests of the Unit Owners;
- (g) the power and authority to perform any other acts and to enter into any other transactions which may be reasonably necessary for the Association to perform its functions as agent for the Unit Owners;
- (h) the power to regulate, limit or prohibit rentals of condominium units.
- (i) the power to require the rental of Units to be conducted through the Association or a designated manager, the right to require that all lease agreements be reviewed and approved by the Association or the manager and the right, subject to the requirement that approval shall not be unreasonably withheld, to require that any Occupants be screened by the Association or the manager prior to renting a Unit; and

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(j) the right and the obligation to enforce compliance with this Declaration and the Association's by-laws against any Owner and/or Occupant of any Unit, and shall have all rights and remedies available under state or local laws, in addition to its rights and remedies as a third party beneficiary under any lease agreement between the Owner and an Occupant to enforce such compliance.

Any instrument executed by the Association that recites facts which, if true, would establish the Association's power and authority to accomplish through such instrument what is purported to be accomplished thereby, shall conclusively establish said power and authority in favor of any person who in good faith and for value relies upon said instrument.

2. Composition of the Board of Trustees. Declarant shall have the exclusive right to appoint and to remove all members of the Board of Trustees of the Association until the first to occur of the following; provided, however, that Declarant may, at its sole option, transfer this right to the Owners by written notice thereof prior to the end of such time period:

(a) The date which is six (6) years after the date this Declaration is recorded in the office of the recorder of the County in which the Project is situated; or

(b) ninety (90) days after the date Units to which three-fourths (3/4) of the undivided interest in the Common Areas and Facilities appertain have been conveyed by Declarant.

3. Responsibility of the Board of Trustees. The Board of Trustees shall be responsible for the control, operation and management of the Project in accordance with the provisions of the Act, this Declaration, such administrative, management and operational rules and regulations as it may adopt from time to time as herein provided, and all agreements and determinations lawfully made and entered into by said Board of Trustees.

4. Approval Required. The Board of Trustees shall not, without the prior favorable vote or the written consent of the Owners of a majority interest in the undivided ownership of the Common Areas and Facilities, have the authority to purchase or sell any real property or add any property to the Common Areas and Facilities, except for property used in the management of the Project.

5. Additional Facilities. The Board of Trustees shall, subject to any necessary approval, have the authority to provide such facilities, in addition to those for which provision has already been made, as it may deem to be in the best interests of the Unit Owners and to effect the necessary amendment of documents and maps in connection therewith.

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

7. Manager. The Board of Trustees may carry out through a Manager any of its functions which are properly the subject of delegation. Any Manager so engaged shall be responsible for managing the Project for the benefit of the Association and the Unit Owners, and shall, to the extent permitted by law and the terms of the agreement with the Association, be authorized to perform any of the functions or acts required or permitted to be performed by the Board of Trustees itself. Any agreement for professional management of the Project or any other contract providing for services of the Declarant which

may be entered into by the Board of Trustees or the Association shall call for a term not exceeding three (3) years and shall provide that such agreement may be terminated by either party thereto without cause and without payment of a termination fee upon not in excess of ninety (90) days written notice.

ARTICLE XIII

EASEMENTS

1. Easements. Each Unit shall be subject to such easements as may be necessary for the installation, maintenance, repair or replacement of any Common Areas and Facilities located within the boundaries of such Unit or reasonably accessible only through such Unit.

2. Easements for Encroachments. In the event that, by reason of the construction, reconstruction, settlement or shifting of any part of a building, any part of the Common Areas and Facilities encroaches or shall hereafter encroach upon any part of any Unit or any part of any Unit encroaches or shall hereafter encroach upon any part of the Common Areas and Facilities or any other Unit, valid easements for such encroachment and the maintenance of such encroachment are hereby established and shall exist for the benefit of such Unit and the Common Areas and Facilities, as the case may be, so long as all or any part of the building containing any such Unit shall remain standing; provided, however, that in no event shall a valid easement for any encroachment be created in favor of any Unit Owner or in favor of the Unit Owners as owners of the Common Areas and Facilities if such encroachment occurred due to the willful conduct of such Unit Owner or Owners occurring after the date on which this Declaration is recorded.

3. Development Easements for Declarant. Until all Units have been sold by Declarant, there are hereby reserved to Declarant, together with the right to grant and transfer the same to others, including Declarant's sales agents, representatives and assigns, easements and rights upon, across, over, under and through the Condominium for construction, display (including the use of the Units as models), maintenance, sales and exhibit purposes (including the use of signs and other advertising devices) in connection with the erection, remodeling and sale or lease of Units within the Condominium; provided, however, that no such use by Declarant or its agents shall otherwise restrict Owners or Occupants in the reasonable use and enjoyment of their Units.

ARTICLE XIV

CHANGE IN OWNERSHIP

The Association shall maintain up-to-date records showing the name of each Owner, the address of such Owner, and the Unit which is owned by him. In the event of any transfer of a fee or undivided fee interest in a Unit either the transferor or transferee shall furnish the Association with evidence establishing that the transfer has occurred and that the deed or other instrument accomplishing the transfer is of record in the office of the recorder of the county where the Project is located. The Association may for all purposes act and rely on the information concerning Owners and Unit ownership which is thus acquired by it or, at its option, the Association may act and rely on current ownership information respecting any Unit or Units which is obtained from the office of the county recorder of the county where the Project is located. The address of an Owner shall be deemed to be the address of the Unit owned by such Owner unless the Association is otherwise advised. An Owner who fails to so furnish the above information shall continue to be liable for monthly assessments of Common Expenses even after transferring ownership of the Unit.

ARTICLE XV

ASSESSMENTS

Every Unit Owner shall pay his proportionate share of the Common Expenses. Payment thereof shall be in such amounts and at such times as the Association determines in accordance with the Act, this Declaration, the Articles of Incorporation or the Bylaws. There shall be a lien for non-payment of Common Expenses as provided in the Act.

In assessing Unit Owners for capital improvements, no assessment for a single improvement in the nature of a capital expenditure exceeding the sum of Five Thousand Dollars (\$5,000.00) shall be made without the same having been first voted on and approved by at least a majority of the Project's undivided ownership interest in the Common Areas and Facilities.

ARTICLE XVI

DESTRUCTION OR DAMAGE

In the event of destruction of or damage to part or all of the improvements in the Condominium Project, the procedures of this section shall apply.

1. If the proceeds of the insurance maintained by the Association are alone sufficient to repair or reconstruct the damaged or destroyed improvement, such repair or reconstruction shall be carried out.

2. If less than seventy-five percent (75%) of the Project's improvements are destroyed or substantially damaged, and if proceeds of the insurance maintained by the Association are not alone sufficient to accomplish repair or reconstruction, restoration shall be carried out and all of the Unit Owners shall be assessed for any deficiency on the basis of their respective appurtenant percentages of undivided ownership interest in the Common Areas and Facilities, said assessment becoming a lien on the Units as provided in the Act.

3. If seventy-five percent (75%) or more of the Project's improvements are destroyed or substantially damaged, and if proceeds of the insurance maintained by the Association are not alone sufficient to accomplish restoration, and if the Unit Owners within one hundred (100) days after the destruction or damage by a vote of at least seventy-five percent (75%) of the entire undivided ownership interest in the Common Areas and Facilities of the Project elect to repair or reconstruct the affected improvements, restoration shall be accomplished in the manner directed under subsection 2 above.

4. If seventy-five percent (75%) or more of the Project's improvements are destroyed or substantially damaged, if proceeds of the insurance maintained by the Association are insufficient to accomplish restoration, and if the Unit Owners do not, within one hundred (100) days after the destruction or damage and by a vote of at least seventy-five percent (75%) of the entire undivided ownership interest in the Common Areas and Facilities of the Project, elect to repair or reconstruct the affected improvements, the Association shall promptly record with the recorder of the county where the Project is located a notice setting forth such facts. Upon the recording of such notice the provisions of subsections (1) through (4) of Section 57-8-31 of the Act shall apply and shall govern the rights of all parties having an interest in the Project or any of the Units.

5. Any reconstruction or repair which is required to be carried out by this section shall be accomplished at the instance and direction of the Board of Trustees. Any determination which is required to be made by this section regarding the extent of damage to or destruction of Project improvements shall be made by the Board of Trustees. Any such reasonable determination by the Board of Trustees shall be final and conclusive as to the Owners.

6. 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 hereinabove 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 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.

ARTICLE XVII

TAXES

It is understood that under the Act each Unit, together with its percentage of undivided interest in the Common Areas and Facilities in the Project, is deemed a parcel and subject to separate assessment and taxation by each assessing unit and special district for all types of taxes authorized by law. Each Unit Owner will, accordingly, pay and discharge any and all taxes which may be assessed against his Condominium.

ARTICLE XVIII

INSURANCE

1. Hazard Insurance. The Association shall at all times maintain in force hazard insurance meeting the following requirements:

(a) A multi-peril type policy covering the entire Condominium Project (both Units and Common Areas and Facilities, including, without limitation, fixtures, machinery, equipment and supplies maintained for the service of the Project and fixtures, improvements, alterations and equipment within the individual Units) shall be maintained. Such policy shall provide coverage against loss or damage by fire and other hazards covered by the standard extended coverage blanket "all risk" endorsement and by debris removal, cost of demolition, vandalism, malicious mischief, windstorm, water damage, and such other risks as customarily are covered with respect to condominium projects similar to the Project in construction, location, and use. As a minimum, such policy shall provide coverage on a replacement cost basis in an amount not less than that necessary to comply with any co-insurance percentage specified in the policy, but not less than one hundred percent (100%) of the full insurable value of the Project (based upon replacement cost). Deductibles shall not exceed the lower of \$5,000 or one percent of the applicable amount of coverage. At the option of the Association, funds for such deductibles may be included in the Association's reserves and, if included, shall be so designated. Such policy shall include an "Agreed Amount Endorsement" or its equivalent, and, if necessary or appropriate, an "Increased Cost of Construction Endorsement" or its equivalent.

(b) If a steam boiler is or comes to be contained in the Project, there shall be maintained boiler explosion insurance and a broad form policy of repair and replacement boiler and machinery insurance, evidenced by the standard form of boiler and machinery insurance policy. The insurer's minimum liability per accident under boiler and machinery coverage shall equal the insurable value of the building housing such boiler or machinery or One Million Dollars (\$1,000,000), whichever is less. Deductibles shall not exceed the lower of \$10,000 or one percent of the applicable amount of coverage. At the option of the Association, funds for such deductibles may be included in the Association's reserves, and, if included, shall be so designated.

(c) If the Project is or comes to be situated in a locale identified by the Secretary of Housing and Urban Development (HUD) or the Director of the Federal Emergency Management Agency (FEMA) as a Special Flood Hazard Area, flood insurance on the Condominium Project shall be obtained and maintained providing coverage at least equivalent to that provided under the National Flood Insurance Program (NFIP) for buildings (including equipment and machinery), detached Common Areas and Facilities, and contents not part of buildings (including equipment and machinery owned by the Association) of not less than one hundred percent (100%) of their insurable value, with deductibles not to exceed the lower of \$5,000 or one percent of the applicable amount of coverage. At the option of the Association, funds for such deductibles may be included in the Association's reserves, and, if included, shall be so designated.

(d) The named insured under each policy required to be maintained by the foregoing items (a), (b) and (c) shall be in form and substance essentially as follows: "Pierpont Lofts Condominiums Owners Association, Inc. for the use and benefit of the individual Owners."

(e) Each such policy shall provide that notwithstanding any provision thereof which gives the carrier the right to elect to restore damage in lieu of making a cash settlement, such option shall not be exercisable if it is in conflict with any requirement of law or without the prior written approval of the Association.

2. Fidelity Insurance. The Association shall maintain in force fidelity insurance covering losses resulting from dishonest or fraudulent acts committed by the Association's managers, trustees, employees, officers, committee members, or volunteers who manage the funds collected and held for the benefit of the Association. The fidelity insurance shall name the Association as the insured and shall be in an amount at least equal to the maximum amount of funds in the Association's custody at any one time, but in no event less than the sum of three (3) months of assessments on the entire Project plus reserves. An appropriate endorsement to the policy shall be secured to cover persons who serve without compensation if the policy would not otherwise cover volunteers. Any professional management firm retained by the Association shall also maintain in force such fidelity insurance at said firm's sole cost and expense and shall submit evidence of such coverage to the Association.

3. Liability Insurance. The Association shall at all times maintain in force comprehensive general liability (CGL) insurance covering all of the Common Areas and Facilities. Such insurance shall include a "Severability of Interest Endorsement" or its equivalent which shall preclude the insurer from denying the claim of a Unit Owner because of negligent acts of other Owners, the Board of Trustees, or the Association of Unit Owners. The Association shall also maintain in force any additional coverage commonly required by private mortgage investors for developments similar to the Project in construction, location and use, including the following where applicable and available: contingent liability from operation of building laws, comprehensive automobile liability, bailee's liability, garage keeper's

liability, worker's compensation and employer's liability and contractual liability. The limits of liability under such insurance shall not be less than Two Million Dollars (\$2,000,000.00) for personal injury, bodily injury or property damage arising out of a single occurrence.

4. General Requirements Concerning Insurance. Each insurance policy maintained pursuant to the foregoing Article XVIII Sections 1. through 3. shall be written by an insurance carrier which is licensed to transact business in the State of Utah and which has a general policyholders rating of B+ or better and a financial category rating of Class XII or better in Best's Insurance Guide and shall contain the standard mortgagee clause commonly used by private institutional mortgage investors. No such policy shall be maintained where:

(a) under the terms of the carrier's charter, bylaws or policy, contributions may be required from, or assessments may be made against, a Unit Owner, a Mortgagee, the Board of Trustees, the Association, a Unit, the Common Areas, or the Project;

(b) 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;

(c) the policy includes any limiting clauses (other than insurance conditions) which could prevent the party entitled from collecting insurance proceeds; or

(d) the policy provides that the insurance thereunder shall be brought into contribution with insurance purchased by the individual Unit Owners or their Mortgagees.

Each such policy shall provide that:

(a) coverage shall not be prejudiced by any act or neglect of the Unit Owners when such act or neglect is not within the control of the Association of Unit Owners or the Board of Trustees;

(b) coverage shall not be prejudiced by any failure by the Association or Board of Trustees to comply with any warranty or condition with regard to any portion of the Project over which the Association and Board of Trustees have no control;

(c) coverage may not be canceled or substantially modified (including cancellation for non-payment of premium) without at least thirty (30) days prior written notice to any and all insureds named therein, including any Mortgagee named as an insured; and

(d) the insurer waives any right of subrogation it might have to any and all claims against the Association, the Board of Trustees, any Unit Owner, and/or their respective agents, employees or tenants, and any defense it might have based upon co-insurance or upon invalidity arising from acts of the insured.

If, due to changed circumstances, excessive cost, or any other reason, any of the insurance coverage required to be obtained and maintained under Sections 1. through 3. of this Article XVIII cannot reasonably be secured, with respect to such coverage the Association or the Board of Trustees shall obtain and maintain such substitute, different or other coverage as may be reasonable and prudent under the circumstances as they then exist.

5. Owner's Own Insurance. Each Owner, at his own expense, may procure and maintain at all times fire and extended coverage insurance covering personal property of such owner and additional fixtures and improvements added by such owner against loss by fire and other casualties, including without limitation vandalism and malicious mischief. All policies providing such casualty insurance shall provide that they do not diminish the insurance carrier's coverage for liability arising under insurance policies obtained by the Association pursuant to this Article. Notwithstanding the provisions hereof, each Owner may obtain insurance at his own expense providing such other coverage upon his Unit, his personal property, for his personal liability, and covering such other risks as he may deem appropriate; provided that each such policy shall provide that it does not diminish the insurance carrier's coverage for liability arising under insurance policies obtained by the Association pursuant to this Article. If obtainable under industry practice without an unreasonable additional charge for such waiver, all such insurance shall contain a waiver of the insurance company's right of subrogation against the Association, the Declarant, the Manager, other Owners, and their respective servants, agents and guests.

ARTICLE XIX

PAYMENT OF COMMON EXPENSES

1. Each Unit Owner shall pay the Association his allocated portion of the Common Expenses upon the terms, at the time, and in the manner herein provided without any deduction on account of any set-off or claim which the Owner may have against the Board of Trustees or Association. If the Unit Owner shall fail to pay any installment of Common Expenses within one (1) month of the time when the same becomes due, the Owner shall pay interest thereon at the rate of eighteen percent (18%) per annum from the date when such installment shall become due to the date of the payment thereof.

2. The Board of Trustees may, from time to time, up to the close of the year or other time period for which the Common Expenses have been fixed or determined, increase or diminish the amount previously fixed or determined for such year. It may include in the Common Expenses for any year, any liabilities or items of expense which accrued or became payable in the previous year, or which might have been included in the Common Expenses for a previous year, but were not included therein; and also any sums which the Board of Trustees may deem necessary or prudent to provide a reserve against liabilities or expenses then accrued or thereafter to accrue although not payable in that year.

3. The portion payable with respect to each Unit in and for each year or for a portion of a year shall be a sum equal to the aggregate amount of the Common Expenses for such year, or portion of year, determined as aforesaid, multiplied by the percentage of undivided interest in the Common Areas and Facilities appurtenant to such Unit, as shown in Exhibit "C." Such assessments, together with any additional sums accruing under this Declaration, shall be payable monthly in advance, or in such payments and installments as shall be provided by the Board of Trustees. The Board of Trustees has estimated that the Common Expenses for the first year and the monthly share thereof initially attributable to each Unit will be as set forth on Exhibit "C." The latter estimate constitutes the initial monthly assessment of Common Expenses for each Unit. An additional one-time assessment equal to twice the initial monthly assessment is to be paid by the initial purchaser only of each Unit at the time of purchase, which assessment is an addition to and not in lieu of all other assessments due hereunder. The foregoing is only an estimate, however, and may be revised by the Board of Trustees as experience is accumulated.

4. The Board of Trustees shall have discretionary powers to prescribe the manner of maintaining and operating the Condominium Project and to determine the Common Expenses of the Project

to be paid as aforesaid by the Owners under this Declaration. Every such reasonable determination by the Board of Trustees within the bounds of the Act and this Declaration, shall be final and conclusive as to the Owners, and any expenditures made by the Board of Trustees, within the bounds of the Act and this Declaration shall as against the Owner be deemed necessary and properly made for such purpose.

5. If an Owner shall at any time let or sublet his Unit and shall default for a period of one (1) month in the payment of any assessments, the Board of Trustees may, at its option, so long as such default shall continue, demand and receive from any tenant or subtenants of the Owner occupying the Unit so much of the rent due or becoming due and payable as is necessary to cure said default and the payment of such rent to the Board of Trustees shall be sufficient payment and discharge of such tenant or subtenant and the Owner to the extent of the amount so paid.

6. Each monthly assessment and each special assessment of Common Expenses shall be separate, distinct and personal obligations of the Owner(s) of the Unit against which the same is assessed at the time the assessment is made and shall be collectible as such. Suit to recover a money judgment for unpaid Common Expenses, together with reasonable attorneys fees and costs, may be maintained without foreclosure or waiving the lien (described hereafter) securing the same. If not paid when due, the amount of any assessment, whether regular or special, assessed to a Unit plus interest at eighteen percent (18%) per annum, costs of action and reasonable attorney's fees, shall become a lien upon such Unit upon recordation of a notice thereof as provided by the Act. The said lien for non-payment of Common Expenses shall have priority over all other liens and encumbrances, recorded or unrecorded, except only:

- (a) tax and special assessment liens on the Unit in favor of any assessing unit, or special district; and
- (b) encumbrances on the interest of the Unit Owner recorded prior to the date such notice is recorded which by law would be a lien prior to subsequently recorded encumbrances.

7. In any conveyance, except to a Mortgagee as hereinafter set forth, the grantee of a Unit shall be jointly and severally liable with the grantor for all unpaid assessments against the latter for his share of the Common Expenses up to the time of the grant or conveyance, without prejudice to the grantee's rights to recover from the grantor the amounts paid by the grantee. However, any such grantee shall be entitled to a statement from the Manager or Board of Trustees setting forth the amounts of the unpaid assessments against the grantor, and such grantee shall not be liable for, nor shall the Unit conveyed be subject to a lien for, any unpaid assessments against the grantor in excess of the amount set forth.

8. A certificate executed and acknowledged by the Manager or Association stating the unpaid Common Expenses then outstanding with respect to a Unit shall be conclusive upon the Association and the Owners as to the amount of such indebtedness on the date of the certificate, in favor of all persons who rely thereon in good faith, and such certificate shall be furnished to any Owner or encumbrancer or prospective Owner or encumbrancers of a Unit upon request at a reasonable fee initially not to exceed Ten Dollars (\$10.00). Unless the request for a certificate of indebtedness shall be complied with within ten (10) days, all unpaid Common Expenses which become due prior to the date of making of such request shall be subordinate to the lien or interest held by or obtained by the person making the request. Any encumbrancer holding a lien on a Unit may pay any unpaid Common Expenses payable with respect to such Unit and upon such payment that encumbrancer shall have a lien on that Unit of the same rank as the lien of his encumbrance for the amounts paid.

9. Upon payment or other satisfaction of delinquent assessments concerning which a notice of assessment has been recorded, the Board of Trustees shall cause to be recorded in the same manner as the notice of assessment a further notice stating the satisfaction and release of the lien thereof. Such lien for non-payment of assessment may be enforced by sale by the Board of Trustees or by a bank or trust company or title insurance company authorized by the Board of Trustees, such sale to be conducted in accordance with the provisions of the 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. In any foreclosure or sale, the Unit Owner shall be required to pay the costs and expenses of such proceedings including reasonable attorney's fees.

10. In the event of foreclosure, the Unit Owner, if he is an owner-occupier and desires to remain in the Unit during any redemption period, shall be required to pay a reasonable rental for the Unit and the plaintiff in the foreclosure action shall be entitled to the appointment of a receiver to collect the rental without regard to the value of the security. The Association or Manager shall have the power to bid on the Unit at foreclosure or other sale and to hold, lease, mortgage and convey the Unit.

ARTICLE XX

MORTGAGEE PROTECTION

1. From and after the time a Mortgagee makes written request to the Board of Trustees or the Association of Unit Owners therefor, the Board of Trustees or the Association shall notify such Mortgagee in writing in the event that the Owner of the Unit encumbered by the Mortgage held by such Mortgagee neglects for a period of sixty (60) or more days to cure any failure on his part to perform any of his obligations under this Declaration.

2. The lien or claim against a Unit for unpaid assessments or charges levied by the Board of Trustees or by the Association of Unit Owners pursuant to this Declaration or the Act shall be subordinate to a First Mortgage affecting such Unit. A Mortgagee who obtains title to a Unit pursuant to his Mortgage or a deed or assignment in lieu of foreclosure shall not be liable for such Unit's unpaid assessments which accrue prior to the acquisition of title to such Unit by the Mortgagee and shall take the same free of such lien or claim for unpaid assessments or charges, but only to the extent of assessments or charges which accrue prior to the acquisition of title to such Unit by Mortgagee (except for claims for a pro rata share of such prior assessments or charges resulting from a pro rata reallocation thereof to all Units including the Unit in which the Mortgagee is interested). No assessment, charge, lien or claim which is described in the preceding sentence as being subordinate to a Mortgage or as not a burden to a Mortgagee coming into possession pursuant to his Mortgage or a deed or assignment in lieu of foreclosure shall be collected or enforced by either the Board of Trustees or the Association from or against a Mortgagee, a successor in title to a Mortgagee, or the Unit affected or previously affected by the Mortgage concerned (to the extent any such collection or enforcement would prejudice the interests of the Mortgagee or successor in title to the Mortgagee interested in such Unit).

3. Without the prior written approval of at least two-thirds (2/3) of the First Mortgagees (based on one vote for each First Mortgage owned), neither the Board of Trustees nor the Association of Unit Owners shall be entitled, by act, omission, or otherwise:

(a) to seek to abandon or terminate the Condominium Project or to abandon or terminate the arrangement which is established by this Declaration and the Record of Survey Map (except as provided in Article XVI hereof in the event of certain destruction or damage);

(b) to partition or subdivide any Residential Unit (Declarant shall have the right to convert the Convertible Space as described herein;

(c) to seek to abandon, partition, subdivide, encumber, sell or transfer all or any of the Common Areas and Facilities (except for conversion of the Convertible Space and the granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Areas and Facilities except as provided in Article XVI hereof in the event of certain destruction or damage);

(d) to use hazard insurance proceeds resulting from damage to any part of the Condominium Project (whether to Units or to the Common Areas) for purposes other than the repair, replacement, or reconstruction of such improvements, except as provided by statute in the event of substantial loss to the Units and/or Common Areas and Facilities;

(e) to change the pro rata interests or obligations of any Unit which apply for (1) purposes of levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards or for (2) determining the pro rata share of ownership of each Unit in the Common Areas and Facilities; or

(f) to alter the provisions of Article XVIII hereof in such a way as to diminish the insurance protection required to be afforded to the parties designed to be protected thereby, or to fail to maintain the insurance coverage described therein.

4. Any Mortgagee shall have the right, at its request and expense and upon reasonable notice, to examine the books and records of the Board of Trustees, or the Association of Unit Owners, or of the Condominium Project. From and after the time a Mortgagee makes written request to the Board of Trustees or the Association of Unit Owners therefor, the Board of Trustees or the Association shall furnish to such Mortgagee copies of such annual operating reports and other reports or writings summarizing or reflecting the financial position or history of the Condominium Project as may be prepared for distribution to or use by the Board of Trustees, the Association, or the Unit Owners.

5. The Board of Trustees and the Association shall establish an adequate reserve fund to cover the deductibles under all hazard insurance policies maintained by the Association (which reserve shall be so designated) and the cost of reasonably predictable and necessary major repairs and replacements of the Common Areas and Facilities and shall cause such reserve to be funded by regular monthly or other periodic assessments against the Units rather than by special assessments.

6. From and after the time a Mortgagee makes written request to the Board of Trustees or the Association of Unit Owners therefor, the Board of Trustees or the Association shall notify such Mortgagee in writing in the event that there occurs any damage or loss to, or any taking or anticipated condemnation of: (a) the Common Areas and Facilities involving an amount in excess of, or reasonably estimated to be in excess of, Ten Thousand Dollars (\$10,000.00); or (b) any Unit involving an amount in excess of, or reasonably estimated to be in excess of, One Thousand Dollars (\$1,000.00). Said notice shall be given within ten (10) days after the Board of Trustees or said Association learns of such damage, loss, taking or anticipated condemnation.

7. Nothing contained in this Declaration shall give a Unit Owner, or any other party, priority over any rights of a First Mortgagee pursuant to its Mortgage in the case of a distribution to such Unit Owner of insurance proceeds or condemnation awards for losses to or a taking of condominium Units and/or Common Areas and Facilities.

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

9. No "right of first refusal" shall be included in or added by amendment to this Declaration, the Articles or Bylaws which would impair the rights of any holder of a First Mortgage on a Unit in the project to:

- (a) foreclose or take title to a condominium Unit pursuant to the remedies provided in the mortgage, or
- (b) accept a deed (or assignment) in lieu of foreclosure in the event of default by a mortgagor, or
- (c) interfere with a subsequent sale or lease of a Unit so acquired by the mortgagee.

10. Except with respect to combination of Units pursuant to Article VI which may be accomplished without consent of any Mortgagee, no amendment to this Article which has the effect of diminishing the rights, protection or security afforded to Mortgagees shall be accomplished or effective unless all of the Mortgagees of the individual Units have given their prior written approval to such amendment. Any amendment to this Article shall be accomplished by an instrument executed by the Board of Trustees and filed for record in the office of the County Recorder of the county where the Project is located. In any such instrument the Board of Trustees shall certify that any prior written approval of Mortgagees required by this Article as a condition to amendment has been obtained.

ARTICLE XXI

EMINENT DOMAIN

In the event that eminent domain proceedings are commenced against the Project or any portion thereof, the provisions of § 57-8-32.5, Utah Code Annotated (Supp. 1977) shall apply. The Board of Trustees shall give written notice of such proceedings to all Mortgagees of record. No first lien priority of any Mortgagee shall be diminished or otherwise disturbed by virtue of such proceedings.

ARTICLE XXII

MAINTENANCE AND UTILITIES

1. Each Owner of a Unit at his own expense shall keep the interior of such Unit and its equipment and appurtenances in good order, condition and repair and in a clean and sanitary condition, and

shall do all redecorating and painting which may at any time be necessary to maintain the good appearance of such Unit. Except to the extent that the Association on behalf of all Unit Owners is protected by insurance against such injury, the Unit Owner shall repair all injury or damages to the Unit, building or buildings caused by the act, negligence or carelessness of the Unit Owner or that of any tenant or subtenant or any member of the Unit Owner's family or of the family of any tenant or subtenant or any agent, customer, business invitee, employee or guest of the Owner or his tenant or subtenant and all such repairs, redecorating and painting shall be of a quality and kind equal to the original work. In addition to decorating and keeping the interior of the Unit in good repair, the Unit Owner shall be responsible for the maintenance or replacement of any heating equipment, hot water equipment, and plumbing fixtures and facilities that may be used exclusively by the Unit, whether or not located within such Unit, and any electrical fixtures, kitchen and bathroom fixtures, and all other appliances or equipment contained within his Unit. Each Unit Owner shall be entitled to the exclusive use and possession of the Limited Common Areas appurtenant to his Unit; provided, however, that without the written permission of the Board of Trustees first had and obtained, a Unit Owner shall not make or permit to be made any structural alteration, in or to the Unit or in or to the exterior of the building, and shall not paint or decorate any portion of the exterior of the Unit or of the building in which the Unit is located.

2. In the event that any Unit shall develop an unsanitary or unclean condition or fall into a state of disrepair, and in the event that the Owner of such Unit shall fail to correct such condition or state of disrepair promptly following written notice from the Board of Trustees, the Board of Trustees on behalf of the Association shall have the right, at the expense of the Owner and without liability to the Owner for trespass or otherwise, to enter said Unit and correct or eliminate said unsanitary or unclean condition or state of disrepair; provided, however, that the Association shall in no event have the obligation to correct or eliminate any such condition or state of disrepair. Any amount so expended by the Association shall become an assessment against any such Unit.

3. Except as hereinafter provided, the Association shall provide for such maintenance and operation of the Common Areas and Facilities as may be reasonably necessary to keep them clean, functional, attractive and generally in good condition and repair. The Association shall have no obligation regarding maintenance or care of Units.

4. All utilities for individual Units (except those utility costs which are metered collectively and paid by the Association as a Common Expense item) will be metered separately to each Unit and such utility charges shall be the responsibility of the respective Owners.

ARTICLE XXIII

RIGHT OF ENTRY

The Board of Trustees and its duly authorized agents shall have the right to enter any and all of the Units in case of an emergency originating in or threatening such Unit or any other part of the Project, whether or not the Unit Owner or occupant thereof is present at the time. The Board of Trustees and its duly authorized agents shall also have the right to enter into any and all of said Units at all reasonable times as required for the purpose of making necessary repairs upon the Common Areas and Facilities and adjacent Units of the Project or for the purpose of performing emergency installations, alterations or repairs to the mechanical or electrical devices or installations located therein or thereon; provided, however, such emergency installations, alterations or repairs are necessary to prevent damage or threatened damage to

other Units in the Project; and provided further, that the Unit Owner affected by such entry shall first be notified thereof if available and if time permits.

ARTICLE XXIV

ADMINISTRATIVE RULES AND REGULATIONS

The Board of Trustees shall have the power to adopt and establish by resolution, such rules and regulations as it may deem necessary for the maintenance, operation, management and control of the Project including, but not limited to, rules and regulations levying special assessments against and/or imposing other appropriate sanctions upon Unit Owners who fail to comply with any provisions of the Act, this Declaration, the Articles of Incorporation, the Bylaws and/or such rules and regulations. The Board of Trustees may from time to time, by resolution, alter, amend and repeal such rules and regulations. When a copy of any amendment or alteration or provision for repeal of any rules or regulations has been furnished to the Unit Owners, such amendment, alteration or provision shall be taken to be a part of such rules and regulations. Unit Owners shall at all times obey such rules and regulations and see that they are faithfully observed by their respective tenants and by all other persons over whom they have or may exercise control and supervision, it being understood that such rules and regulations shall apply and be binding upon all Units Owners, tenants, subtenants and other occupants of the Units. Each and every special assessment levied against a Unit Owner under such rules and regulations shall constitute a special assessment of Common Expenses against such Unit Owners and shall be payable and collectible in the same manner as other Common Expenses in accordance with Article XIX hereof.

ARTICLE XXV

OBLIGATION TO COMPLY HEREWITH

Each Unit Owner, tenant, subtenant or other occupant of a Unit shall comply with the provisions of the Act, this Declaration, the Articles of Incorporation, the Bylaws, and the rules and regulations promulgated by the Board of Trustees, and with all agreements and determinations lawfully made and/or entered into by the Board of Trustees or the Association, when acting in accordance with their authority, and any failure to comply with any of the provisions thereof shall be grounds for all remedial actions granted thereby and/or for an action by the Association or other aggrieved party for injunctive relief or to recover any loss or damage resulting therefrom, including costs and reasonable attorney's fees.

ARTICLE XXVI

INDEMNIFICATION OF BOARD OF TRUSTEES

Each member of the Board of Trustees shall be indemnified and held harmless by the Association of Unit Owners against all costs, expenses and liabilities whatsoever, including, without limitation, attorney's fees reasonably incurred by him in connection with any proceeding in which he may become involved by reason of his being or having been a member of the Board of Trustees; provided, however, the foregoing indemnification shall not apply if the loss, expense or liability involved resulted from the willful misconduct or gross negligence of the member.

ARTICLE XXVII

AMENDMENT

Subject to the terms of Articles XX and XXXI hereof, this Declaration and/or the Map may be amended upon the affirmative vote or approval of Unit Owners having ownership of not less than sixty-six and two-thirds percent (66-2/3%) of the undivided interest in the Common Areas and Facilities, except in circumstances where the Act requires a greater affirmative vote or approval and consent, in which event the provisions of the Act shall be controlling. Any amendment so authorized shall be accomplished by recordation of an instrument executed by the Board of Trustees. In said instrument the Board of Trustees shall certify that the vote required by this Article has occurred. Notwithstanding any other provision contained herein, until the Occurrence referred to in Article XXIX hereof, no amendment to the Map or to any provision of this Declaration which has or may have the effect of diminishing or impairing any right, power, authority, privilege, protection or control given to Declarant (in its capacity as Declarant) herein shall be accomplished or effect unless the instrument through which such amendment is purported to be accomplished is consented to in writing by Declarant.

ARTICLE XXVIII

CONSENT IN LIEU OF VOTE

In any case in which the Act or this Declaration requires the vote of a stated percentage of the Project's undivided ownership interest for authorization or approval of a transaction, such requirement may be fully satisfied by obtaining, without a meeting, unanimous consents in writing to such transaction from all Unit Owners. The following additional provisions shall govern any application of this section:

1. All necessary consents must be obtained prior to the expiration of one hundred twenty (120) days after the first consent is given by any Owner;
2. Any change in ownership of a Unit which occurs after consent has been obtained from the Owner having an interest therein shall not be considered or taken into account for any purpose; and
3. Unless the consents of all Owners having an interest in the same Unit are secured, the consent of none of such Owners shall be effective.

ARTICLE XXIX

DECLARANT'S SALES PROGRAM

Notwithstanding any other provision of this Declaration, until Declarant ceases to be a Unit Owner (hereinafter referred to as the "Occurrence"), Declarant shall have the following rights in furtherance of any sales, promotional, or other activities designed to accomplish or facilitate the sale of all Units owned by Declarant:

1. Declarant shall have the right to maintain a sales office and/or model Units. Such office and/or model Units may be Units (at any location) owned or leased by Declarant.

2. Declarant shall have the right to maintain a reasonable number of promotional, advertising, and/or directional signs, or similar devices at any place or places on the Property, but any such device shall be of a size and in a location as is reasonable and customary.

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

4. Declarant shall have the right from time to time to locate or relocate its sales office, model units, and/or signs, banners or similar devices, but in connection with each such location or relocation shall observe the limitations imposed by the preceding portion of this Article.

Within a reasonable period of time after the happening of the Occurrence, Declarant shall have the right to dismantle and/or remove from the Project any sales office or model unit which is not designated as a Unit by this Declaration or the Map and also to remove from the Project, any signs, banners or similar devices.

ARTICLE XXX

LIMITATION ON IMPROVEMENTS BY ASSOCIATION

Until the Occurrence described in Article XXIX, neither the Association nor the Board of Trustees shall, without the written consent of Declarant, make any improvement to or alteration in any of the Common Areas and Facilities, other than such repairs, replacements, or similar matters as may be necessary to properly maintain the Common Areas and Facilities as they exist at the time of completion of their initial construction.

ARTICLE XXXI

DECLARANT'S RIGHTS ASSIGNABLE

All of the rights of Declarant under this Declaration may be assigned or transferred either by operation of law or through a voluntary conveyance, transfer or assignment. Any mortgage covering all Condominium Units in the Project, title to which is vested in the Declarant, shall, at any given point in time and whether or not such mortgage does so by its terms, automatically cover, encumber, and include all of the then-unexercised or then-unused rights, powers, authority, privileges, protections and controls which are accorded to Declarant (in its capacity as Declarant herein).

ARTICLE XXXII

INTENTIONALLY LEFT BLANK

ARTICLE XXXIII

GENERAL PROVISIONS

1. Construction. The singular, wherever used herein, shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions hereof apply either to corporations or individuals, male or female, shall in all cases be assumed as though in each case fully expressed.

2. Waivers. No provision contained in this Declaration shall be deemed to have been waived by reason of any failure to enforce it, irrespective of the number of violations which may occur.

3. Topical Headings. The topical headings contained in this Declaration are for convenience only and do not define, limit or construe the contents of the Declaration.

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

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

IN WITNESS WHEREOF, the undersigned has caused this Declaration to be executed on its behalf this 7th day of July, 2000.

KIMBALL PROJECT, L.C. a Utah limited liability company

By [Signature]
Its Member Manager

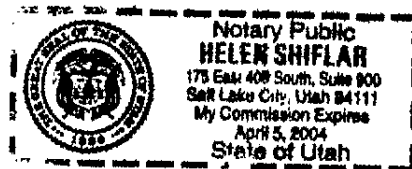
STATE OF UTAH)
: ss.
COUNTY OF SALT LAKE)

The foregoing instrument was acknowledged before me this 7th day of July, 2000, by Jeffrey A. Evershed the Member Manager of Kimball Project, L.C., a Utah limited liability company.

[Signature]
NOTARY PUBLIC
Residing at: S.L. County, UT

My Commission Expires:

4-5-2004



BK8376PG3805

EXHIBIT A

Legal Description of the Property

EXHIBIT "A" CONTINUED

PARCEL# 15-01-181-015

SURVEYOR'S CERTIFICATE

FILED AS RECEIVED
CO. RECORDER

BK8376PG3807

I, Dale K. Bennett, do hereby certify that I am a Registered Land Surveyor, and that I hold Certificate No. 103381, as prescribed under the laws of the State of Utah. I further certify that by authority of the Owners, I have made a survey of the tract of land shown on this plat and described below, and have subdivided said tract of land into lots hereafter to be known as Pierpont Lofts Phase 1 and that the same has been correctly surveyed and staked on the ground as shown on this plat. I further certify that all lots meet frontage, width and area requirements of applicable zoning ordinances.

PHASE 1 LEGAL DESCRIPTION

BEGINNING AT A POINT NORTH 89°58'13" EAST ALONG THE LOT LINE 82.65 FEET FROM THE SOUTHWEST CORNER OF LOT 4, BLOCK 61 PLAT "A", SALT LAKE CITY SURVEY; AND RUNNING THENCE NORTH 0°01'02" WEST PARALLEL TO THE WEST LINE OF SAID LOT 4, 137.63 FEET TO A POINT ON A CURVE TO THE LEFT, THE RADIUS POINT OF WHICH IS SOUTH 17°15'02" EAST 148.22 FEET; THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 41°24'00" A DISTANCE OF 107.10 FEET TO A POINT ON THE WEST LINE OF SAID LOT 4, WHICH IS NORTH 0°01'02" WEST 73.23 FEET FROM SAID SOUTHWEST CORNER OF LOT 4; THENCE NORTH 0°01'02" WEST ALONG SAID WEST LINE 50.77 FEET; THENCE NORTH 89°58'13" EAST 0.40 FEET; THENCE NORTH 48°30'42" EAST AND ALONG A FENCE LINE 62.03 FEET TO THE NORTH LINE OF SAID LOT 4; THENCE NORTH 89°58'13" EAST ALONG SAID NORTH LINE 184.99 FEET [REDACTED]; THENCE SOUTH 0°09'40" WEST [REDACTED] 165.07 FEET [REDACTED]; THENCE SOUTH 89°58'13" WEST ALONG THE SOUTH LINE OF SAID LOT 4, 148.71 FEET TO THE POINT OF BEGINNING.

ACRES: 0.640

ALSO:

BEGINNING AT A POINT NORTH 89°58'13" EAST ALONG THE LOT LINE 231.36 FEET FROM THE SOUTHWEST CORNER OF LOT 4, BLOCK 61 PLAT "A", SALT LAKE CITY SURVEY; AND RUNNING THENCE NORTH 0°09'40" EAST 165.07 FEET; THENCE NORTH 89°58'13" EAST 98.29 FEET; THENCE SOUTH 00°01'02" EAST 165.07 FEET TO THE SOUTH LINE OF SAID LOT 4; THENCE SOUTH 89°58'13" WEST ALONG SAID SOUTH LINE 98.80 FEET TO THE POINT OF BEGINNING.

ACRES: 0.373

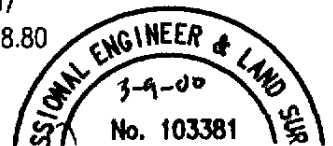


EXHIBIT "B"

ARTICLES OF INCORPORATION

OF

PIERPONT LOFTS CONDOMINIUMS OWNERS ASSOCIATION, INC.

A Utah Nonprofit Corporation

Richard L. Blanck, the undersigned natural person over the age of eighteen years, acting as incorporator of a non-profit corporation pursuant to the Utah Nonprofit Corporation and Co-Operative Association Act, hereby adopts the following Articles of Incorporation for such nonprofit corporation.

ARTICLE I
NAME

The name of the nonprofit corporation is Pierpont Lofts Condominiums Owners Association, Inc., hereinafter referred to as the "Association."

ARTICLE II
DEFINITIONS

Except as otherwise provided herein or as may be required by the context, all terms defined in Article II of the Condominium Declaration for Pierpont Lofts Condominiums, a Utah condominium project containing convertible space, hereinafter referred to as the "Declaration," shall have such defined meanings when used in these Articles of Incorporation.

ARTICLE III
DURATION

The Association shall exist perpetually, or until dissolved pursuant to law.

ARTICLE IV
PURPOSES

The Association is organized as a nonprofit corporation and shall be operated exclusively for the purpose of maintaining, operating, and governing Pierpont Lofts Condominiums, a Utah Condominium Project containing convertible space, hereinafter referred to as the "Project," which is located upon the real property described in the Declaration.

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The Association is organized and shall be operated to perform the functions and provide the services contemplated in the Declaration, which document is to be recorded in the office of the County Recorder of Salt Lake County, State of Utah. No dividend shall be paid and no part of the net income of the Association, if any, shall be distributed to the Members, Trustees, or Officers of the Association, except as otherwise provided herein, in the Declaration, or under Utah law. Except as otherwise provided herein or as may be required by the context, all terms defined in the Declaration shall have such defined meanings when used herein.

ARTICLE V POWERS

Subject to the purposes declared in Article IV above and any limitations herein expressed, the Association shall have and may exercise each and all of the following powers and privileges:

- (a) The power to do any and all things that the Association is authorized or required to do under the Declaration, as the same may from time to time be amended, including, without limiting the generality of the foregoing, the specific power to fix, levy, and collect the charges and assessments provided for in the said Declaration;
- (b) The power to purchase, acquire, own, hold, lease, mortgage, sell, and dispose of any and all kinds and character of real, personal, and mixed property (the foregoing particular enumeration in no sense being used by way of exclusion or limitation), and while the owner of any of the foregoing, to exercise all rights, powers, and privileges appertaining thereto; and
- (c) The power to do any and all things that a non-profit corporation may now or hereafter do under the laws of the State of Utah.

ARTICLE VI MEMBERSHIP

The members of the Association shall be all of the record owners of Condominiums in the Project, as such owners are shown on the records of the County Recorder of Salt Lake County, State of Utah. The term record owner shall not include any mortgagee, trustee, or beneficiary under any mortgage, trust deed, or other security instrument by which a Condominium or any part thereof is encumbered (unless such mortgagee, trustee, or beneficiary has acquired title for other than security purposes), but shall include persons or entities purchasing a Condominium under contract. If record ownership of a Condominium in the Project is jointly held, the Membership appertaining to such Condominium shall also be jointly held. Membership in the Association shall be mandatory and not optional. Each

Membership in the Association shall be appurtenant to and shall not be separated from the Condominium to which it relates. No person or entity other than an owner of a Condominium in the Project may be a Member of the Association.

ARTICLE VII
MEMBERSHIP CERTIFICATES

The Association may issue certificates of Membership, but such certificates shall not be necessary to evidence Membership in the Association. Membership in the Association shall begin immediately and automatically upon becoming a record owner of the Condominium to which such Membership appertains and shall cease immediately and automatically upon an Owner ceasing to be a record owner of such Condominium.

ARTICLE VIII
VOTING RIGHTS

The vote attributable to and exercisable by Members in connection with a Condominium shall be the percentage of undivided ownership interest in the Common Areas and Facilities which is appurtenant to such Condominium, as set forth in the Declaration. If a Membership is jointly held, any or all holders thereof may attend any meeting of the Members, but such holders must act unanimously to cast the votes relating to their joint Membership. Any designation of a proxy to act for joint holders of a membership must be signed by all such holders. With respect to matters to be voted upon by the Members as provided in the Declaration, the voting requirements and proportions shall be as set forth in the Declaration. Cumulative voting is not permitted.

ARTICLE IX
ASSESSMENTS

Members of the Association shall be subject to assessments by the Association from time to time in accordance with the provisions of the Declaration and shall be liable to the Association for payment of such assessments. Members shall not be individually or personally liable for the debts or obligations of the Association.

ARTICLE X
PRINCIPAL OFFICE AND REGISTERED AGENT

The address of the initial principal office of the Association is 1035 South 800 West, Salt Lake City, Utah 84104, and the name of the initial registered agent of the Association at such address is Gary Evershed.

ARTICLE XI
BOARD OF TRUSTEES

The affairs of the Association shall be managed by a Board of Trustees, consisting of not less than three Trustees, as prescribed in the Bylaws. Kimball Project L.C., a Utah limited liability company, its successors and assignees, shall have the exclusive right to appoint and to remove all members of the Board of Trustees of the Association until the expiration of the time period referred to in the Declaration. Trustees may, but need not be, Members of the Association. The number of Trustees constituting the initial Board of Trustees shall be three (3). The names and addresses of the persons who are to serve as the initial Trustees and until the successors of such Trustees are elected or appointed and shall qualify are as follows:

<u>NAME</u>	<u>ADDRESS</u>
Gary Evershed	1035 South 800 West, Salt Lake City, Utah 84104
_____	_____
_____	_____

ARTICLE XII
MANAGER

The Board of Trustees may by written contract delegate to a professional management organization or individual such of its managerial duties, responsibilities, functions, and powers as are properly delegable.

ARTICLE XIII
BYLAWS, RULES, AND REGULATIONS

The Board of Trustees may adopt, amend, repeal, and enforce Bylaws and reasonable rules and regulations governing the operation of the Association and the operation and use of the Project, to the extent that the same are not inconsistent with these Articles of Incorporation or the Declaration.


ARTICLE XIV
INCORPORATOR

The name and address of the incorporator of the Association is Richard L. Blanck, Prince, Yeates & Geldzahler, 175 East 400 South, Suite 900, Salt Lake City, Utah 84111.

ARTICLE XV
AMENDMENTS

Except as otherwise provided by law or by the Declaration, these Articles of Incorporation may be amended in accordance with Utah law upon the affirmative vote of not less than sixty-six and two-thirds percent (66 2/3%) of the voting power of the Members of the Association.

Dated this 21st day of July, 2000.


Richard L. Blanck, Incorporator

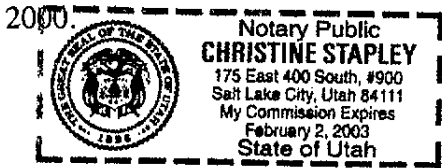
Gary Evershed, Registered Agent

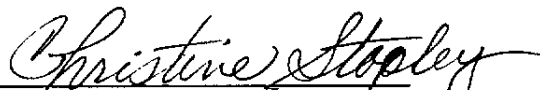
VERIFICATION

STATE OF UTAH)
):
COUNTY OF SALT LAKE)

On the 21st day of July, 2000, personally appeared before me Richard L. Blanck, who being by me duly sworn did say that he is the incorporator of Pierpont Lofts Condominiums Owners Association, Inc., that he signed the foregoing Articles of Incorporation as incorporator of such nonprofit corporation, and that the statements therein contained are true and correct.

IN WITNESS WHEREOF, I have hereunto set my hand this 21st day of July,




Notary Public
Residing at: Salt Lake County, Ut.

My Commission Expires:
2/3/03

BK8376PG3812

EXHIBIT C

OWNERSHIP OF COMMON AREAS AND INITIAL
MONTHLY COMMON EXPENSES ASSESSMENTS

<u>Unit No.</u>	<u>Square Footage of Unit</u>	<u>Percentage of Ownership of Common Areas and Facilities</u>	<u>Initial Monthly Common Expenses Assessment</u>
---------------------	---------------------------------------	---	---

Total:

The Board of Trustees has estimated that the Common Expenses for the first year will be \$ _____. The initial monthly Common Expenses assessments for each Unit shall be as set forth above, payable in advance. An additional one-time assessment equal to twice the initial monthly assessment shall be paid by the initial purchaser only of each Unit at the time of purchase, which assessment shall be in addition to and not in lieu of all other assessments.

OWNERSHIP OF COMMON AREAS AND INITIAL
MONTHLY COMMON EXPENSES ASSESSMENTS

UNIT No.	SQUARE FOOTAGE OF UNIT	PERCENTAGE OF OWNERSHIP OF COMMON AREA OF FACILITIES	INITIAL MONTHLY COMMON EXPENSES ASSESSMENT
W 101	1,124	2.47%	
W 102	732	1.61%	
W 103	721	1.58%	
W 104	725	1.59%	
W 105	717	1.57%	
W 106	715	1.57%	
W 107	1,204	2.64%	
W 109	732	1.61%	
W 110	627	1.36%	
W 111	890	1.95%	
W 112	1,018	2.24%	
W 113	819	1.80%	
W 115	1,170	2.57%	
W 201	581	1.28%	
W 203	785	1.72%	
W 205	786	1.73%	
W 206	623	1.37%	
W 207	615	1.35%	
W 208	489	1.07%	
W 209	464	1.02%	
W 210	454	1.00%	
W 211	613	1.35%	
W 212	656	1.44%	
W 213	589	1.29%	
W 214	475	1.04%	
E 101	1,099	2.41%	
E 102	1,124	2.47%	
E 103	1,124	2.47%	
E 104	1,180	2.59%	
E 105	1,180	2.59%	
E 106	1,180	2.59%	
E 107	1,180	2.59%	
E 108	837	1.84%	
E 109	824	1.81%	
E 110	634	1.39%	
E 111	709	1.56%	
E 112	714	1.57%	
E 113	873	1.92%	
E 114	719	1.58%	
E 115	709	1.56%	
E 116	795	1.75%	
E 117	1,091	2.40%	
E 118	1,109	2.44%	
E 119	1,097	2.41%	
E 120	1,093	2.40%	
E 121	1,063	2.33%	
E 122	1,090	2.39%	
E 123	1,193	2.62%	
E 124	1,183	2.60%	
E 125	752	1.65%	
E 126	764	1.68%	
RETAIL	1,891	4.15%	
TOTAL	45,531	100.00%	

BK8376PG3814