

AMENDED AND RESTATED
 DECLARATION OF COVENANTS,
 CONDITIONS, AND RESTRICTIONS
 OF
 HIGHLAND COVE CONDOMINIUM

SMR 43p.

THIS DECLARATION is made and executed this 25TH day of June, 2003, by THE HIGHLAND COVE CONDOMINIUM OWNER'S ASSOCIATION, a Utah non-profit corporation composed of the collective owners of the condominium units located in Salt Lake County (hereinafter referred to as "the Homeowner's Association"), pursuant to the provisions of the Act as hereinafter defined.

I. SUBMISSION

The Highland Cove Condominium Homeowner's Association, on behalf of the collective owners of condominiums, the legal description of which is attached as Exhibit "A" (hereinafter the "Property") hereby submits the Property together with the buildings and all improvements and all easements, rights, and appurtenances thereunto belonging, to the provisions of the Act as a condominium, to be known as HIGHLAND COVE CONDOMINIUM, located at 1450 and 1460 Highland Cove Lane, Salt Lake City, Utah and the Clubhouse located at 1470 Highland Cove Lane, Salt Lake City, Utah.

II. DEFINITIONS

When used in this Declaration and in the By-Laws, which are made a part of this Declaration and are attached hereto as Exhibit "B", the following terms shall have the meaning indicated. Any terms used which are defined by the Act shall, have the meaning indicated.

1. Act shall mean and refer to the Utah Condominium Ownership Act (Sections 57-8-1 et seq, Utah Code annotated (2001), and as the same may be amended from time to time.
2. Association shall mean and refer to Highland Cove Condominium Owner's Association, and its successors and assigns, and all of the Unit Owners acting as a group in accordance with the Declaration and By-Laws.
3. Common Areas and Facilities and Common Areas shall mean, refer to, and include:
 - (a) The real property and interests in real property which this Declaration submits to the terms of the Act as required by 57-8-10 (2)(a)(iv).

- (b) All Common Areas and Facilities designated as such in the Survey Map.
- (c) All Limited Common Areas and Facilities.
- (d) All foundations, columns, girders, beams, supports, perimeter walls, roofs, balconies, and any entrances and exits which are designed for the use of more than one Unit, parking spaces, access roads, driveway, walkways, pedestrian sidewalks, landscape and planting areas, fences, street lights, and other common facilities.
- (e) All apparatus, installations, and facilities included within the Property and existing for common use.
- (f) All portions not specifically included within the individual Units.
- (g) All Common Areas as defined in the Act, whether or not enumerated herein.

4. Common Expenses shall mean and refer to all sums which are expended on behalf of all the Unit Owners and all sums which are required by the Management Committee to perform or exercise its functions, duties, or rights under the Act, this Declaration, any Management Agreement for operation of the Property, and such Rules and Regulations as the Management Committee may from time to time make and adopt. By way of illustration but not limitation, Common Expenses shall include: (i) Expenses of administration, maintenance, operation, repair, replacement of those elements of the Common Areas that must be replaced on a periodic basis, and other reserves as may be from time to time established pursuant to the Declaration; (ii) Expenses agreed upon as Common Expenses by the Association and lawfully assessed against the Owners in accordance with the Declaration; (iii) Expenses declared Common Expenses by the provisions of the Act or by this Declaration or by the By-Laws; and (iv) Any valid charge against the Property as a whole.

5. Common Profits shall mean and refer to the balance of income, rents, profits, and revenues from the Common Areas remaining after deduction of the Common Expenses.

6. Condominium Unit and Unit means and refers to a separate physical part of the Property intended for independent use, consisting of rooms or spaces located in a building. Units are shown in the Map by single cross-hatching. Mechanical equipment and appurtenances located within any one Unit or located without said Unit but designated and designed to serve only the Unit, such as appliances, electrical receptacles and outlets, air conditioning compressors and other air conditioning apparatus, fixtures and the like, shall be considered part of the Unit, as

shall all decorated interiors, all surfaces of interior structural walls, floors and ceilings, windows and window frames, doors and door frames, and trim, consisting of, as appropriate, wallpaper, paints, flooring, carpeting, and tile. All pipes, wires, conduits, or other public utility lines or installations constituting a part of the Unit and serving only the Unit, and any structural members or any other property of any kind, including fixtures and appliances within any Unit, which are removable without jeopardizing the soundness, safety, or usefulness of the remainder of the building within which the Unit is situated shall be considered part of the Unit.

7. Declaration shall mean and refer to this instrument, as the same may be amended from time to time.

8. Eligible Holder, Insurer, or Guarantor shall mean a holder of a first mortgage on a unit or an insurer or governmental guarantor of a first mortgage as defined in the current FNMA Conventional Home Mortgage Selling Contract Supplement.

9. The term "FNMA" shall mean the Federal National Mortgage Association.

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

11. Majority of the Owners shall mean and refer to the owners of the Units to which more than fifty percent (50%) of the votes in the Association appertain.

12. Management Committee and Committee shall mean and refer to the elected Management Committee of the Highland Cove Condominium Association as it exists at any given time.

13. Mortgage shall mean any mortgage, deed of trust or other security instrument by which a Unit or any part thereof is encumbered. First Mortgage shall refer to a mortgage which has a Lien position prior to any other mortgage.

14. Mortgagee shall mean any person named as a Mortgagee or beneficiary under or holder of a deed of trust.

15. Percentage Interest means and refers to the percentage undivided interest of each unit in the Common Areas as set forth in Article III, Paragraph 3 of this Enabling Declaration.

16. Property shall mean and refer to the land in Exhibit "A" and other land that may be annexed to the Property as provided herein, the buildings, all improvements, and the structures

thereon, all easements, rights, and appurtenances belonging thereto, and all articles of personal property intended for use in connections therewith.

17. Record of Survey Map and Map shall mean and refer to the Record of Survey Map as previously filed; and prepared and certified to by Aposhian Consulting Engineers, Inc., a duly registered Utah Land surveyor having Certificate No. 2967.

18. Rules and Regulations means those rules and regulations adopted from time to time by the Management Committee that are deemed necessary for the enjoyment of the Property, provided they are not in conflict with the Act or the Declaration.

19. Unit Number shall mean and refer to the number which designates a Unit on Map.

20. Unit Owner or Owner shall mean and refer to the Owner of the fee in a Unit and the Percentage Interest in the Common Areas. In the event a Unit is the subject of an executory contract of sale, the contract purchaser shall, upon notice to the Committee by the Purchaser, unless the seller and the purchaser have otherwise agreed and have informed the Committee in writing of such agreement, be considered as Unit Owner for purposes of voting and Committee membership.

III. COVENANTS, CONDITIONS, AND RESTRICTIONS

The submission of the Property to the provisions of the Act is made upon and under the following covenants, conditions, and restrictions:

1. Description of Improvements. The improvements included in the Property are located on the property described in Exhibit "A" attached hereto, and all such improvements are described on the Map. The Map indicates the number of stories, the number of Units which are contained in the buildings, which comprise a part of such improvements, the dimensions of the Units, the recreational areas and facilities such as the Clubhouse, swimming pool, game courts, putting green, gazebo, and all other Common Areas thereof. There are 48 Units contained in the three story building, with each wing of the building containing 24 Units. There is one clubhouse. 72 covered carports and 31 parking stalls that are not covered. Said covered carports are limited Common Area and uncovered parking stalls are Common Area.

2. Description and Legal Status of Units. The Map shows the Unit and Building designation, its location, dimensions from which its area may be determined, those Limited Common Areas which are reserved for its use, and the Common Areas to which it has immediate access. All Units are residential Units. All Units are independently owned, encumbered, and conveyed.

3. Par Value of Units. The Par Value of each unit of Property expressed as a percentage is 2.0833%. (See paragraph 5 for computation of Percentage Interests.)

4. Common and Limited Common Areas.

(a) The Common Areas contained on the Property are described and identified in Article II of this Declaration. Neither the Percentage Interest nor the right of exclusive use of a Limited Common Area shall be separated from the Unit to which it is appurtenant; and, even though not specifically mentioned in the instrument of transfer, the Percentage Interest and such right of exclusive use shall automatically accompany the transfer of the Unit to which they relate. Each Unit Owner shall at his own cost keep the Limited Common Areas designed for exclusive use in connection with his Unit in a clean, sanitary, and attractive condition at all times.

Balconies, patios, and carports are Limited Common areas appurtenant to such Unit. Such Limited Common Areas are depicted on the Map by double cross-hatching.

(b) The use of the Common Areas shall be limited to the Owners in residence and to their tenants in residence, and to their guests, invitees, and licensees. The use of each of the Limited Common Areas shall be restricted to the Owner of the Unit to which it is appurtenant, to his tenants in residence, and to his guests, invitees, and licensees. The use of the Common Areas and Limited Common Areas shall be governed by the Declaration and the Rules and Regulations as adopted and amended from time to time by the Management Committee.

5. Computation of Percentage Interests. The proportionate share of the Unit Owners in the Common Areas of the Property is based on the par value that each of the Units bear to the total par value of all Units. The proportionate ownership in the Common Areas shall be for all purposes including, but not limited to, voting, participation in Common Profits, and assessments for Common Expenses. The interest for each of the Unit Owners in the Common Areas shall be 2.0833%.

6. Unit Maintenance. Each Owner shall at his own cost and expense maintain, repair, paint, repaint, tile, wallpaper, or otherwise refinish and decorate the interior surface of the walls, ceilings, floors, windows, and doors forming the boundaries of his Unit and all walls, ceilings, floors, windows, and doors within such boundaries. Each Owner in decorating the windows of his own unit shall line all drapes in white or any other window treatment which shows to the exterior shall show in white, with the aim of giving a uniform appearance to the Property. In addition to decorating and keeping the interior of his Unit in good repair and in a clean and sanitary condition,

he shall be responsible for the maintenance, repair, or replacement of any plumbing fixtures, water heater, heating equipment, air conditioner, lighting fixtures, refrigerator, dishwasher, disposal equipment, range, or other appliances or fixtures that may be in, or connected with, his Unit. Any condominium owner or owner's tenant through his or her negligence, or accident, and/or any other cause resulting in damages to their own condominium unit or to another's condominium unit within the Highland Cove Condominium Complex must pay for the cost, either through the owner's insurance payment or with the owner's cash settlement, for the repair of all the resulting damages to their own and any other condominium unit suffering damages within a reasonable time frame.

7. Association Membership. Membership in the Association shall be mandatory, shall be appurtenant to the Unit in which the Owner has the necessary interest, and shall not be separated from the Unit to which it appertains. The property, business, and affairs of the Association shall be governed by the Management Committee as agent of the Association.

8. Easement for Encroachment. If any part of the Common Areas encroaches or shall hereafter encroach upon a Unit or Units, an easement for such encroachment and for the maintenance of or the same shall and does exist. If any part of a Unit encroaches or shall hereafter encroach upon the Common Areas, or upon an adjoining Unit or Units, an easement for such encroachment and for the maintenance shall and does exist. Such encroachments shall not be considered to be encumbrances either to the Common Areas or the Units. Encroachments may be caused by error in the original construction of the building(s) on the Property, by error in the Map, by settling, rising, or shifting of the earth, or by changes in position caused by repair or reconstruction of the Property or any part thereof.

9. Access for Repair of Common Areas. Some of the Areas are or may be located within the Units or may be conveniently accessible only through the Units. The Owners of the other Units shall have the irrevocable right, to be exercised by the Committee, as its agent, to have access to each Unit and to all Common Areas from time to time during such reasonable hours as may be necessary for the maintenance, repair, or replacement of any of the Common Areas located therein or accessible therefrom or for making emergency repairs therein necessary to prevent damage to the Common Areas or to another Unit or Units. The Committee shall also have such rights independent of the agency relationship. Damage to the interior of any part of a Unit or Units resulting from the maintenance, repair, emergency repair, or replacement of any of the

Common Areas or as a result of emergency repairs within another Unit at the instance of the Committee or of Unit Owners shall be the responsibility of the Association; provided, that if such damage is the result of negligence of the Owner of a Unit, then such Owner shall be financially responsible for all such damage. Such damage shall be repaired and the property shall be restored substantially to the same condition as existed prior to damage. Amounts owing by Owners shall be collected by the Committee by assessment.

10. Rights of Ingress, Egress. Each Owner shall have the right to ingress and egress over, upon, and across the Common Areas necessary for access to his Unit, and to the Limited Common Areas designated for use in connection with his Unit, and such rights shall be appurtenant to and pass with the title to each Unit.

11. Pipes, Ducts, Cables, Wires, Conduits, Public Utility Lines, and Other Common Facilities Located Inside of Units; Support. Each Unit Owner shall have an easement in common with the Owners of all other Units to use all pipes, wires, ducts, cables, conduits, public utility lines, and other Common Facilities located in any of the other Units and other Common Facilities located in any of the other Units and serving his Unit. Each Unit shall be subject to an easement in favor of the Owners of all other Units to use the pipes, ducts, cables, wires, conduits, public utility lines and other Common Facilities serving such other units and located in such Unit. The Management Committee shall have a right of access to each Unit to inspect the same to remove violations therefrom, and to maintain, repair, or replace the Common Areas contained therein or elsewhere in the buildings. Every portion of a Unit which contributes to the structural support of the building shall be burdened with an easement of structural support for the benefit of all other Units and the Common Areas.

12. Easement to Management Committee. The Management Committee shall have non-exclusive easements to make such use of the Common Areas as may be necessary or appropriate to perform the duties and functions which it is obligated or permitted to perform pursuant to this Declaration.

13. Easement for Utility Service. There is hereby created a blanket easement upon, across, over, and under the property described in Exhibit "A" for ingress, egress, installation, replacing, repairing, and maintaining all utilities, including but not limited to water, sewers, gas, telephones, electricity, and other utility services.

14. Easement for Use of Recreational Areas and Facilities.

(a) The right and easement of enjoyment created hereby shall be subject to the following:

(1) The rights of the Management Committee to charge Unit owners and guests reasonable admission and other fees for the use of the recreational areas and facilities.

(2) The right of the Management Committee to adopt Rules and Regulations governing the use by the Owners of the recreational areas and facilities.

(b) Any person having the right to use and enjoy the recreational areas and facilities may delegate such rights to the members of his family, tenants who reside on the land in Exhibit "A" hereof and to such other persons as may be permitted by the Management Committee.

(c) Each person having the right to use the recreational areas and facilities and each person to whom such right has been delegated shall comply with the Rules and Regulations regarding such use, as such Rules and Regulations may be established and amended from time to time by the Management Committee. Such rights to use may be suspended upon failure of a Unit Owner to pay his assessments.

15. Use of Units and Common Areas.

(a) Each of the Units on the Property is intended to be used for single family residential housing and is restricted to such use. Highland Cove Condominium has been designated as age fifty-five (55) or older housing. The condominiums qualify for such designation based on the occupancy of more than eighty percent (80%) of all occupied units by at least one person fifty-five (55) years of age or older. Highland Cove Condominiums is intended and operated to provide housing for persons fifty-five (55) years of age or older. Accordingly, all units must be occupied by at least one person fifty-five (55) years of age or older and persons under eighteen (18) years of age may not reside in any unit. Because the occupants in units 111, 214 and 219 did not meet the age requirements and restrictions, they shall be exempt from the over fifty-five (55) age requirement and under eighteen (18) age restriction for so long as they shall continuously occupy their respective units. Any change in the occupants of the units shall terminate the exemption from the age requirements and restrictions. As a condition of continued occupancy of any unit of Highland Cove Condominiums, all occupants shall complete periodic surveys or questionnaires and provide reliable documentation concerning their ages. Further, all occupants shall comply with Rules, Regulations, Policies and guidelines promulgated by the

Management Committee to accommodate age fifty-five (55) and over residents and to preserve Highland Cove Condominium's designation as fifty-five (55) and older housing.

(b) There shall be no obstructions of the Common Areas by the Owner, their tenants, guests, or invitees without the prior written consent of the Committee. The Committee may by Rules and Regulations prohibit or limit the use of the Common Areas as may be reasonably necessary for protecting the interest of all the Owners or protecting the Units or the Common Areas. Nothing shall be kept or stored on any part of the Common Areas without the prior written consent of the Committee, except as specifically provided herein. Nothing shall be altered on, constructed in, or removed from the Common Areas except upon the prior written consent of the Committee.

(c) Nothing shall be done or kept in any Unit or in the Common Areas or any part thereof which would result in the cancellation of the insurance on the Property or any part thereof over what the Committee, but for such activity, would pay, without the prior written consent of the Committee. Nothing shall be done or kept in any unit or in the Common Areas or any part thereof which would be a violation of any statute, rules, ordinance, regulation, permit, or other validly imposed requirement of any governmental body. No damage to, or waste of, the Common Areas or any part thereof shall be committed by any Owner or any invitee of any Owner, and each Owner shall indemnify and hold the Committee and the Owners harmless against all loss resulting from any such damage or waste caused by him or his invitees. No noxious, destructive, or offensive activity shall be carried on in any Unit or in the Common Areas or any part thereof, nor shall anything be done therein which may be or may become an annoyance or nuisance to any other Owner or to any person at any time lawfully residing on the Property.

(d) No Owner shall violate the Rules and Regulations for the use of the Units and of the Common Areas as adopted from time to time by the Management Committee.

(e) No structural alterations to any Unit shall be made by any Owner without the prior written consent of the Committee.

(f) No recreational vehicle (boats, campers, trailers, motor homes, or similar items) shall be parked on any portion of the Common Areas except for temporary parking.

(g) No signs whatsoever shall be erected or maintained in the Common Areas without the prior written consent of the Committee, except such signs as may be required by legal proceedings.

16. Status and General Authority of Committee. Notwithstanding anything herein contained to the contrary, the Condominium Property shall be managed, operated, and maintained by the Management Committee exclusively as agent of the Association and any act performed by the Management Committee pursuant to this Declaration or the By-Laws, as the same may be amended from time to time, shall be deemed to be performed by the Committee for and on behalf of the Association as its agent. The Management Committee 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 the 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 and be sued.

(d) The authority to enter into contracts which in any way concern the Property, 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 authorized by the Owners having an interest therein.

(f) The power and authority to purchase, otherwise acquire, and accept title to any interest in real property, so long as such action has been authorized by any vote or consent which is necessary under the circumstances.

(g) The authority to license persons not otherwise entitled to use any of the recreational areas and facilities to use the same from time to time as the Committee deems appropriate upon payment of fees prescribed by it to help defray the cost of maintenance thereof.

(h) The power and authority to borrow money, provided that no indebtedness for borrowed funds shall exceed at any given time the sum of \$5,000.00 without the prior approval of the Majority of the Owners.

(i) The authority to promulgate such reasonable Rules and Regulations, and procedures as may be necessary or desirable to aid the Committee in carrying out any of its functions or to insure that the Property is maintained and used in a manner consistent with the interest of the Unit Owners.

(j) The power and authority to perform any other acts and to enter into any other transactions which may be reasonably necessary for the Management Committee to perform its functions as agent of the Association. Any instrument executed by the Management Committee that recites facts which, if true, would establish the Committee's power and authority to accomplish through such instrument what is purported to be accomplished thereby, shall conclusively establish said power and authority in favor of any person who in good faith and for value relies upon said instrument.

17. Manager. The Committee may carry out any of its functions which are capable of delegation through a Property Manager. Any Manager retained for such purposes must be an individual or entity experienced and qualified in the field of property management. The Manager so engaged shall be responsible for managing the Property for the benefit of the Unit Owners and shall, to the extent permitted by Law and the terms of the agreement with the Committee, be authorized to perform any of the functions or acts required or permitted to be performed by the Management Committee itself.

18. Composition of Committee. The Management Committee shall be composed of five persons, all of whom shall be Owners or spouses of Owners in permanent residence, Trustee of a trust (in case ownership is in a Trust); or Mortgagees (or designee of Mortgagee) of Units. In all other cases of vacancy, the remaining committee members shall elect a replacement to sit on the Committee until the expiration of the term for which the member being replaced was elected.

19. Agreement to Pay Assessment. Each Owner of any Unit by the acceptance of a deed, therefore, whether or not it be so expressed in the deed or by entering into a sale and purchase contract, shall be deemed to covenant and agree with each other and with the Committee to pay to the Committee annual assessments made by the Committee for the purposes provided in this declaration, and special assessments for capital improvements and other matters as provided in this Declaration. Such assessments shall be fixed, established, and collected from time to time in the manner hereinafter provided.

(a) Amount of Total Annual Assessments. The total annual assessments against all Units shall be based upon advance estimates of cash requirements by the Committee to provide for the payment of all estimated expenses growing out of or connected with the maintenance and operation of the Common Areas, which estimates may include, among other things, expenses of management, grounds maintenance, taxes, and special assessments, premiums

for all insurance which the Committee is required or permitted to maintain, common lighting and heating, water charges, trash collection, sewer service charges, repairs, and maintenance of the Common Areas and replacement of those elements of the Common Areas that must be replaced on a periodic basis, wages for Committee employees, legal and accounting fees, any deficit remaining from a previous period; the creation of a reasonable contingency reserve, surplus and or sinking fund; and any other expenses and liabilities which may be incurred by the Association for the benefit of the Owners under or by reason of this Declaration.

(b) Apportionment of Annual Assessments. Expenses attributable to the Common Areas and to the Property as a whole shall be apportioned among all Owners in proportion to their respective Percentage Interest in the Common Areas.

(c) Notice of Annual Assessments and Time for Payment Thereof. Annual assessments shall be made on a calendar year basis. The Committee shall give written notice to each Owner as to the amount of the annual assessment with respect to his Unit not less than thirty (30) days nor more than sixty (60) days prior to the beginning of the next calendar year. Such assessment shall be due and payable in monthly installments on the first day of each and every month of each year. Such assessment shall be due and payable within thirty (30) days after written notice of the amount thereof shall have been given to the respective Owner of a Unit. Each monthly assessment shall bear interest at the rate of eighteen percent (18%) per annum from the date it becomes due and payable, if not paid within thirty (30) days after such date. Failure of the Committee to give timely notice of any assessment as provided here shall not affect the liability of the Owner of any Unit for such assessment, but the date when payment shall become due shall be deferred to a date thirty (30) days after such notice shall have been given.

(d) Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Committee may levy in any assessment year a special assessment, payable over such a period as the Committee may determine, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of the Property or any part thereof, or for any other expense incurred or to be incurred as provided in this Declaration. This section shall not be construed as an independent source of authority for the Committee to incur expenses, but shall be construed to prescribe the manner of assessing for expenses authorized by other Sections hereof. Any amounts assessed pursuant hereto shall be assessed to Owners in proportion to their respective Percentage Interests in the

Common Areas. Notice in writing of the amount of such special assessments and the time for payment thereof shall be given promptly to the Owners, and no payment shall be due less than thirty (30) days after such notice shall be given. A special assessment shall bear interest at the rate of eighteen percent (18%) per annum from the date it becomes due and payable if not paid within thirty (30) days after such date. Notwithstanding anything to the contrary herein contained, additions or capital improvements to the Property which cost no more than \$5,000.00 may be authorized by the Management Committee alone. Additions or capital improvements, the cost of which will exceed such amount must, prior to being constructed, be authorized by the Majority of the Owners. Any addition or capital improvement which would materially alter the nature of the Property must, regardless of its cost and prior to being constructed, be authorized by a vote of Unit Owners in person or by proxy of not less than 67% of the Percentage Interest at a meeting of the Association, special or annual, at which a quorum is present.

(e) Lien for Assessments. All sums assessed to any Unit pursuant to this Declaration, together with interest, late charges, or fees thereon, shall be secured by a lien on such Unit in favor of the Association. Such lien shall be superior to all other liens and encumbrances on such Unit, except only for (a) valid tax and special assessment liens on the Unit in favor of any governmental assessing authority; and (b) a lien for all sums unpaid on a first Mortgage, duly recorded in the Official Records of Salt Lake County, Utah, including all unpaid obligatory advances to be made pursuant to such Mortgage and all amounts advanced pursuant to such mortgage and secured by the lien in accordance with the terms of such instrument. All other lienors acquiring liens on any unit after this Declaration shall have been recorded in said records shall be deemed to consent that such liens shall be inferior to future liens for assessments, as provided herein, whether or not such consent be specifically set forth in the instruments creating such liens.

To evidence a lien for sums assessed hereunder, the Committee may prepare a written notice of lien setting forth the amount of the assessment, the date due, the amount remaining unpaid, the name of the Owner of the Unit, and a description of the Unit. Such a notice shall be signed by two (2) Committee members and may be recorded in the Office of the County Recorder of Salt Lake County, Utah. No notice of lien shall be recorded until there is a delinquency in payment of the assessment. Such lien may be enforced by judicial foreclosure by the Committee in the same manner in which mortgages on real property may be foreclosed in Utah. In any such

foreclosure, the Owner shall be required to pay the costs and expenses of such proceeding, the costs and expenses of filing the notice of lien, and all reasonable attorney's fees. All such costs, expenses, and fees shall be secured by the lien being foreclosed. The Owner shall also be required to pay to the Committee any assessments against the Unit which shall become due during the period of the action, the Unit Owner shall pay a reasonable rental for his use of the Unit and the Committee shall, without regard to the value of the Unit, be entitled to the appointment of a receiver to collect any rentals due from the Owner or any other person. The Committee shall have the right and power to bid an amount equal to its then existing lien at the foreclosure sale or other legal sale and it acquire, hold, convey, lease, rent, encumber, use, and otherwise deal with the same as the Owner thereof.

A release of notice of lien shall be executed by the Committee and recorded in the office of the County Recorder of Salt Lake County, Utah, upon payment of all sums secured by a lien which has been made the subject of a recorded notice of lien.

Any encumbrancer holding a lien on a Unit may pay, but shall not be required to pay any amounts secured by the lien created hereunder, and upon such payment, encumbrancer shall be subrogated to all rights of the Committee with respect to such lien including priority.

The Committee shall report to any encumbrancer of a Unit any unpaid assessments remaining unpaid for thirty (30) days after the same shall have become due; provided, however, that such encumbrancer first shall have furnished to the Committee written notice of such encumbrance.

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

(g) Statement of Account. Upon payment of a reasonable fee not to exceed ten dollars (\$10.00), or such other amount as may in the future be allowed by the Act, and upon written request of any Owner or any Mortgagee, prospective Mortgagee or prospective purchaser of a Unit, the Committee shall issue a written statement setting forth the amount of the unpaid assessments, if any, with respect to such Unit; the amount of the current yearly assessment and the

date that such assessment becomes or became due; credit for advanced payments or prepaid items including, but not limited to, an Owner's share of prepaid insurance premiums; and such statement shall be conclusive upon the Committee in favor of persons who rely thereon in good faith.

Unless such request for a statement of account shall be complied with within twenty (20) days, all unpaid assessments which became due prior to the date of making such request shall be subordinate to the lien of a Mortgage which acquired its interest subsequent to requesting such statement. Where a prospective purchaser makes such requests, both the lien for such unpaid assessments and the personal obligations of the purchaser shall be released automatically if the statement is not furnished within the twenty (20) day request period provided herein and thereafter an additional written request is made by such purchaser and is not complied with within ten (10) days, and the purchaser subsequently acquires the Unit.

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

20. Insurance. The Management Committee shall secure and at all times maintain the following insurance coverage:

(a) A multi-peril policy or policies of fire and casualty insurance, with extended coverage and all other coverage in the kinds and amounts commonly required by private institutional mortgage investors for projects similar in construction, location, and use on a replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value (based upon replacement cost). Such insurance shall cover all of the common and limited common elements including fixtures and building service equipment to the extent they are part of the common elements of the condominium (excepting only land, foundations, and other items normally excluded from coverage). Each such policy shall contain the standard mortgagee clause which must be endorsed to provide that any proceeds shall be paid to the Association for the use and benefit of the Mortgagees as their interests may appear. The insured shall be the "Homeowners Association of Highland Cove Condominiums for the use and benefit of the individual owners."

(b) A comprehensive policy of public liability insurance insuring the Association, the Committee, the Manager, and the Unit Owners against any liability incident to the ownership, use, or operation of the Common Areas and public ways of the Property or of any Unit which may arise among themselves, to the public, or to any invitees, or tenants of the Property, or of the Unit Owners. Limits of liability under such insurance shall be not less than one million dollars (\$1,000,000.00) per occurrence for personal property injury and/or property damage. Such insurance policy shall contain a "severability of interest" endorsement which shall preclude the insurer from denying the claim of a Unit Owner because of negligent acts of the Association or other Unit Owners. The scope of coverage must include all other coverage in the kinds and amounts required by private institutional mortgage investors for similar property in location, construction, and use including, but not limited to host liquor liability, contractual and all-written contract insurance, employers liability, and comprehensive automobile liability insurance.

(c) The Association shall maintain fidelity coverage to protect against dishonest acts on the part of Committee Members, Manager, employees, or volunteers responsible for handling funds belonging to or administered by the Association. The fidelity bond or insurance must name the Association as the named insured and shall be written in an amount sufficient to provide protection which in no event shall be less than the estimated maximum of funds, including reserve funds in the custody of the Association or its agent at any given time. In no event may the aggregate amount of such coverage be less than a sum equal to three months aggregate assessments on all units plus reserve funds. In connection with such coverage, an appropriate endorsement to the policy to cover any persons who serve without compensation shall be added if the policy would not otherwise cover volunteers.

The following additional provisions shall apply with respect to insurance:

(d) In addition to the insurance and bond coverage described above, the Committee shall secure and at all times maintain insurance against such risks as are or hereafter may be customarily insured against in connection with all condominium projects similar to the Property in construction, nature, and use.

(e) Each hazard insurance policy shall be written by a company holding a financial rating of Class VI or better from Best's Insurance Reports. Each insurer must be specifically licensed to transact business with the State of Utah. Policies are unacceptable where (i) under the terms of the carrier's character, by-laws or policy, contributions, or assessments may

be made against the Borrower or FNMA or its designee on said contributions or assessments may become a lien superior to FNMA's lien of mortgage; or (ii) by the terms of the carrier's charter, by-laws or policy, loss payments are contingent upon action by the carrier's board of directors, policy holders, or members; or (iii) the policy includes any limiting clauses (other than insurance conditions) which could prevent FNMA or the borrower from collecting insurance proceeds.

(f) The Committee shall have the authority to adjust losses.

(g) Insurance secured and maintained by the Committee shall not be brought into contribution with insurance held by the individual Unit Owners or their mortgagees.

(h) Each policy of insurance obtained by the Committee shall provide: a standard mortgagee clause commonly accepted by private institutional mortgage investors in the Area in which the Property is located and which appropriately names FNMA or its Servicer if FNMA is a holder of one or more first mortgages on Condominium units. If Servicer is named, Servicer's name shall be followed by the phrase "its successors and assigns;" a waiver (if available) of the insurer's subrogation rights with respect to the Committee, the Manager, the Unit Owners, and their respective servants, agents, and guests; and it cannot be cancelled, prejudiced, suspended, or invalidated due to the conduct of any particular Unit Owner or Owners; that it cannot be cancelled, suspended, or invalidated due to the conduct of any member, officer, or employee of the Committee or the Manager without a prior written demand that the defect be cured; that any "no other insurance" clause therein shall not apply with respect to insurance held individually by the Unit Owners; that a mortgagee clause endorsement which must provide that the insurance carrier shall notify the first Mortgagee (or trustee) named and the Owners Association at least ten (10) days in advance of the effective date of any reduction in or cancellation of the policy; and that the policy will recognize any Insurance Trust Agreement.

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

(j) Notwithstanding the foregoing provisions, an insurance trustee may be named as an insured on behalf of the Owners Association or its representative, who shall have exclusive authority to negotiate losses under any policy providing such property or liability

insurance. Unit Owners are hereby deemed to appoint the Association or any Insurance Trustee designated by the Association as their attorney-in-fact of the purpose of purchasing and maintaining such insurance including negotiation of losses, execution of releases, collection and distribution of proceeds, and all other acts necessary to accomplish such purpose. The Association or any insurance trustee shall receive, hold, or dispose of any insurance proceeds in trust for Unit Owners and their first mortgage holders, as their interests may appear.

(k) The property is not located in an area identified by the (Federal Emergency Management Agency) as an area having special flood hazards. In the event that at some future time the Property should be declared to be in such flood area, a blanket policy of flood insurance on the Property shall be maintained in the amount of the aggregate of the outstanding principal balances of the mortgage loans on the Units comprising the Property or the maximum limit of coverage available under the National Flood Insurance Program, whichever is less. The name of the insured under each required policy must be in the form and substance as that required by the Federal National Mortgage Association at any given time.

21. Damage to Property. In the event of damage or destruction of part or all of the improvements in the Condominium Property, the following procedures shall apply:

(a) If proceeds of the insurance maintained by the Management Committee are alone sufficient to repair or reconstruct the damage or destroyed improvement, such repair or reconstruction shall be carried out.

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

(c) If 75% or more of the Property's Improvements are destroyed or substantially damaged, if proceeds of the insurance maintained by the Management Committee are not alone sufficient to accomplish restoration, and if the Unit Owners within 100 days after the destruction or damage by a vote of at least 75% elect to repair or reconstruct the affected improvements, restoration shall be accomplished in the manner directed under subparagraph (b) above.

(d) If 75% or more of the Property's improvements are destroyed or substantially damaged, if proceeds of the insurance maintained by the Committee are insufficient to accomplish restoration, and if the Unit Owners do not, within 100 days after the destruction or damage and by a vote of at least 75%, elect to repair or reconstruct the affected improvements, the Management Committee shall promptly record with the Salt Lake County Recorder a notice setting forth such facts. Upon the recording of such notice, the provisions of subsections (1) through (4) of Section 57-8-31, Utah Code Annotated (1953), shall apply and shall govern the rights of all parties having an interest in the Property or any of the Units.

Any reconstruction or repair which is required to be carried out by this Paragraph 21 regarding the extent of damage to or destruction of the Property improvements shall be made by three MAI appraisers selected by the Management Committee. The decision of any two such appraisers shall be conclusive.

22. Amendment. Except as provided below, the vote of at least 67% of the Percentage Interest of the Unit Owners in person or represented by proxy at a meeting of the Association at which a quorum is present shall be required to amend the Declaration or the Map. Any amendment so authorized shall be accomplished through the recordation of any instrument executed by the Management Committee. In such instrument, the Committee shall certify that the vote required by this paragraph for amendment has occurred.

23. Consent Equivalent to Vote. In those cases in which the Act or this Declaration requires the vote of a stated percentage of the Property's undivided ownership interest for the authorization or approval of a transaction, such requirement may be fully satisfied by obtaining, with or without a meeting, consents in writing to such transaction from Unit Owners who collectively hold at least the necessary percentage of undivided ownership interest.

24. Eminent Domain. In the event that all or part of the Common Areas shall be taken, injured, or destroyed as the result of the exercise of the power of eminent domain, each Unit Owner hereby appoints the Management Committee as their attorney-in-fact to represent said Unit Owner in any proceedings, negotiations, settlements, or agreements with the condemning authority; any award or proceeds of settlement that result from such proceedings shall be payable to the Association for the use and benefit of the Unit Owners in the same portion as his Percentage Interest in the Common Areas.

25. Service of Process. John Green, of Cirrus Properties, Inc., whose address is 2270 East 4500 South, Holladay, Utah 84117, is the person to receive service of process in cases authorized by the Act. The Management committee shall, however, have the right to appoint a successor substitute process agent. Such successor or substitute agent and his address shall be specified by an appropriate instrument filed in the Office of the County Recorder of Salt Lake County, State of Utah.

26. Mortgage Protection. Notwithstanding anything to the contrary contained in the Declaration:

(a) An adequate reserve fund for repair, maintenance and replacement of those elements of the Common Areas that must be replaced on a periodic basis must be established and shall be funded by regular monthly payments rather than by special assessments.

(b) Any mortgage holder which comes into possession of the Unit pursuant to the remedies provided in the Mortgage or foreclosure of the Mortgage or deed (or assignment in lieu of foreclosure) shall be exempt from any "right of first refusal," or other provisions which may exist relating to sale or lease of the Units, and no right of first refusal shall impair the rights of any mortgagee to: (i) foreclose or take title to a Unit pursuant to the remedies provided in the Mortgage, or (ii) accept a deed (or assignment) in lieu of foreclosure in the event of default by a mortgager, or (iii) interfere with a subsequent sale or lease of the Unit which is conducted in compliance with the provisions of this Declaration.

(c) Any agreement for professional management of the Property, or any other contract providing for services by the Committee must provide for termination by either party without causes or payment of a termination fee on 30 days or less written notice and a maximum contract term of one year, renewable by agreement of the parties for successive one-year periods.

(d) In the event of damage to or destruction of any Unit or part of the Common Areas, the institutional holder, insurer, or guarantor of any first mortgage on a Unit shall be entitled upon written request to the Management Committee, to timely written notice to any such damage or destruction. No Unit Owner or other party shall be entitled to priority over such institutional holder with respect to the distribution to such Unit Owner of any insurance proceeds regardless of the amount of loss. Upon request of any first mortgagee, the Committee must provide a letter to said first Mortgagee wherein the Committee agrees to notify the first Mortgagee

or any organization it designates at the address indicated by the mortgagee whenever damage to Unit covered by the first Mortgagee's Mortgage occurs or damage to the Common Areas and related facilities occurs.

(e) If any Unit or portion thereof or the Common Areas or any portion thereof is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, the institutional holder, insurer, or guarantor of any first mortgage of a Unit shall be entitled upon written request to the Management Committee, to timely written notice of any such proceeding or proposed acquisition. No Unit Owner or other party shall have priority over such institutional holder regardless of the amount of the condemnation award with respect to the distribution to such Unit Owner of the proceeds of any award or settlement.

(f) With the exception of a lender in possession of a Unit following default in a first mortgage, a foreclosure proceeding or any deed or other arrangement in lieu of foreclosure, no Unit Owner shall be permitted to lease his Unit for transient or hotel purposes. No Unit Owner may lease less than the entire unit. Any lease agreement shall provide that the terms of the lease shall be subject in all respects to the provisions of the Declaration, By-Laws and Rules, Regulations, Policies and Guidelines, including the requirement that each unit be occupied by a person age fifty-five (55) or older and restrictions against occupancy by persons younger than eighteen (18) years of age. Any failure by the lessee to comply with the terms of such documents shall be a default under the lease. All leases shall be in writing and for a period of not less than 30 days.

(g) Each holder of a first mortgage lien on a Unit who obtains title to a Unit by virtue of remedies provided in the Mortgage, including but not limited to, foreclosure, shall take the Unit free of unpaid charges and shall not be liable for any unpaid claims or assessments and charges against the Unit which accrue prior to the acquisition of title of such Unit by Mortgage.

(h) Any holder, insurer, or guarantor of a Mortgage is entitled, upon written request, to written notification from the Management Committee of any default by the Mortgagor of such Unit in the performance of such Mortgagor's obligation under the Declaration which is not cured within sixty (60) days.

(i) Any lien which the Management Committee may have on any Unit on the Property for the payment of Common Expense assessments attributable to such Unit will be subordinate to the lien or equivalent security interest of any first mortgage on the Unit.

(j) Unless 67% of the first Mortgagee's of Units have given their prior written approval (said approval shall be deemed to have been given if said first Mortgagee does not deliver or post a negative response within 30 days of receiving a written request for approval), neither the Management Committee, nor the Association shall:

(1) Change the pro-rata interest or obligations of any Unit for (i) purposes of levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards or for (ii) determining the pro-rata share of ownership of each Unit in the appurtenant Common Areas.

(2) Partition or subdivide any Unit.

(3) Make any material amendment to the Declaration or to the By-Laws of the Association, including, but not limited by, any amendment which would change the percentage interests of the Units Owners in the Common Areas.

(4) By act or omission, seek to amend, partition, subdivide, encumber, sell, abandon, or transfer the Common Areas, except for the granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Areas of this subparagraph.

(5) Use hazard insurance proceeds for losses to any condominium property (whether to Units or to the Common Areas) for other than the repair, replacement, or reconstruction of such improvements, except as provided by statute in cases of substantial loss to the Units and/or the Common Areas of the Property.

(6) Allow any insurance policy or fidelity bond maintained by said Homeowners Association or Management Committee to lapse, be cancelled, or to be materially modified.

(k) The holders, insurers, or guarantors of first mortgages (or trust deeds) shall have the right to examine the books and records of the Property during business hours and to receive upon written request an audited financial statement of the Property for the preceding fiscal year within a reasonable time following such request.

(l) The Management Committee or Manager shall maintain a current roster of Unit Owners.

(m) If professional management is provided for by requirement of any eligible mortgage holder, insurer, or guarantor, or otherwise, then any decision to establish self management by the Owners Association shall require the prior consent of owners of units to which at least 67% of the votes are allocated and the approval of 51% of the eligible mortgage holders on Units on the Property.

(n) The Committee shall make available to Unit Owners or lenders, or insurers, current copies of the Declaration, By-Laws, and other rules for inspection during normal business hours.

27. Duty of Owner to Pay Taxes on Unit Owned. It is understood that under the Act each Unit (and its Percentage Interest in the Common Areas) on the Property is subject to separate assessment and taxation of each taxing authority and the special district(s) for all types of taxes and assessments authorized by law, and that as a result thereof, no taxes will be assessed or levied against the Property as such, except for certain personal properties thereof. Accordingly, each Unit Owner will pay and discharge any and all taxes and assessments which may be assessed against him on his Unit.

28. Covenant to Run With Land; Compliance. This Declaration and all the provisions hereof shall constitute covenants to run with the land or equitable servitudes, as the case may be and shall be binding upon and shall to the benefit of Unit Owners, all parties who hereafter acquire any interest in a Unit or on the Property, and their respective grantees, transferees, heirs, devisees, personal representatives, successors, and assigns. Each Owner or occupant of a Unit shall comply with, and all interests in all Units shall be subject to, the terms of the Act, the terms of this Declaration, by By-Laws, and the provisions of any rules, regulations, agreements, instruments, and determinations contemplated by this Declaration, and failure to comply shall be grounds for an action to recover sums due for damages or injunctive relief or both, maintainable by the Committee on behalf of the Unit Owners, or, in a proper case, by an aggrieved Unit Owner. By acquiring any interest in a Unit or in the Property, the party acquiring such interest consents to, and agrees to be bound by, each and every provision of this Declaration.

29. Information Regarding Transferee of Unit. Any Unit Owner who sells, leases, transfers or otherwise disposes of his or her Unit shall provide notice to all prospective buyers,

lessees or transferees that Highland Cove Condominiums is age fifty-five (55) or older housing and that occupancy of each Unit requires at least one person of age fifty-five (55) or older, excludes persons eighteen (18) years of age and younger. Further, each unit owner, upon sale, lease or transfer of their unit shall provide to the Management Committee pertinent information concerning the new occupants and other information required under the rules, regulations, policies and guidelines within one week of any transfer of title or possession.

30. Indemnification of Management Committee. Each member of the Management Committee shall be indemnified and held harmless by the Unit Owners against all costs, expenses, and fees, reasonably incurred by him in connection with any proceeding to which he may become involved by reason of his being or having been a member of said Committee.

31. Invalidity. The invalidity of any provisions of this Declaration, or any portion thereof, shall not be deemed to impair or affect in any manner the validity, enforceability, or effect of the remainder of this Declaration and, in such event, all of the other provisions of this Declaration shall continue in full force and effect as if such invalid provision had never been included herein.

32. Waiver. No provision contained in this Declaration shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

33. Gender. The use of the masculine gender in this Declaration shall be deemed to refer to the feminine gender and the use of the singular shall be deemed to refer to the plural, and vice versa, whenever the context so requires.

34. Topical Headings. The headings appearing at the beginning of the paragraphs of this Declaration are only for convenience of reference and are not intended to describe, interpret, define, limit, extend, or otherwise affect the content, meaning or intent of this Declaration or any paragraph or provision hereof.

35. Conflicts. This Declaration is set forth to comply with the requirements of the Act. In the event of any conflict between this Declaration and the provisions of the Act, the provisions of the latter shall control.

36. Effective Date. This Declaration shall take effect upon recording in the Office of the County Recorder of Salt Lake County, Utah.

IN WITNESS WHEREOF, the undersigned, has caused this instrument to be executed on the day and year first above written.

DATED this 25th day of June, 2003

Jerry L. Foster
Jerry L. Foster
Chairman

DATED this 25th day of June, 2003

Lafonda H. Grover
Lafonda Grover
Vice Chairman

Personally appeared before me Jerry L. Foster and Lafonda Grover on this 25th day of June, 2003 who after being duly sworn and upon oath acknowledged that they are the Chairman and Vice Chairman respectively of the Highland Cove Condominiums Management Committee and that they are authorized to and did sign the foregoing Amendment of the Declaration of Covenants, Conditions, and Restrictions of Highland Cove Condominiums.

Susan L. Smith
Notary Public

Residing in Salt Lake City Utah

My Commission Expires: 2-29-04

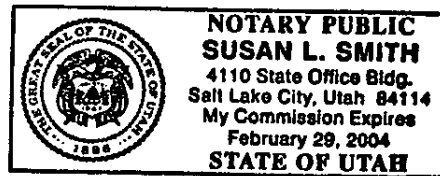


EXHIBIT 'A'
OF
HIGHLAND COVE CONDOMINIUM

The following described tract of real property situate in the County of Salt Lake, State of Utah, to wit:

BEGINNING AT A POINT which is South 2373.94 Feet and West 1417.79 Feet from the North Quarter Corner of Section 33, Township 1 South, Range 1 East, Salt Lake Base and Meridian; said point also lies the following four (4) courses and distances from a Salt Lake County Monument at the Intersection of Highland Drive and Siggard Avenue: S 24°48'32" E 105.08 feet, S 65°11'28" W 40.00 feet, West 498.58 feet and South 33.74 feet; Running Thence West 25.12 feet; thence S 45°00'00" W 110.36 feet; thence S 45°00'00" E 131.64 feet; thence S 10°00'00" W 70.00 feet; thence South 51°59'34" W 69.15 feet; thence N 56°42'23" W 99.46 feet; thence N 4°58'45.6" W 56.43 feet; thence N 74°56'40.5" W 79.00 feet; thence S 15°03'19.5" W 89.05 feet; thence N 74°56'40.5" W 150.83 feet; thence S 28°02'38" W 63.67 feet; thence N 54°31'05" W 220.09 feet; thence West 57.53 feet; thence N 42°45'00" W 57.92 feet; thence North 123.47 feet; thence East 715.93 feet; thence south 39.00 feet to the Point of Beginning. Containing 3.66 Acres.

If pursuant to this reservation, the above-described real property or any improvement thereon is traversed or partially occupied by a permanent improvement or utility line, a perpetual easement for such improvement or utility line shall exist. And subject, also, to easements or record and visible and subject, further, to restrictions, provisions and covenants of record.

EXHIBIT "B"
THE HIGHLAND COVE CONDOMINIUM
BY-LAWS

ARTICLE 1
PLAN OF UNIT OWNERSHIP

1. **Condominium Submission.** The Property located in Salt Lake County, Utah, has been submitted to the provisions of the Act by the Declaration recorded in the Office of the County Recorder of Salt Lake County, Utah, and is hereafter referred to as the "Condominium."

2. **By-Laws Applicability.** The provisions of these By-Laws are applicable to the Property as provided in the Declaration and the use, occupancy, sale, lease, or other transfer thereof. All Owners of any fee or lease-held interest, all occupants or users of the Condominium, and the agents and servants of any of them are subject to the provisions of the Declaration, these By-Laws, the Rules and Regulations. Failure to comply with said provisions will give rise to a cause of action in the Owners Association or any aggrieved owner for the recovery of damages or for injunction relief or both.

3. **Personal Application.** All present and future Owners, tenants, future tenants, their guests, licensees, servants, agents, employees, and any other person or persons who shall be permitted to use the facilities of the Condominium, shall be subject to these By-Laws and to the Rules and Regulations of the Condominium. Acquisition, rental, or occupancy of any of the Condominium Units in the Condominium shall constitute an acknowledgment that such Owner, tenant, or occupant has accepted and ratified these By-Laws, the provisions of the Declaration, and the rules and Regulations and will comply with them.

4. **Office.** The office of the Condominium and of the Management Committee shall be located at the Condominium or at such other place as may be designated from time to time by the Management Committee (hereinafter sometimes called the "Committee").

ARTICLE II
ASSOCIATION

1. **Composition.** All of the Unit Owners, acting as a group in accordance with the Act, the Declaration, and these By-Laws, shall constitute the Association. Except as to those

matters which the Act specifically requires to be performed by the vote of the Unit Owners, the administration of the Condominium shall be performed by the Committee.

2. Voting. The total number of votes in the Association shall be forty-eight (48), and each Unit shall be entitled to one vote per Unit. Since a Unit Owner may be more than one person, if only one of such persons is present at a meeting of the Association, that person shall be entitled to cast the votes appertaining to that Unit. But if more than one of such persons is present, the vote appertaining to that Unit shall be cast only in accordance with the agreement of a majority of them, and each consent shall be conclusively presumed if any one of them purports to cast the vote appertaining to that unit without protest being made forthwith by any of the others to the person presiding over the meeting. Since a person need not be a natural person, the word "person" shall be deemed for the purpose of this Section to include, without limitation, any natural person having authority to execute deeds on behalf of any person, excluding natural persons, which is, either alone or in conjunction with another person or persons, a Unit Owner. Except where a greater number is required by the Act, the Declaration of these By-laws, a majority of the votes of Unit Owners present in person or represented by proxy in good standing and entitled to vote is required to adopt decisions at any meeting of the Association.

3. Place of Meeting. Meetings of the Association shall be held at the principal office of the Condominium or at such other suitable place as may be designated by the Committee and stated in the notice of the meeting.

4. Annual Meeting. Annual meeting for any other purpose than the election of the Management Committee may be held at any time or call of the President of the Committee, by a majority of the Committee or by Unit Owners representing 20% of the Units. Notice of such meeting shall be given in accordance with the provisions of Section 6 of this Article II. The annual meetings of the Association shall be held in January of each year. At such annual meetings, the Committee shall be elected by ballot of the Owners in accordance with the requirements of Section 4 of Article III. The Unit Owner's Association may transact such other business as may properly come before them at such meetings.

5. Special Meetings. It shall be the duty of the President to call a special meeting of the Association if so directed by resolution of the Committee or, upon a petition signed and presented to the Secretary by Owners having not less than 20% of the votes of all Owners. The

notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

6. Notice of Meeting. It shall be the duty of the Secretary to mail, by United States mail or hand deliver, a notice of (a) each annual meeting of the Owners at least twenty (20) days in advance of such meeting, and (b) each special meeting of Owners at least ten (10) days in advance of such meeting, stating the purpose thereof as well as the time and place where it is to be held to each Owner of record at the address of their respective Units and at such other address as each Owner may have designated by notice in writing to the Secretary. The mailing, or hand delivery, of a notice of meeting in the manner provided in this Section shall be considered service of notice.

7. Voting Requirements. An Owner shall be deemed to be in "good standing" and "entitled to vote" at any annual meeting or at any special meeting of the Association if, and only if, he shall have fully paid all the installments of assessments made or levied against his Unit by the Committee as hereinafter provided together with all interest, costs, attorney's fees, penalties, and other expenses, if any, properly chargeable to him and against his Unit, at least three (3) days prior to the date fixed for such annual or special meeting.

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

Proxies will be mailed with the notice of such meeting with only one (1) proxy per unit. The proxy will state "This proxy was not solicited" along with a place for date and signature. A limit of four (4) proxies per condo unit may be voted in addition to the individual units vote, for a total of five (5) votes by any individual unit.

9. Quorum. Except as may otherwise be provided herein or by statute, a majority of the Owners shall constitute a quorum for the adoption of decisions. If, however, such quorum shall not be present or represented at any meeting, the Owners entitled to vote thereat, present in

person, or represented by proxy, shall have the power to adjourn the meeting and reschedule for a time no earlier than 48 hours, and no later than thirty (30) days after the time set for the original meeting. No notice of such rescheduled meeting shall be required. A quorum for the transaction of business at the rescheduled meeting shall be thirty percent (30) of the Units.

10. Order of Business. The order of business at all meetings of the Association shall be as follows: (a) roll call; (b) proof of notice of meeting; (c) reading of minutes of preceding meeting; (d) reports of officers; (e) report of special committees, if any; (f) report of Nominating Committee, if applicable; (g) election of Committee Members, if applicable; (h) unfinished business; and (i) new business.

11. Title to Unit. Title to Units may be taken in the name of natural person or in the names of two or more natural persons, or in the name of a corporation, partnership, association, trusts, or other entity capable of holding title to real property, or any combination thereof.

12. Conduct of Meeting. The chairman shall, or in his absence the Vice-Chairman preside over all meetings of the Association and the Secretary shall keep the minutes of the meeting and record in a Minute Book all resolutions adopted by the meeting as well as a record of all conducted transactions.

ARTICLE III

MANAGEMENT COMMITTEE

1. Powers and Duties. The affairs and business of the Association shall be managed by the Committee. The Committee shall have all of the powers and duties necessary for the administration of the affairs of the Association in accordance with the provisions of the Declaration and may do all such acts and things as are not by the Act or by these By-Laws directed to be exercised and done by the Association. The Committee shall have the power from time to time to adopt any Rules and Regulations deemed necessary for the enjoyment of the Condominium provided such Rules and Regulations shall not be in conflict with the Act, the Declaration, or these By-Laws. The Committee shall delegate to one of its members the authority to act on behalf of the Committee on all matters relating to the duties of the Managing Agent, if any, which might arise between meetings of the Committee. Subject to any limitations or provisions contained in the Declaration, the Committee shall be responsible for the following:

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

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

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

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

(e) Collecting the assessment against the Owners, depositing the proceeds thereof in a bank depository which it shall approve, and using the proceeds to carry out the administration of the Property.

(f) Making and amending Rules and Regulations respecting the use of the Property.

(g) Opening of bank accounts on behalf of the Condominium and designating the signatories required therefore.

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

(i) Enforcing by legal means the provisions of the Declaration, these By-Laws and the Rules and Regulations for the use of the Property adopted by it, and bringing any proceedings which may be instituted on behalf of the Owners.

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

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

(l) Keeping books with detailed accounts of receipts and expenditures affecting the Property, and the administration of the Condominium, specifying the maintenance and repair expenses of the Common Areas and any other expenses incurred. The said books and vouchers accrediting the entries thereupon shall be available for examination by the Owners, their duly authorized agents or attorneys, during general business hours on working days at the times and in the manner that shall be set and announced by the Committee for the general knowledge of the Owners. All books and records shall be kept in accordance with generally accepted accounting practices, and the same, upon resolution of the Association, shall be audited at appropriate times by an outside auditor employed by the Committee who shall not be a resident of the Condominium, or an Owner therein. The cost of such audit shall be a Common Expense. A copy of the audit report shall be supplied to any first mortgagee of any Unit in the Condominium who requests the same in writing from the Secretary.

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

2. Manager. The Committee may employ for the Condominium a professional Manager at a compensation established by the Committee, to perform such duties and services as the Committee shall authorize, including, but not limited to the duties listed in Section 1 of this Article III. The Committee may delegate to the Manager all of the powers granted to the Committee by these By-Laws; provided that any actions by the Manager with respect to the powers set forth in paragraphs (b), (f), (g) and (i) of Section 1 of this Article III shall require the written consent of the Committee. The term of the contract for a Manager may not exceed one (1) year, and any such contract shall provide that such agreement may be terminated by either party without cause or a termination fee on thirty (30) days or less written notice. Such contract may be renewable by the parties for successive one year periods.

3. Number of Committee Members. The Management Committee shall be composed of five persons, all of whom shall be Owners or spouses of Owners in permanent residence, Trustee of a trust (in case ownership is in a trust) or Mortgagees (or designee of Mortgagee) of Units.

4. Nominating Committee. Nominations for election to the Management Committee shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman and two other members of the Association. The Nominating Committee shall not include members of the Management Committee. The Nominating Committee shall be appointed by the Management Committee prior to each annual meeting of the Members to serve from the close of such annual meeting until the date of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Management Committee as it shall, in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among Members.

5. Election and Term of Office of the Committee. The term of Office for all members of the Committee shall be one year. A new Committee shall be elected each successive year.

6. Organization Meeting. The first meeting of the members of the Committee following the annual meeting of the Association shall be held within ten (10) days after the annual meeting at such place as shall be fixed by the Committee at the meeting at which such Committeemen were elected and no notice shall be necessary to the newly elected Committee Members in order legally to constitute such meeting provided that majority of the whole Committee shall be present thereat.

7. Regular Meetings. Regular meetings of the committee may be held at such time and place as shall be determined, from time to time, by a majority of the Committee, but at least six (6) such meetings shall be held during each fiscal year. Notice of regular meetings of the Committee shall be given to each member personally by mail or by telephone at least three (3) business days prior to the day named for such meetings.

8. Special Meetings. Special meetings of the committee may be called by the Chairman on three (3) business days notice to each member. Such notice shall be given personally by mail or by telephone, and such notice shall state the time, place, and purpose of the meeting. Special meetings of the Committee shall be called by the Chairman or Secretary in like manner and on like notice on the written request of at least two (2) Committee Members.

9. Committee's Quorum. At all meetings of the committee, a majority of the Committee Members shall constitute a quorum for the transaction of business, and the acts of the majority of the Committee Members. present at a meeting at which a quorum is present shall be

the acts of the Committee. If at any meeting of the Committee there be less than a quorum present, the majority of those present may adjourn the meeting.

10. Vacancies. Vacancies in the Committee caused by any reason other than removal of the Committee Member by a vote of the Association shall be filled by vote of the majority of the remaining Committee Members, at a special meeting of the Committee held for that purpose promptly after the occurrence of any such vacancy, even though the Committee Members present at such meeting may constitute less than a quorum of the Committee; and each person so elected shall be a Committee Member for the remainder of the term of the Committee Member so replaced and until a successor is elected at the next annual meeting of the Association.

11. Removal of Committee Member. A Committee Member may be removed with or without cause, and his successor elected, at any duly called regular or special meeting of the Association at which a quorum is present, by an affirmative vote of a majority of the votes represented and voting. Any Committee Member whose removal has been proposed by the Owners shall be given at least ten (10) days' notice of the meeting and the purpose thereof and an opportunity to be heard at the meeting.

12. Compensation. No Committee Member shall receive any compensation from the Condominium for acting as such.

13. Conduct of Meetings. The Chairman shall preside over all meetings of the committee and the Secretary shall keep a Minute Book of the Committee recording therein all resolutions adopted by the Committee and a record of all transactions and proceedings occurring at such meetings.

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

15. Fidelity Bonds. The Committee shall require that all officers, agents (including the Managing Agent) and employees of the Association handling or responsible for funds furnish adequate fidelity bonds. The premiums on such bonds shall constitute a Common Expense. The Committee shall provide a fidelity insurance coverage as required by the Declaration.

16. Dispensing with Vote. Any action by the Committee required or permitted to be taken at any meeting may be taken without a meeting if all of the members of the Committee shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Committee.

17. Liability of the Committee. The members of the Committee shall not be liable to the Owners for any mistake of judgment, negligence, or otherwise except for their own individual willful misconduct or bad faith. The Owners shall indemnify and hold harmless such of the committeemen from and against all contractual liability to others arising out of contracts made by the committee on behalf of the Owners unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration or of these By-Laws. It is intended that the members of the Committee shall have no personal liability with respect to any contract made by the Committee or out of the aforesaid indemnity in favor of members of the committee shall be limited to such proportion of the total liability thereunder as his Percentage Interest bears to the Percentage Interest of all of the Owners. Every agreement made by the Committee or by the managing Agent on behalf of the Owners shall, if obtainable, provide that the members of the Committee or the Managing Agent, as the case may be, are acting only as agents for the Owners and shall have no personal liability thereunder (except as Owners), and that each Owner's liability thereunder shall be limited to such proportion of the total liability thereunder as his Percentage Interest bears to the Percentage Interests of all Owners. The Owners shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of the fact that he is or was a Committee Member or officer, against expenses (including attorney's fees), judgments, fines, and amounts paid in settlement incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to the best interests of the Owners. Notwithstanding anything contained herein to the contrary, the provisions of this paragraph 17 shall be deemed void to the extent that it is absolutely necessary in order to obtain fidelity insurance coverage as provided in the Declaration.

ARTICLE IV **OFFICERS**

1. Designation. The principal officers of the Condominium shall be a Chairman, a Vice Chairman, a Secretary, and a Treasurer, all of whom shall be elected by the Committee. The Committee may appoint assistant secretaries and such other officers as in the judgment may be necessary. Two or more offices may be held by the same person, except that the Chairman shall not hold any other office.

2. Election of Officers. The officers of the Condominium shall be elected annually by the Committee at the organization meeting of such Committee and shall hold office at the pleasure of the Committee. Any vacancy in an office shall be filled by the Committee at a regular meeting or special meeting called for such purpose.

3. Removal of Officers. The officers shall hold office until their respective successors are chosen and qualify in their stead. Any officer elected or appointed by the Committee may be removed at any time by the affirmative vote of a majority of the whole Committee, and his successor may be elected at any regular meeting of the Committee, or at any special meeting of the committee called for such purpose.

4. Chairman. The Chairman shall be the chief executive officer; he shall preside at meetings of the Association and the Committee and shall be an ex officio member of all committees, except the Nominating Committee; he shall have general and active management of the business of the Condominium and shall see that all orders and resolutions of the Committee are carried into effect. He shall have all of the general powers and duties which are usually vested in or incident to the office of president of a stock corporation organized under the laws of the State of Utah.

5. Vice Chairman. The Vice Chairman shall, in the absence or disability of the Chairman, perform the duties and exercise the powers of the Chairman, and shall perform such other duties as the Committee or the Chairman shall prescribe. If neither the Chairman nor the Vice Chairman is able to act, the Committee shall appoint a member of the Committee to do so on an interim basis.

6. Secretary. The Secretary shall attend all sessions of the Committee and all meetings of the Association and record all votes and the minutes of all proceedings in a book to be kept by him for that purpose and shall perform like duties for committees when required. He shall give, or cause to be given, notice of all meetings of the Association, the Committee, and committees and shall perform such other duties as may be prescribed by the Committee. The Secretary shall compile and keep current at the principal office of the Condominium, a complete list of the Owners and their last known post office addresses. This list shall be open to inspection by all Owners and other persons lawfully entitled to inspect the same, at reasonable hours during regular business days. The Secretary shall also keep current and retain custody of the

Minute Book of the Association, containing the minutes of all annual and special meetings of the Association and all sessions of the Committee including resolutions.

7. Treasurer. The Treasurer shall have the custody of all funds and securities that are not under the control of the Managing Agent and, with the assistance of the Managing Agent, shall keep full and accurate records of receipts and disbursements, shall prepare all required financial data, and shall deposit all moneys and other valuable effects in such depositories as may be designated by the Committee. He shall disburse funds as ordered by the Committee taking proper vouchers for such disbursements, and shall render to the Chairman and Committeemen, at the regular meetings of the Committee, or whenever they may require it, an account of all of his transactions as Treasurer and of the financial condition of the Condominium.

8. Agreement, Contracts, Deeds, Checks, etc. All agreements, contracts, deeds, leases, checks, and other instruments of the Condominium for expenditures or obligations of over \$500.00 shall be executed by any two officers of the Committee or by such other person or persons as may be designated by the Committee.

9. Compensation of Officers. No officer shall receive any compensation from the committee for acting as such.

ARTICLE V **FISCAL YEAR**

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

ARTICLE VI **AMENDMENT TO BY-LAWS**

1. Amendments. Except as otherwise provided in this Section, these By-Laws may be modified or amended either (i) by a vote of at least sixty-seven percent (67%) of the Percentage Interest at any regular or special meeting of which a quorum is present, provided that Notice of the proposed amendment shall have been given to each Owner simultaneously with the notice of such meeting, or (ii) pursuant to a written instrument duly executed by at least fifty-one percent (51%) of the Percentage Interest.

2. Recording. A modification or amendment of these By-Laws shall become effective only if such modification or amendment is recorded in the office of the County Recorder of Salt Lake, Utah.

3. Conflicts. No modification or amendment of these By-Laws may be adopted which shall be inconsistent with the provisions of the Act or with the provisions of the Declaration. A modification or amendment once adopted and recorded as provided for herein shall then constitute part of the official By-Laws of the Condominium and all Owners shall be bound to abide by such modification or amendment.

4. Approval of Mortgages. These By-Laws contain provisions concerning various rights, priorities, remedies, and interests of the mortgagees of Units. Such provisions in these By-Laws are to be construed as covenants for the protection of the mortgagees on which they may rely in making loans secured by mortgages on the Units. Accordingly, all mortgagees shall be given thirty (30) days notice of all proposed amendments, and no amendment or modification of these by-Laws impairing or affecting the rights, priorities, remedies, or interests of a mortgagee (including the mortgagee's use of a secondary mortgage marker, i.e., the saleability of mortgages to Federal National Mortgage Association, etc.) shall be adopted without prior written consent of such mortgagee. If there is more than one mortgagee holding mortgages on the Units, it shall be sufficient for this purpose to obtain the written consent of the Mortgagee or mortgagees holding mortgages on 67% or more of the Units encumbered by mortgages.

ARTICLE VII

NOTICE

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

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

therein, shall be deemed equivalent thereto, unless such waiver is ineffective under the provisions of the Act.

ARTICLE VIII

COMPLIANCE, CONFLICT, AND MISCELLANEOUS PROVISIONS

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

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

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

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

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

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

IN WITNESS WHEREOF, the Committee-has caused these By-Laws to be executed by its duly authorized officers on the day and year first above written.

DATED this 25th day of June, 2003

Jerry L. Foster
Jerry L. Foster
Chairman

DATED this 19th day of March, 2003

Lafonda H. Grover
Lafonda Grover
Vice Chairman

Personally appeared before me Jerry L. Foster and Lafonda Grover on this 25th day of June, 2003 who after being duly sworn and upon oath acknowledged that they are the Chairman and Vice Chairman respectively of the Highland Cove Condominium Owner's Association Management Committee and that they are authorized to and did sign the foregoing By-Laws of the Declaration of Covenants, Conditions, and Restrictions of Highland Cove Condominiums.

Susan L. Smith
Notary Public

Residing in Salt Lake City, Utah

My Commission Expires: 2-29-04



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