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DECLARATION OF CONDOMINIUM

FOR

**THE VILLAS AT MONARCH MEADOWS,
an Expandable Utah Condominium Project**

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**DECLARATION OF CONDOMINIUM
FOR
THE VILLAS AT MONARCH MEADOWS,
an Expandable Utah Condominium Project**

THIS DECLARATION OF CONDOMINIUM FOR THE VILLAS AT MONARCH MEADOWS, an Expandable Utah Condominium Project ("Declaration"), is made and executed by Centex Homes, a Nevada general partnership ("Declarant"), pursuant to the provisions of Title 57, Chapter 8, Utah Code Annotated, as amended ("Act").

1. RECITALS.

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

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

1.3. Recorded simultaneously herewith is a Condominium Plat of the Project as required by the Act.

1.4. Declarant is preparing the necessary documents for the incorporation and organization of the Association, which Association will, among other things: (a) maintain and repair the Common Areas and Facilities within the Project as hereinafter described; (b) maintain and repair the driveways appurtenant to the Units; (c) provide for the management and operation of the Common Areas and Facilities; (d) levy and collect Common Assessments; and (e) administer and enforce the terms of this Declaration.

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

1.6. Declarant intends to develop the Project in Phases, as an expandable condominium project pursuant to the Act.

1.7. The Project shall be known as "The Villas at Monarch Meadows."

2. DEFINITIONS.

2.1. Unless the context clearly indicates otherwise, certain terms as used in this Declaration and the foregoing Recitals shall have the meanings set forth in this Section 2.

2.2. Access Road shall mean the private road known as "Cloudywing Way" running along the northern boundary of the Property from the intersection of Monarch Meadows Parkway to the eastern side of the intersection of Whirlabout Lane.

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

2.4. Additional Land shall mean the land that may be added to the Project in accordance with the provisions of Section 7, which land is more particularly described on Exhibit D attached hereto and incorporated herein by this reference.

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

2.6. Articles shall mean the Articles of Incorporation of The Villas at Monarch Meadows Owners Association, Inc.

2.7. Association shall mean The Villas at Monarch Meadows Owners Association, Inc., a non-profit corporation, organized for the purposes set forth in this Declaration.

2.8. Building(s) shall mean the buildings constructed as part of the Project, located on the Property and containing the Units, all as described in Section 3.

2.9. Bylaws shall mean the Bylaws of the Association, a copy of which is attached hereto as Exhibit C, as amended from time to time.

2.10. City shall mean Riverton City, Utah.

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

2.12. Common Areas and Facilities shall mean all portions of the Project, other than the Units, as described in Section 5 hereof and set forth in the Plat.

2.13. Common Assessments shall mean those assessments described in Section 20 to fund the Common Expenses, and include Regular Common Assessments, Special Common Assessments and any other assessments levied by the Association.

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

2.15. Common Expenses shall mean: (a) all expenses of the administration (including management and professional services), maintenance, repair, or replacement of the Common Areas and Facilities; (b) the cost of the maintenance, repair or replacement of the driveways (including snow removal), which are classified as Limited Common Areas and Facilities in this Declaration; (c) all premiums for insurance obtained by the Association for the benefit of the Project; (d) fire protection devices and services; (e) the cost of additions, alterations, or improvements to the Common Areas and Facilities; (f) utility expenses for sewer, water, electric, gas and all other utilities servicing the Common Areas and Facilities; (g) usage fees, charges or assessments for water and sewer in and to the Units from publicly-dedicated lines; (h) fees and charges associated with the maintenance, repair or replacement of the laterals for the sewer and water utilities servicing the Buildings from publicly-dedicated lines; (i) costs for the maintenance, repair or replacement of water mains located on the Property servicing the Project; (j) costs associated with the ownership, operation and maintenance of the Storm Drain System; (k) all other expenses agreed upon as Common Expenses by the Association; and (l) all other expenses denominated as Common Expenses by this Declaration or by the Act.

2.16. Cost of Living Index shall mean the Consumer Price Index for Urban Wage Earners and Clerical Workers: U.S. City Average, All Items 1982-1984 = 100 compiled by the Bureau of Labor Statistics, United States Department of Labor. The Index for March 2003 is the reference base index. Declarant may select any other comparable index which measures changes in the cost of living.

2.17. Declarant shall mean Centex Homes, a Nevada general partnership, or any successor in interest as defined by the Act or in Section 26 hereof.

2.18. Declaration shall mean this Declaration of Condominium for The Villas at Monarch Meadows, an Expandable Utah Condominium Project, and all amendments, modifications and supplements hereto.

2.19. Developmental Rights shall mean (a) the right under the Act to add real estate to the Project pursuant to Section 7 hereof, and (b) exercise any of the rights set forth in Section 10 hereof.

2.20. Eligible Mortgagee shall mean and refer to a First Mortgagee that has requested notice of certain matters from the Association in accordance with Section 18.1 of this Declaration.

2.21. First Mortgage is a Mortgage having priority as to all other Mortgages encumbering a Unit or any part thereof or interest therein.

2.22. First Mortgagee shall mean any person or entity holding a First Mortgage including any insurer or guarantor of a First Mortgage.

2.23. Limited Common Areas and Facilities shall mean a portion of the Common Areas and Facilities allocated by the Declaration or the Act, and as may be shown on the Plat, for the exclusive use of one of the Units, including, but not limited to, fireplace inserts, balconies, decks, patios, driveways, backyards within fenced areas and air conditioning compressors and pads.

2.24. Management Committee shall mean the Board of Trustees of the Association, appointed or elected in accordance with this Declaration and the Bylaws.

2.25. Master Association shall mean the non-profit association organized to manage the maintenance and repair of the Access Road.

2.26. Monarch Meadows shall mean and refer to that certain planned community situated in the County of Salt Lake, State of Utah of which the Project is a part.

2.27. Mortgage shall mean any mortgage or deed of trust on any Unit, but shall not mean or refer to an executory contract of sale.

2.28. Mortgagee shall mean any person or entity named as the mortgagee or beneficiary under any Mortgage by which the interest of any Owner is encumbered, or any successor to the interest of such person under such Mortgage.

2.29. Occupant means any person or persons, other than an Owner, in lawful possession of one or more Units.

2.30. Owner shall mean any person or entity, including Declarant, at any time owning a Unit within the Project in fee simple and an Undivided Interest in the fee simple estate of the Common Areas and Facilities in the percentage specified and established in the Declaration. The term "Owner" shall not refer to any Mortgagee, unless such Mortgagee has acquired title for other than security purposes.

2.31. Phase shall mean a particular stage or area of development within the Project so designated by the Declarant.

2.32. Plat shall mean the Condominium Plat of The Villas at Monarch Meadows, an Expandable Utah Condominium Project recorded in the office of the County Recorder for Salt Lake County, State of Utah, a reduced copy of which is attached hereto as Exhibit B, as it may be amended from time to time pursuant to this Declaration and the Act. The initial Plat may be amended at such time as the Buildings are constructed in the event there are material changes in the Building boundaries or elevations as constructed. Such an amendment to the Plat is expressly authorized and may be undertaken by Declarant without the joinder or consent of any other Owners.

2.33. Project shall mean the Property, the Units, the Common Areas and Facilities and all improvements submitted by this Declaration to the provisions of the Act, as the foregoing may be expanded pursuant to the terms of this Declaration.

2.34. Property shall mean that certain real property situated in the County of Salt Lake, State of Utah, more particularly described in Section 3.1 hereinafter, on which the Units and other improvements are located.

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

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

2.37. Specific Plan means the master site development plan for Monarch Meadows approved by Riverton City, which creates zoning ordinances and development guidelines for Monarch Meadows.

2.38. Square Footage shall mean the number of square feet of ground or floor space within each Unit, as set forth in the Plat and Exhibit A hereto. Certain spaces within the Units including, without limitation, attics, chimneys, garage space and other areas may, but need not, be omitted from the calculation or be partially discounted by the use of a ratio, if the same basis of calculation is employed for all Units in the Project. The calculation of Square Footage as contained in this Declaration and as shown on the Plat is final and binding upon all Owners irrespective of any later measurement of such Square Footages.

2.39. Storm Drain System shall mean the storm drainage facilities constructed on the Property to service the Project, and shall include curb and gutter, inlet boxes, storm drain pipes, open (above ground) storm water channels, swales and detention basins on portions of the Common Areas and Facilities. The above-ground portion of the Common Areas and Facilities affected by the Storm Drain System is indicated on the Plat(s) of the affected Phase(s) when recorded.

2.40. Supplemental Plat shall mean any amendment to the Plat made in accordance with this Declaration and the Act.

2.41. Total Votes of the Association shall mean the total number of votes appertaining to all Units, as described in Section 21 hereof.

2.42. Undivided Interest shall mean the percentage of ownership interest in the Common Areas and Facilities appurtenant to each Unit as calculated pursuant to Section 5.2 and set forth in Exhibit A attached hereto.

2.43. Unit shall mean and refer to a physical portion of the Project designated as a Unit on the Plat and designed for separate ownership and occupancy as described in Section 4 hereof.

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

3. DESCRIPTION OF THE PROPERTY, BUILDINGS AND OTHER IMPROVEMENTS AND SUBMISSION TO THE ACT:

3.1. Description of the Property. The Property on which the Units and improvements are located is situated in Salt Lake County, Utah, designated as Parcel A and Parcel B on the Plat, and more particularly described as follows:

PARCEL A:

BEGINNING AT A POINT NORTH 89°53'23" WEST ALONG THE SECTION LINE 900.08 FEET AND SOUTH 00°06'37" WEST 521.70 FEET FROM THE NORTHEAST CORNER OF SECTION 1, TOWNSHIP 4 SOUTH, RANGE 2 WEST, SALT LAKE BASE AND MERIDIAN, AND RUNNING THENCE SOUTH 64°47'12" EAST 12.42 FEET TO A POINT OF CURVATURE; THENCE EASTERLY ALONG THE ARC OF 364.50 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 16°00'24", A DISTANCE OF 101.83 FEET TO A POINT OF REVERSE CURVE; THENCE SOUTHEASTERLY ALONG THE ARC OF A 15.00 FEET CURVE TO THE RIGHT THROUGH A CENTRAL ANGLE OF 85°14'19", A DISTANCE OF 22.32 FEET; THENCE SOUTH 85°33'16" EAST 33.00 FEET; THENCE SOUTH 04°26'44" WEST 23.99 FEET TO A POINT OF CURVATURE; THENCE SOUTHERLY ALONG THE ARC OF 116.50 FOOT RADIUS CURVE TO THE RIGHT THROUGH A CENTRAL ANGLE OF 20°45'57", A DISTANCE OF 42.22 FEET; THENCE SOUTH 25°12'41" WEST 27.56 FEET TO A POINT OF CURVATURE; THENCE SOUTHERLY ALONG THE ARC OF 15.00 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 90°00'00", A DISTANCE OF 23.56 FEET; THENCE SOUTH 64°47'19" EAST 31.49 FEET TO A POINT OF CURVATURE; THENCE EASTERLY ALONG THE ARC OF 183.50 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 06°01'44", A DISTANCE OF 19.31 FEET; THENCE SOUTH 19°20'18" WEST 121.58 FEET; THENCE NORTH 64°47'19" WEST 197.48 FEET; THENCE NORTH 25°12'41" EAST 75.93 FEET TO A POINT OF CURVATURE; THENCE NORTHERLY ALONG THE ARC OF 15.00 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 90°00'00", A DISTANCE OF 23.56 FEET; THENCE NORTH 64°47'19" WEST 43.75 FEET; THENCE NORTH 25°12'48" EAST 118.57 FEET TO THE POINT OF BEGINNING.

PARCEL B:

BEGINNING AT A POINT NORTH 89°53'23" WEST ALONG THE SECTION LINE 731.43 FEET AND SOUTH 00°06'37" WEST 546.90 FEET AND WEST 214.24 FEET FROM THE NORTHEAST CORNER OF SECTION 1, TOWNSHIP 4 SOUTH, RANGE 2 WEST, SALT LAKE BASE AND MERIDIAN, AND RUNNING THENCE SOUTH 14.50 FEET TO THE POINT OF A NON-TANGENT CURVE; THENCE SOUTHWESTERLY ALONG THE ARC OF A 15.00 FOOT RADIUS CURVE TO THE LEFT (CENTER BEARS SOUTH), THROUGH A CENTRAL ANGLE OF 85°31'57", A DISTANCE OF 22.39 FEET; THENCE NORTH 85°33'16" WEST 33.00 FEET TO THE POINT OF A NON-TANGENT CURVE; THENCE NORTHWESTERLY ALONG THE ARC OF A 15.00 FOOT RADIUS CURVE TO THE LEFT (CENTER BEARS NORTH 85°33'16" WEST), THROUGH A CENTRAL ANGLE OF 85°14'19", A DISTANCE OF 22.32 FEET TO A POINT OF REVERSE

CURVE; THENCE WESTERLY ALONG THE ARC OF A 364.50 FEET CURVE TO THE RIGHT THROUGH A CENTRAL ANGLE OF 16°00'24", A DISTANCE OF 101.83 FEET; THENCE NORTH 64°47'12" WEST 99.56 FEET TO A POINT OF CURVATURE; THENCE WESTERLY ALONG THE ARC OF 285.50 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 25°06'11", A DISTANCE OF 125.09 FEET; THENCE NORTH 89°53'23" WEST 43.38 FEET TO A POINT OF CURVATURE; THENCE SOUTHWESTERLY ALONG THE ARC OF 15.00 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 90°06'37", A DISTANCE OF 23.59 FEET; THENCE SOUTH 64.82 FEET TO A POINT OF CURVATURE; THENCE SOUTHEASTERLY ALONG THE ARC OF 11.00 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 90°00'00", A DISTANCE OF 17.28 FEET; THENCE EAST 44.75 FEET TO A POINT OF CURVATURE; THENCE EASTERLY ALONG THE ARC OF 216.50 FOOT RADIUS CURVE TO THE RIGHT THROUGH A CENTRAL ANGLE OF 25°12'41", A DISTANCE OF 95.26 FEET; THENCE SOUTH 64°47'19" EAST 79.79 FEET; THENCE SOUTH 25°12'48" WEST 29.00 FEET; THENCE NORTH 64°47'19" WEST 79.79 FEET TO A POINT OF CURVATURE; THENCE WESTERLY ALONG THE ARC OF 187.50 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 25°12'41", A DISTANCE OF 82.50 FEET; THENCE WEST 40.75 FEET TO A POINT OF CURVATURE; THENCE SOUTHWESTERLY ALONG THE ARC OF 15.00 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 90°00'00", A DISTANCE OF 23.56 FEET; THENCE SOUTH 125.97 FEET TO A POINT OF CURVATURE; THENCE SOUTHERLY ALONG THE ARC OF 316.50 FOOT RADIUS CURVE TO THE RIGHT THROUGH A CENTRAL ANGLE OF 05°15'45", A DISTANCE OF 29.07 FEET TO A POINT OF REVERSE CURVE; THENCE SOUTHEASTERLY ALONG THE ARC OF A 11.00 FEET CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 86°50'42", A DISTANCE OF 16.67 FEET TO A POINT OF REVERSE CURVE; THENCE EASTERLY ALONG THE ARC OF A 516.50 FEET CURVE TO THE RIGHT THROUGH A CENTRAL ANGLE OF 16°03'30", A DISTANCE OF 144.76 FEET; THENCE SOUTH 65°31'28" EAST 30.67 FEET TO A POINT OF CURVATURE; THENCE EASTERLY ALONG THE ARC OF 11.00 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 89°15'52", A DISTANCE OF 17.14 FEET; THENCE NORTH 25°12'41" EAST 78.45 FEET; THENCE SOUTH 64°47'19" EAST 30.05 FEET TO THE POINT A NON-TANGENT CURVE; THENCE SOUTHWESTERLY ALONG THE ARC OF A 5.00 FOOT RADIUS CURVE TO THE LEFT (CENTER BEARS SOUTH 26°55'57" EAST), THROUGH A CENTRAL ANGLE OF 37°51'22", A DISTANCE OF 3.30 FEET; THENCE SOUTH 25°12'41" WEST 70.68 FEET TO A POINT OF CURVATURE; THENCE SOUTHERLY ALONG THE ARC OF 15.00 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 90°44'08", A DISTANCE OF 23.75 FEET; THENCE SOUTH 65°31'28" EAST 228.36 FEET TO A POINT OF CURVATURE; THENCE EASTERLY ALONG THE ARC OF 11.00 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 90°00'00", A DISTANCE OF 17.28 FEET; THENCE NORTH 24°28'32" EAST 110.45 FEET TO A POINT OF CURVATURE; THENCE NORTHERLY ALONG THE ARC OF 83.50 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 24°28'32", A DISTANCE OF 35.67 FEET; THENCE NORTH 30.16 FEET TO A POINT OF CURVATURE; THENCE NORTHWESTERLY ALONG THE ARC OF 15.00 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 85°52'20", A DISTANCE OF 22.48 FEET TO A POINT OF REVERSE CURVE; THENCE WESTERLY ALONG THE ARC OF A 212.50 FEET CURVE TO THE RIGHT THROUGH A CENTRAL ANGLE OF 13°45'42", A DISTANCE OF 51.04 FEET TO A POINT OF REVERSE CURVE; THENCE SOUTHWESTERLY ALONG THE ARC OF A 5.00 FEET CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 88°33'04", A DISTANCE OF 7.73 FEET; THENCE NORTH 19°20'18" EAST 33.93 FEET TO THE POINT OF A NON-TANGENT CURVE; THENCE EASTERLY ALONG THE ARC OF A 183.50 FOOT RADIUS CURVE TO THE LEFT (CENTER BEARS NORTH 19°10'56" EAST), THROUGH A CENTRAL ANGLE OF 15°04'06", A DISTANCE OF 48.26 FEET TO A POINT OF COMPOUND CURVE;

THENCE NORTHEASTERLY ALONG THE ARC OF A 11.00 FEET CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 94°06'51", A DISTANCE OF 18.07 FEET; THENCE NORTH 106.65 FEET TO A POINT OF CURVATURE; THENCE SOUTHEASTERLY ALONG THE ARC OF 20.50 FOOT RADIUS CURVE TO THE RIGHT THROUGH A CENTRAL ANGLE OF 232°39'32", A DISTANCE OF 83.24 FEET TO A POINT OF REVERSE CURVE; THENCE SOUTHWESTERLY ALONG THE ARC OF A 10.00 FEET CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 52°39'32", A DISTANCE OF 9.19 FEET; THENCE SOUTH 167.42 FEET TO A POINT OF CURVATURE; THENCE SOUTHERLY ALONG THE ARC OF 112.50 FOOT RADIUS CURVE TO THE RIGHT THROUGH A CENTRAL ANGLE OF 24°28'32", A DISTANCE OF 48.06 FEET; THENCE SOUTH 24°28'32" WEST 106.45 FEET TO A POINT OF CURVATURE; THENCE SOUTHERLY ALONG THE ARC OF 15.00 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 90°00'00", A DISTANCE OF 23.56 FEET; THENCE SOUTH 65°31'28" EAST 74.21 FEET TO A POINT OF CURVATURE; THENCE EASTERLY ALONG THE ARC OF 15.00 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 48°32'58", A DISTANCE OF 12.71 FEET TO A POINT OF REVERSE CURVE; THENCE SOUTHERLY ALONG THE ARC OF A 20.50 FEET CURVE TO THE RIGHT THROUGH A CENTRAL ANGLE OF 228°32'58", A DISTANCE OF 81.77 FEET; THENCE NORTH 65°31'28" WEST 469.90 FEET TO A POINT OF CURVATURE; THENCE WESTERLY ALONG THE ARC OF 487.50 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 24°28'32", A DISTANCE OF 208.25 FEET; THENCE WEST 39.54 FEET TO A POINT OF CURVATURE; THENCE WESTERLY ALONG THE ARC OF 25.00 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 28°34'47", A DISTANCE OF 12.47 FEET TO A POINT ON THE EASTERLY LINE OF 5000 WEST STREET; THENCE NORTH 00°06'37" EAST ALONG SAID EAST LINE 35.14 FEET TO THE POINT OF A NON-TANGENT CURVE; THENCE EASTERLY ALONG THE ARC OF A 25.00 FOOT RADIUS CURVE TO THE LEFT (CENTER BEARS NORTH 28°48'01" EAST), THROUGH A CENTRAL ANGLE OF 28°48'01", A DISTANCE OF 12.57 FEET; THENCE EAST 39.39 FEET TO A POINT OF CURVATURE; THENCE EASTERLY ALONG THE ARC OF 516.50 FOOT RADIUS CURVE TO THE RIGHT THROUGH A CENTRAL ANGLE OF 02°27'31", A DISTANCE OF 22.16 FEET TO A POINT OF REVERSE CURVE; THENCE NORTHEASTERLY ALONG THE ARC OF A 15.00 FEET CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 88°04'17", A DISTANCE OF 23.06 FEET TO A POINT OF COMPOUND CURVE; THENCE NORTHERLY ALONG THE ARC OF A 287.50 FEET CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 04°23'13", A DISTANCE OF 22.01 FEET; THENCE NORTH 245.91 FEET TO A POINT OF CURVATURE; THENCE NORTHWESTERLY ALONG THE ARC OF 15.00 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 89°53'23", A DISTANCE OF 23.53 FEET; THENCE NORTH 89°53'23" WEST 62.49 FEET TO A POINT OF CURVATURE; THENCE WESTERLY ALONG THE ARC OF 25.00 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 28°41'24", A DISTANCE OF 12.52 FEET TO A POINT ON THE EASTERLY LINE OF 5000 WEST STREET; THENCE NORTH 00°06'37" EAST ALONG SAID EAST LINE 17.57 FEET; THENCE SOUTH 89°53'23" EAST 243.78 FEET; THENCE SOUTH 64°47'12" EAST 244.63 FEET; THENCE 80.26 FEET TO THE POINT OF BEGINNING.

3.2. Description of the Buildings and Other Improvements. The improvements for Phase 1 of the Project will consist of one (1) freestanding two-story residential Building containing four (4) Units. Each Unit will have a two-car garage. The Building will be of wood frame construction with a hardplank exterior. The roof will be sloped, with fire-resistant asphalt shingles and metal flashing. The Building will be supplied with telephone, cable television, electricity, natural gas, central air, water, and sewer service. In addition to the Building, Declarant may construct certain other improvements as part of the Common Areas and Facilities in Phase 1 of the Project, which may include, without limitation, any of the following, as depicted on the Plat (a) fences or walls; (b) walkways, roads, driveways or parking areas; (c)

mailboxes, signs, covered patios, stairs, decks; (d) a clubhouse and swimming pool; (e) paving, exterior lights, curbing, trees, shrubs, hedges, grass, windbreak or other landscaping improvements of every type and kind; (f) excavation, fill, retaining wall or any other thing or device which affects the natural flow of surface water or the flow of water in a natural or artificial stream, wash or drainage channel, and related fixtures and equipment; (g) common utility systems; and (h) any other structure of any kind or nature.

3.3. Submission of the Property. Declarant hereby submits the Property, the Buildings and all other improvements thereon to the provisions of the Act. All of the Project is and shall be held, conveyed, hypothecated, encumbered, leased, subleased, rented, used and improved as a condominium project. All of the Project is and shall be subject to the covenants, conditions, restrictions, uses, limitations and obligations set forth herein, each and all of which are declared and agreed to be for the benefit of the Project and in furtherance of a plan for improvement of the Project and division thereof into Units; further, each and all of the provisions hereof shall be deemed to run with the land and shall be a burden and a benefit to the Declarant, the successors and assigns of the Declarant, and any person acquiring, leasing, subleasing or owning an interest in the real property and improvements comprising the Project, their assigns, lessees, sublessees, heirs, executors, administrators, devisees and successors. The Declarant and Association are hereby granted a limited license to use the name "The Villas at Monarch Meadows," in connection with the sale, administration and operation of their respective interests in the Project.

4. DESCRIPTION OF UNITS.

The boundary lines of each Unit are as set forth on the Plat and consist of enclosed rooms bounded by the perimeter walls, ceilings, floors, doors, and windows thereof. The Units shall include decorated surfaces of interior walls, floors and ceilings, including, but not limited, wall paneling, wood, tile, paint, paper, carpeting, or any other wall, ceiling, or floor covering, windows and window frames, shutters, doors and door frames. A Unit shall further include fixtures and hardware and all improvements contained within the perimeter walls, ceilings, and floors. The garage space, as bounded by the perimeter walls, also shall be included in a Unit. A Unit shall not include any pipes, wires, conduits, public utility lines, ducts, structural components or water meters running through a Unit and serving more than one Unit, as such items shall be deemed Common Areas and Facilities hereunder whether or not such items are located in the floors, ceilings or perimeter or interior walls of the Unit. For purposes of this Declaration, the term "perimeter wall" means the finished interior face of a wall of a Unit. The Plat and/or Exhibit A hereto contain the Unit Number of each Unit in the Project.

5. DESCRIPTION AND OWNERSHIP OF COMMON AREAS AND FACILITIES.

5.1. Description. The Common Areas and Facilities shall mean and include the Property on which all Units are located and all portions of the Project not included as part of any Unit, including, but not by way of limitation: (a) the foundation, columns, girders, beams, supports, perimeter and exterior surfaces of windows, doors and supporting walls, and roofs; (b) the mechanical installations of the Buildings consisting of the equipment and materials making up any central services such as power, light, gas, hot and cold water, sewer, and heating and central air-conditioning which exist for use by one or more of the Owners, including the pipes, vents, ducts, flues, cable conduits, wires, telephone wire, and other similar utility installations used in connection therewith and the areas designated on the Plat as including those installations; (c) all areas outside of the Buildings not designated as Limited Common Areas and Facilities, including, without limitation, the grounds and recreational facilities; sidewalks, walkways, parking areas, paths, grass, shrubbery, trees, planters, roadways, landscaping, gardens and related facilities upon the Property; (d) the Project's lighting and perimeter fences; (e) the clubhouse, swimming pool and other recreational amenities; (f) the pumps, tanks, motors, fans, compressors, ducts,

and, in general, all apparatus, installations, and equipment of the Buildings existing for use of one or more of the Owners; (g) the water and sewer laterals servicing any Buildings or improvements in the Project from publicly-dedicated sewer and water lines; (h) the water mains located on the Property servicing the Project; (i) the Storm Drain System; (j) the southern one-half of the Access Road running along the northern boundary of the Property (as depicted on the Plat); and (k) in general, all other parts of the Project designated by Declarant as Common Areas and Facilities and existing for the use of one or more of the Owners. In the event of a conflict between this Declaration and the Plat, the provisions of the Declaration shall control.

5.2. Ownership and Use of Common Areas. Each Owner shall own an Undivided Interest in the Common Areas and Facilities, and, except as otherwise limited in this Declaration, shall have the right to use the Common Areas and Facilities for all purposes incident to the use and occupancy of such Unit as a place of residence, and such other incidental uses permitted by this Declaration, which right shall be appurtenant to and run with his or her Unit. Such right to use the Common Areas and Facilities shall extend to each Owner, his or her agents, tenants, family members, invitees and all Occupants and shall be subject to this Declaration and rules and regulations of the Management Committee. The Undivided Interest in the Common Areas and Facilities appurtenant to each Unit in the Project shall be allocated equally among each Unit in the Project. The Undivided Interest in the Common Areas and Facilities appurtenant to each Unit shall be a fraction, the numerator of which is "1" and the denominator of which is the total number of Units in the Project, as shown on the Plat. Alternatively, such fraction may be expressed as a decimal number. Except as otherwise provided in this Declaration, the Undivided Interest appurtenant to each Unit shall have a permanent character and shall not be altered; provided, however, Declarant reserves the right to adjust the Undivided Interest of each Unit in the Common Areas and Facilities following any addition of Units to the Project, in accordance with the provisions of Section 7. The sum of the Undivided Interests in the Common Areas and Facilities allocated to all Units shall at all times equal one hundred percent (100%). Declarant is authorized to round the Undivided Interest of one or more Units in order to cause the total to equal one hundred percent (100%).

6. DESCRIPTION OF LIMITED COMMON AREAS AND FACILITIES.

Limited Common Areas and Facilities means those parts of the Common Areas and Facilities that are limited to, and reserved for, the use of one Unit. Without limiting the foregoing, the Limited Common Areas and Facilities shall include: any balcony, deck, patio, entryway, or porch adjacent to a Unit; the driveway located in front of a Unit; the backyard grass area behind a Unit within a fenced area; any individual fireplace insert, chimney and flue servicing a Unit; individual air-conditioning units and fixtures, and individual water and sewer service lines, and any plumbing or other installation servicing a Unit, including, but not limited to, all such items designated as Limited Common Areas and Facilities on the Plat or as provided for by the Act. The driveway, deck, balcony or patio and the fireplace chimney that are accessible from, associated with, and which adjoin a particular Unit, without further reference thereto, shall be used in connection with such Unit to the exclusion of the use thereof by the Owners, guests, invitees and Occupants of other Units, except by invitation. No reference thereto need be made in any instrument of conveyance, encumbrance, or other instrument. The use and occupancy of designated Limited Common Areas and Facilities shall be reserved to the Units as shown on the Plat or as specified in this Declaration. Owners may not reallocate Limited Common Areas and Facilities between or among Units in which they have an interest. Notwithstanding, Declarant hereby reserves the right and grants to the Association the right to reallocate Limited Common Areas and Facilities to the fullest extent permitted under the Act.

7. OPTION TO EXPAND

7.1. Exercise of Option to Expand. It is anticipated that the Project will be developed in a series of Phases. Accordingly, Declarant hereby reserves, pursuant to Section 57-8-13.6 of the Act, the option to expand the Project (the "Option to Expand") upon the terms and provisions set forth in this Section without the prior consent of the Owners or the Association. Each Option to Expand must be exercised within seven (7) years after recordation of this Declaration. The terms and conditions of the Option to Expand shall be as follows:

7.1.1. Subject to the power granted Declarant in paragraph 7.1.3 below, the real property subject to the option to expand consists of the real property sometimes hereinafter referred to as "the Additional Land," being more particularly described as follows:

See Exhibit D attached hereto

7.1.2. Subject to the provisions of paragraph 7.1.3 below, the option to expand may be exercised at different times as to portions of the Additional Land, and in any order elected by the Declarant. No assurance is made with regard to which portions of the Additional Land, if any, will be added to the Project or the order in which such portions will be so expanded. In the event the Option to Expand is exercised with respect to a portion of the Additional Land, the Option to Expand may subsequently be exercised with respect to any other portion of the Additional Land. There are no limitations as to which portions of the Additional Land may be added.

7.1.3. Declarant shall not be restricted in the location of improvements on the Additional Land or in the number of Units that may be created on the Additional Land, except as may be required by the Specific Plan or other applicable zoning requirements, ordinances or regulations, provided the Project when completed shall not exceed one hundred eighty (180) Units. Assuming that only Phase 1 of the Project is completed, the number of Units would be four (4) and the percentage of ownership interest of each Unit would be 0.25%. Assuming all Phases in the Project are completed and all of the Additional Land is added to the Project (a) the maximum number of Units would be one hundred eighty (180); (b) there would be sixteen (16) acres approximately; (c) the maximum number of Units per net acre would be about eleven (11); and (d) the Undivided Interest of each Unit would be 0.0055%. The actual number of Units constructed and the actual Undivided Interest of each Unit may be somewhere in between the numbers set forth above.

7.1.4. The Units to be located on the Additional Land shall be subject to the same uses as provided in Section 11 hereof. Declarant reserves the right to exercise all Developmental Rights with respect to any Units located on the Additional Land.

7.1.5. The Units to be built on the Additional Land shall be substantially identical to the Units in quality of construction, principal materials to be used and architectural style. Improvements other than buildings containing Units may be erected on the Additional Land. Additional improvements may include recreational facilities, parking areas, walkways and landscaping of the Common Areas and Facilities contained therein, but Declarant makes no assurances regarding such other improvements. Declarant reserves the right to add additional Limited Common Areas and Facilities to the Additional Land without limitation.

7.1.6. The Undivided Interest in the Common Areas and Facilities for all Units in the Project shall be changed at the time Declarant records an Amendment and Supplemental Plat

reflecting Declarant's exercise of the Option to Expand in accordance with the provisions set forth in paragraph 7.1.7 below. Such changes in the Undivided Interest shall be reflected in an amended Exhibit A to this Declaration to be filed with the Salt Lake County Recorder as part of the Amendment. It is contemplated that there may be multiple Amendments filed by Declarant and such Amendments are hereby expressly authorized.

7.1.7. Declarant shall calculate and revise the Undivided Interest for each Unit in the Project based upon the following formula:

$$\frac{1}{\text{Total number of Units in the Project}} = \text{Undivided Interest in the Common Areas and Facilities of the Project}$$

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

7.1.8. Each Owner, by the acceptance of a deed to a Unit in the Project, shall be deemed to have consented to all provisions of this Section, including the procedure for adjustment of Undivided Interests pursuant to paragraph 7.1.7 hereof. After the filing for record of any amended Exhibit A to this Declaration and the Supplemental Plat reflecting Declarant's exercise of the Option to Expand, or any part thereof, legal and equitable title to each Unit thereby created within the Additional Land including its appurtenant ownership interest in the Common Areas and Facilities shall be vested in and held by Declarant and none of the other Owners shall have any claim or title to or interest in such Unit or its appurtenant Undivided Interest in the Common Areas and Facilities.

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

7.1.10. Declarant shall not be required to obtain the consent of any Owners or of any other person or entity having any right or interest in all or any portion of the Project prior to or subsequent to adding all or portions of the Additional Land; provided, however, that if the Federal Housing Administration of the United States Department of Housing and Urban Development (FHA), Federal National Mortgage Association (FNMA) or the Department of Veterans Affairs (VA) is an Eligible Mortgagee, then annexation of any Additional Land shall require the prior written consent of such Eligible Mortgagee(s), which consent shall not be withheld if the Phase of Additional Property substantially conforms to the plan of expansion described in this Declaration.

7.1.11. Prior to the inclusion of a Phase of Additional Land in the Project, Declarant shall substantially complete the Buildings and improvements contemplated by the site plan for such Phase. In addition, liens arising in connection with the Declarant's ownership of, and construction of improvements upon, the Additional Land to be added must not adversely affect

the rights of existing Owners or First Mortgages on Units in the existing Phases of the Project. All taxes and other assessments relating to the Additional Land to be added, covering any period prior to the annexation of the Additional Land, must be paid or otherwise satisfactorily provided for by the Declarant.

7.1.12. No provision of this Section 7 shall be amended without the prior written consent of Declarant, so long as either Declarant owns or has the right to acquire any Units in the Project or any portion of the Additional Land.

7.2. Revision of Definitions. In the event that Declarant exercises an Option to Expand, the definitions used in this Declaration automatically shall be expanded to encompass and refer to the Project as so expanded. For example, the term "Property" shall mean the real property initially submitted under the Declaration, plus any Additional Land added to the Project by an Amendment and Supplemental Plat and the term "Project" shall mean the Project as expanded to include the Additional Land and all improvements on such Additional Land.

7.3. General Liability Insurance Policy for Expansion of Project. Pursuant to Title 38, CFR §36.4360 (a) (5), which is incorporated herein by this reference, the Declarant shall purchase at its own expense and maintain a general liability insurance policy in the sum of not less than \$1,000,000 to cover any liability which owners of previously sold Units are exposed to as a consequence of further and future expansion of the Project pursuant hereto.

8. NATURE AND INCIDENTS OF UNIT OWNERSHIP.

8.1. Nature of Unit Ownership. Each Owner shall have and enjoy the privilege of fee simple ownership of his or her Unit. Each Unit is and shall hereafter be a parcel of real property which may be separately held, conveyed, devised, mortgaged, encumbered, leased, rented, used, occupied, improved and otherwise affected in accordance with the provisions of this Declaration.

8.2. Use of Units and Common Areas and Facilities. Subject to the limitations contained in this Declaration, each Owner, his or her agents, tenants, family members, invitees and all Occupants shall have the non-exclusive right to use and enjoy the Common Areas and Facilities and the exclusive right to occupy and use their Unit and any Limited Common Areas and Facilities designated for exclusive use by such Owner or all Owners.

8.3. Unit Maintenance. Each Owner shall have the exclusive right to paint, repaint, tile, wax, paper, carpet or otherwise decorate the interior surfaces of the walls, ceilings, floors and doors forming the boundaries of their Unit and the surfaces of all walls, ceilings, floors and doors within such boundaries. Each Owner shall keep the interior of their Unit, including, without limitation, interior walls, windows, ceilings, floors and permanent fixtures and appurtenances thereto, in a sanitary condition and in a good state of repair. Owners of adjoining Units may not reallocate or change the boundaries of such Units. No Owner may subdivide their Unit.

8.4. Repairs by Management Committee. In the event that any such Unit should develop an unsanitary condition or fall into a state of disrepair and the Owner of such Unit should fail to correct such condition or state of disrepair promptly following written notice from the Management Committee, the Management Committee shall have the right, at the expense of the Owner and without liability to the Owner for trespass or otherwise, to enter such Unit and correct or eliminate said unsanitary condition or state of disrepair. The Management Committee also shall have the right, following written notice from the Management Committee and the Owner's failure to correct such problem, at the expense of the Owner

and without liability to the Owner for trespass or otherwise, to enter into any Unit for the purpose of maintenance, repairs, and for the purpose of abating a nuisance. In the event that a Unit requires emergency repairs, the Management Committee shall have the right, at the expense of the Owner and without liability to the Owner for trespass or otherwise, to enter such Unit to make such emergency repairs, provided that a reasonable effort is made to provide notice to the Owner or Occupant of the Unit prior to entry. For purposes of this Declaration, "emergency repairs" shall mean repairs that, if not made in a timely manner, will likely result in immediate and substantial damage to the Common Areas and Facilities or another Unit or Units.

8.5. Association Membership. Every Owner shall be an automatic member of the Association and shall remain such so long as such individual or entity remains an Owner. Upon the termination of the interest of an Owner in a Unit, that individual's or entity's membership shall thereupon automatically terminate as to such Unit and shall transfer and inure to the Owner succeeding to the interest of such individual or entity. Membership shall be appurtenant to, and may not be separated from, the ownership of any Unit. The characteristics and nature of the Association shall be determined by the Act, the Declaration, the Bylaws, the Articles and other applicable Utah laws.

9. TITLE TO UNITS.

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

9.2. No Severance of Ownership. Title to no part of a Unit within the Project may be separated from any other part thereof during the period of ownership, and each Unit and the Undivided Interest in the Common Areas and Facilities appurtenant to each Unit shall always be conveyed, devised, encumbered and otherwise affected only as a complete Unit. Every gift, devise, bequest, transfer, encumbrance, conveyance or other disposition of a Unit, or any part thereof, shall be construed to be a gift, devise, bequest, transfer, encumbrance or conveyance, respectively, of the entire Unit, together with all appurtenant rights created by law and by this Declaration, including appurtenant membership in the Association as herein set forth.

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

9.4. Encumbrance of Units. Each Owner shall have the right to encumber his or her interest in a Unit with a Mortgage. However, no Owner shall attempt to or shall have the right to encumber the Common Areas and Facilities or any part thereof except the Undivided Interest therein appurtenant to his or her interest in a Unit. Any Mortgage of any Unit within the Project shall be subordinate to all of the provisions of this Declaration, and in the event of foreclosure the provisions of this Declaration shall be binding upon any Owner whose title is derived through foreclosure by private power of sale, judicial foreclosure, or otherwise.

9.5. No Unauthorized Liens. No labor performed or services or materials furnished with the consent of or at the request of an Owner may be the basis for the filing of a lien against the Unit of any other Owner, or against any part thereof, or against any other property of any other Owner (including interest in any portion of the Common Areas and Facilities), unless the other Owner has expressly consented to or requested the performance of such labor or furnishing of such services. Express consent shall be deemed to have been given by the Owner in the case of emergency repairs thereto. Labor performed or services or materials furnished for the Project, if authorized by the Association and provided for in the Declaration, shall be deemed to be performed or furnished with the express consent of each

Owner. The Owner may remove his or her Unit from a lien against two or more Units or any part thereof by payment to the holder of the lien of the fraction of the total sums secured by such lien which is attributable to his or her Unit.

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

9.7. Notice of Unit Ownership. Any person, on becoming an Owner, will furnish the Secretary of the Association with a photocopy or certified copy of the recorded instrument or such other evidence as may be specified by the Management Committee under the Bylaws or the Association rules, vesting the person with the interest required to make him an Owner. At the same time, the Owner will provide the Association with the single name and address to which the Association will send any notices given pursuant to the governing documents of the Project. The Owner will state in such notice the voting interest in the Association to which the Owner believes he is entitled and the basis for that determination. In the event of any change in the facts reported in the original written notice, including any change of ownership, the Owner will give a new written notice to the Association containing all of the information required to be covered in the original notice. The Association will keep and preserve the most recent written notice received by the Association with respect to each Owner.

10. CERTAIN ADDITIONAL DEVELOPMENTAL RIGHTS.

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

10.1. Reservation of Rights. Declarant hereby reserves, for itself, its agents, employees, contractors, subcontractors, workmen, materialmen and invitees an easement for ingress and egress under, over and across the Property and Common Areas and Facilities for a period of seven (7) years from the recording of this Declaration for the purpose of completing all improvements contemplated by the Declaration and the Plat, including, but not limited to, improvements to the Additional Land.

10.2. Sales Offices. Declarant hereby reserves the right to maintain sales offices, management offices, signs advertising the Project and models in any of the Units which it owns or leases or on the Common Areas and Facilities of the Project for a period of seven (7) years from the recording of this Declaration; provided, however, that Declarant's right shall expire at such earlier time as Declarant sells all Units in the Project (including Units in all additional Phases). Declarant may relocate sales offices, management offices and models to other Units or Common Areas and Facilities at any time. Declarant shall have the right to use the clubhouse as a sales and marketing office. If Declarant elects to use the clubhouse as a sales office, Owners and Occupants of the Project may be precluded from using the clubhouse for a period of up to seven (7) years (depending on the length of time Declarant requires to complete its sale of all Units in all Phases).

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

- (a) six (6) years after the first Unit is conveyed to an Owner; or
- (b) after Units to which three-fourths (3/4) of the Undivided Interest in the Common Areas and Facilities appertain have been conveyed to Owners, or after all Additional Land has been added to the Project, whichever last occurs.

10.4. Construction. Declarant, its agents and contractors shall have the right to come upon the Property for the purpose of making alterations or improvements to the Property and shall have the right to store equipment and materials used in connection with such work on the Property without payment of any fee or charge whatsoever.

10.5. Mortgagee Approval. Anything to the contrary notwithstanding, while Declarant controls the Association and before the end of the period of Declarant's control, any amendments to the Declaration or mergers must (where appropriate) be approved in writing and in advance by Federal Housing Administration of the United States Department of Housing and Urban Development (FHA), the Federal Home Loan Mortgage Corporation or the Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA), Government National Mortgage Association (GNMA) or the Department of Veterans Affairs (VA), as the case may be.

11. RESTRICTIONS ON USE.

The Units and Common Areas and Facilities, except as otherwise permitted in writing by the Management Committee shall be used in accordance with the following restrictions:

11.1. Use. No part of the Property shall be used for other than housing and related common purposes for which the Property was designed. The driveways shall be used for parking operable automobiles, motorcycles and other motor vehicles and for no other purposes, subject to such reasonable rules and regulations as may be adopted by the Management Committee. Campers, trailers, vans, recreational vehicles, and other types of non-passenger vehicles and accessories (but not including non-business use "mini-vans"), including boats and snowmobiles, shall be stored in garages only. The Management Committee may authorize such vehicles and items parked in violation of this provision to be towed away and any such towing charge shall become a lien on the interest of such Owner if he or she owns the vehicle or item or his or her Occupant owns same. No Unit shall be used for commercial purposes; provided, however, that nothing in this Subsection shall prevent (a) Declarant or an affiliated entity or a duly authorized agent from using any Unit owned or leased by Declarant as sales offices and model Units or a property management office as provided in Section 10.2 hereof, or (b) any Owner or his or her duly authorized agent from renting or assigning the use of his or her Unit from time to time.

11.2. Nuisances. No noxious, offensive or illegal activity shall be carried on in or upon any part of the Project nor shall anything be done on or placed in or upon any part of the Project which is or may become a nuisance or may cause unreasonable embarrassment, disturbance or annoyance to Owners or Occupants.

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

11.4. Pets. No animals, reptiles, rabbits, livestock, fowl or poultry of any kind of any kind shall be raised, bred or kept in any Unit or in the Common Areas and Facilities, except that up to a total of two (2) pets which may include dogs, cats or other usual household pets may be kept in Units, subject to

rules and regulations adopted by the Management Committee, provided (a) that they are not kept, bred or maintained for any commercial purposes; (b) that any such pet kept in violation of rules and regulations adopted by the Management Committee or in violation of any Riverton City law, regulation or ordinance or causing or creating a nuisance or unreasonable disturbance (after causing more than one (1) violation) shall be permanently removed from the Project upon three (3) days' written notice from the Management and (c) in no event shall more than one (1) dog be kept in any one Unit.

11.5. Obstruction of Common Areas. There shall be no obstruction of hallways, entrances, exits or other portions of the Common Areas and Facilities; nor shall ready access thereto be obstructed or impeded in any manner; nor shall anything be stored in, on, under or above the Common Areas and Facilities.

11.6. Unsightliness. No clothes, sheets, blankets, laundry of any kind or other articles shall be hung out or exposed on any part of any Limited Common Areas and Facilities appurtenant to any Unit. No temporary or permanent chairs, hammocks or other lounging devices, or bicycles or sporting equipment may be located on any Limited Common Areas and Facilities appurtenant to any Unit. The Association shall have the power to establish specific rules and regulations governing use of deck areas. The Common Areas and Facilities shall be kept free and clear of litter, rubbish, debris and other unsightly materials, which shall be kept in receptacles provided for such purposes.

11.7. Commercial Activities. Except as otherwise provided herein no industry, business, trade, occupation or profession of any kind, commercial, religious, educational or otherwise, designated for profit, altruism, exploration or otherwise, shall be conducted, maintained or permitted in any Unit. This prohibition shall also apply to the Common Areas and Facilities unless permission from the Management Committee is obtained.

11.8. Signs. Except as specifically set forth in this Declaration, no signs, advertising or other displays shall be maintained or permitted on any part of the Property except (a) one (1) "For Sale" sign no larger than twenty-four inches (24") high and thirty inches (30") wide, (b) one (1) reasonably sized political sign displayed two (2) weeks before and one (1) week after any scheduled public election date, or (c) signs at such location and in such form as shall be determined by the Management Committee; provided that the right is reserved by Declarant and its agents to place and maintain on the Common Areas and Facilities or any Unit it owns or leases, until the sale of the last Unit, all models, sales offices and advertising signs, banners and lighting in connection therewith, at such locations and in such forms as Declarant shall determine, together with the right of ingress, egress and transient parking therefor throughout the Property.

11.9. Window Treatments. The Management Committee shall have the right to establish rules governing window coverings. All interior window coverings shall look professionally made. The Management Committee shall have the right to request that an Owner or Occupant remove interior window coverings that appear to be homemade or distasteful. No aluminum foil, newspapers, reflective film coatings or any other similar materials may be used to cover the exterior windows of a Unit.

11.10. Common Areas. Nothing shall be altered or constructed in or removed from the Common Areas and Facilities, except upon written consent of the Management Committee.

11.11. Division of Units. Except as otherwise provided in the Declaration, no Unit, or portions thereof, may be further divided or subdivided or a fractional portion thereof sold or conveyed so as to be held in divided ownership (as opposed to community property, tenancy in common, or other form of joint undivided ownership).

11.12. Alterations. No Owner shall, without the prior written consent of the Management Committee, make or permit to be made any alteration, improvement or addition in or to any Unit or any Common Areas and Facilities. No Owner shall, without the prior written consent of the Management Committee, do any act that would impair the structural soundness or integrity of the Buildings or the safety of property, impair any easement or hereditament appurtenant to the Project, or make or permit to be made any alteration, improvement or addition to the Common Areas and Facilities.

11.13. Prohibited Use. Nothing shall be done or kept in any Unit or in the Common Areas and Facilities or any part thereof which would result in cancellation of the insurance on the Project or any part thereof, nor shall anything be done or kept in any Unit which would increase the rate of insurance on the Project or any part thereof over what the Association but for such activity, would pay, without the prior written consent of the Management Committee. Nothing shall be done or kept in any Unit or in the Common Areas and Facilities or any part thereof which would be in violation of any statute or rule, ordinance, regulation, permit or other validly imposed requirement of any governmental body. No damage to, or waste of, the Common Areas and Facilities or any part thereof shall be committed by any Owner, Occupant or guest, lessee, licensee or invitee of any Owner, and each Owner shall indemnify and hold the Association and the other Owners harmless against all loss resulting from any such damage or waste caused by him or her or his or her guests, lessees, licensees, invitees or Occupants. No Owner shall overload the electric wiring in the Building, or operate any machines, appliances, accessories or equipment in such manner as to cause, in the judgment of the Management Committee, an unreasonable disturbance to others or connect any machines, appliances, accessories or equipment to the heating or plumbing system, without the prior written consent of the Management Committee.

11.14. Rules and Regulations. The Association by the Management Committee or its various committees shall have the right to establish rules and regulations concerning use of the Common Areas and Facilities. No Owner shall violate such rules and regulations.

11.15. Aerials, Antennas, and Satellite Systems. Pursuant to Section 207 of the Telecommunications Act of 1996, the Federal Communications Commission adopted the Over-the-Air Reception Devices Rule (47 C.F.R. § 1.4000) (the "OTARD Rule"), which limits restrictions that may be imposed on the placement of certain antennas and satellite dishes. The OTARD Rule generally prohibits restrictions on certain antennas and satellite dishes that (1) unreasonably delay or prevent installation, maintenance or use; (2) unreasonably increase the cost of installation, maintenance or use; or (3) preclude reception of an acceptable quality signal. However, the OTARD Rule does not apply to rules restricting the installation, maintenance or use of certain antennas and satellite dishes in common areas of a condominium project. Therefore, an Owner or Occupant is prohibited from installing any antenna or satellite dish, including, without limitation, an antenna for amateur ("HAM") radio, citizens band ("CB") radio, and digital audio radio services ("DARS") signals in any Common Areas and Facilities within the Project. Consistent with the OTARD Rule, antennas designed to receive television broadcast signals, video programming or fixed wireless signals and satellite dishes that are one-half meter or less in diameter or diagonal measurement and designed to receive direct broadcast satellite service shall be permitted (each, a "Permitted Device") in Limited Common Areas and Facilities, provided that any such Permitted Device is: (1) located in the garage or other interior space of the Unit so as not to be visible from outside the Unit; or (2) attached to or mounted in the Limited Common Areas and Facilities immediately adjacent to the Unit such as the patio in the rear of a Unit. Other than the Permitted Devices, no antennas or satellite dishes may be located in the Limited Common Areas and Facilities.

11.16. Timeshares Prohibited. No Unit, whether leased or owned, shall be used:

(a) for the operation of a timesharing, fractional ownership, interval ownership, private residence club or similar program whereby the right to exclusive use of the Unit rotates among participants in the program, regardless of whether such program utilizes a fixed or floating schedule, or a purely first come-first served reservation system; or

(b) for the operation of a reservation or time-use system among co-Owners of a Unit, regardless of whether or not any co-Owner may later opt out of such system and regardless of whether the reservation or time-use system is recorded or unrecorded, fixed or floating, if one or more of the following conditions exist:

(i) the ownership interest in such Unit is marketed for sale to the public subject to such system, or

(ii) the co-Owners are or were required as a condition of purchase of the ownership interest in such Unit to subject the interest to a pre-determined reservation or time-use system among co-Owners; or

(c) in the marketing, offering or selling of any club membership interest, limited liability company interest, limited partnership interest, program interest or other interest whereby the interest-holder acquires a right to participate in a reservation or time-use system among the interest-holders, or among the interest-holders and others, involving the Unit, or involving the Unit and other alternate or substitute properties, regardless of whether such interest is equity or non-equity, regardless of whether or not any interest-holder may later opt out of such system and regardless of whether the reservation or time-use system is recorded or unrecorded, fixed or floating (such interest referred to herein as an "Interest"), if one or more of the following conditions exist:

(i) the Interest is marketed for sale to members of the public, or

(ii) the Interest-holders are or were required as a condition of purchase of the Interest to be subject to a pre-determined reservation or time-use system among Interest-holders, or among Interest-holders and others.

(all of the foregoing uses, systems or programs are hereinafter called a "Timeshare Program").

(d) Mere co-ownership of a Unit, ownership of a Unit by an entity or short-term leasing of a Unit shall not create a Timeshare Program unless it meets any of the conditions described above in this Section 11.16. The definition of Timeshare Program expressly excludes the voluntary inclusion of a Unit in a rental pool program.

11.17. Exceptions. Nothing contained herein shall be construed in such a manner as to prohibit Owners from: (a) maintaining their personal professional libraries therein, (b) keeping their personal business or professional records or accounts therein, or (c) handling their personal business or professional telephone calls, business or correspondence therefrom, provided such business activities are in accordance with all applicable laws, regulations and ordinances and do not include personal visits to the Property from business employees, invitees or guests. Such uses are expressly declared customarily incident to the principal residential use of the Unit and not in violation thereof.

11.18. Leases. Any lease agreement between an Owner and a lessee respecting a Unit shall be subject in all respects to the provisions of this Declaration, the Articles and Bylaws, and any failure by the lessee to comply with the terms of such documents shall be a default under the lease. All such lease agreements shall be in writing. No Unit may be leased or rented for an initial term of less than six (6) months. The Owner shall provide a copy of the lease or rental agreement to the Management Committee within ten (10) days after the lease is executed and prior to occupancy. The Association is hereby expressly deemed to be a third party beneficiary of any such lease; any violation of this Declaration, Bylaws or rules and regulations shall be deemed a default under such lease entitling the Association to exercise any and all remedies under the lease or available at law or equity, regardless of the Owner's action or inaction in response to such default. An Owner shall be responsible and liable for any damage to the Project caused by its tenants. Within ten (10) days after delivery of written notice of the creation of a nuisance or material violation of these restrictive covenants, the Owner shall proceed promptly to abate the nuisance or cure the default, and notify the Management Committee in writing of his or her intentions.

11.19. Zoning. Buyer acknowledges that other properties located in the vicinity of the Project may be developed pursuant to the land uses and restrictions set forth in the Specific Plan, with no representation being made herein concerning the planned uses of such other properties. Buyer acknowledges that the zoning for the property on which the Project is located and for other properties in the vicinity of the Project is established and governed by Riverton City. Any amendment of such documentation requires approval by Riverton City.

11.20. Limitations on Use. All Owners are given notice that use of their Units and the Common Areas and Facilities is limited by the rules and regulations as modified from time to time. By acceptance of a deed, each Owner acknowledges and agrees that the use and enjoyment and marketability of the Owner's Unit can be affected by this provision and that the rules and regulations may change from time to time.

11.21. Changes to Common Areas and Facilities. No exterior or structural addition to or change or alteration to the Common Areas and Facilities (including the construction of any window, awning or door) shall be made until the plans and specifications showing the nature, kind, shape, height, color, materials, and location of the same shall have been submitted to and approved by the Management Committee as to harmony of external design and location in relation to surrounding structures and topography, and until the architectural control provisions of the Specific Plan shall have been properly satisfied. No exterior or structural addition to or change or alteration to a Unit or to the Limited Common Areas and Facilities (including the construction of any window, awning or door) shall be made until the plans and specifications showing the nature, kind, shape, height, color, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Management Committee. The alterations and changes described in this section shall also be in compliance with and have received all approvals required by any applicable zoning and other laws, rules and regulations, including the rules and regulations promulgated by the Association.

12. ASSOCIATION AND MANAGEMENT COMMITTEE.

12.1. Association Governance. The Association shall be governed by the following provisions:

12.1.1. The management and maintenance of the Project and the administration of the affairs of the Association shall be conducted by a Management Committee consisting of not less than three (3) nor more than seven (7) natural persons as provided in the Bylaws. The Management Committee shall be elected as provided in this Declaration and in the Bylaws.

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

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

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

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

12.1.2.4. To determine and pay the Common Expenses.

12.1.2.5. To assess and collect the proportionate share of Common Expenses from the Owners, as provided in Section 20 hereinafter.

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

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

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

12.1.2.9. To bring, prosecute and settle litigation for itself, the Association and the Project, provided that it shall make no settlement which results in a liability against the Management Committee, the Association or the Project in excess of \$50,000 (as measured in year 2003 dollars and thereafter adjusted by the Cost of Living Index) without the prior approval of a majority of the Total Votes of the Association at a meeting or by written ballot distributed to Owners by mail; provided, any settlement which would be paid from proceeds of insurance which may be settled by the Association's insurance carrier and which in either case results in no actual liability of funds of the Association in excess of \$50,000 shall not require Association approval.

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

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

12.1.2.12. To own, purchase or lease, hold and sell or otherwise dispose of, on behalf of the Owners, items of personal property necessary to or convenient to the management of the business and affairs of the Association and the Management

Committee and to the operation of the Project, including, without limitation, furniture, furnishings, fixtures, maintenance equipment, appliances and office supplies.

12.1.2.13. To pledge, hypothecate or otherwise encumber current or future Common Assessments for any purpose permitted under this Declaration.

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

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

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

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

12.1.2.18. Subject to the limitations of Section 12.1.4, the Act and any other applicable law, the Management Committee may delegate to a Common Area Manager by written agreement all of the foregoing powers, duties and responsibilities referred to in this Section 12.1.

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

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

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

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

12.1.4. The Association acting through the Management Committee may enter into a contract with a Common Area Manager for the management of the Project which complies with the requirements of Section 12.1.2 hereof as applicable to the Project. The Common Area Manager so engaged shall be responsible for managing the Project for the benefit of the Association and the Owners, and shall, to the extent permitted by law and by the terms of the agreement with the Association, be authorized to perform any of the functions or acts required to be performed by the Association itself. Any such management agreement executed on or before the termination of Declarant control of the appointment of the Management Committee as described in Section 10.3 may be terminated by the Association without cause at any time after termination of such control. The above term and termination provisions shall not apply to any other types of service contracts to which Declarant or its affiliates is not a party.

12.2. Limitation on Liability. NOTWITHSTANDING THE DUTY OF THE ASSOCIATION TO MAINTAIN AND REPAIR PORTIONS OF THE PROJECT, AND EXCEPT TO THE EXTENT COVERED BY ASSOCIATION INSURANCE AS DESCRIBED IN ARTICLE 14, THE ASSOCIATION SHALL NOT BE LIABLE TO OWNERS FOR INJURY OR DAMAGE, OTHER THAN FOR THE COST OF MAINTENANCE AND REPAIR, CAUSED BY ANY LATENT CONDITION OF THOSE PORTIONS OF THE PROJECT TO BE MAINTAINED AND REPAIRED BY THE ASSOCIATION, OR CAUSED BY THE ELEMENTS OR OTHER OWNERS OR PERSONS.

13. MAINTENANCE, ALTERATION AND IMPROVEMENT.

13.1. Maintenance of Common Areas and Facilities. The maintenance, replacement and repair of the Common Areas and Facilities shall be the responsibility of the Association, and the cost thereof shall be a Common Expense. The Association also shall maintain, replace and repair the driveways for the Units, which are classified as Limited Common Areas and Facilities, and the cost thereof shall be a Common Expense. The Association shall be solely responsible for the maintenance, repairs, and/or replacement of the following on or relating to the Property and the cost therefore shall be charged as a Common Expense: (a) the exterior portions (including the roofs) of the Buildings and those portions, if any, of each Unit which contribute to the support of the Buildings, excluding, however, interior wall, ceiling and floor surfaces, except to the extent insurance proceeds received by the Board resulting from any damage or destruction covers such repairs; (b) all conduits, ducts, plumbing, wiring and other facilities for the furnishing of utility services which may be located within the Unit boundaries as specified in Section 4 hereof, exclusive of any portions of the foregoing which may be located at or beyond the wall outlets, or which may be the responsibility of an individual Owner under any other provision of this Declaration; (c) all grass on the Property, including, without limitation, the landscaping of the open areas between the Buildings and the lawn areas within the parkways between the curb and sidewalk, excluding, however, the backyard grass area for each Unit from the Unit to the perimeter fence depicted as Limited Common Areas and Facilities on the Plat; (d) any perimeter fencing that separates the Property from other parts of Monarch Meadows; (e) all driveways including resurfacing and snow removal; (f) entry monuments, paths, signage, parkways, medians; (g) water and sewer laterals for the Buildings or Units from publicly-dedicated water and sewer lines; and (h) the Storm Drain System. In addition, the Association shall pay for the following as Common Expenses: (i) assessments and useage

fees for water and sewer for the Units; (ii) real estate taxes, if any, on any of the Common Areas and Facilities; (iii) insurance required on any of the Common Areas and Facilities including, but not limited to, driveways, open areas and exterior portions of all Buildings, as required under Section 14; and (iv) all assessments and fees relating to utilities for the Common Areas and Facilities. With regard to the Storm Drain System, the Association shall be responsible for any flooding caused by the malfunction or obstruction of the Storm Drain System. The Association shall maintain the Storm Drain System in accordance with the approved construction plans on file with the City Engineer of the City, and is not allowed to decrease the flood detention area and volume of the Storm Drain System. All incidental damages caused to a Unit by the maintenance, replacement and repairs of the Common Areas and Facilities or utility services shall be repaired promptly and the cost thereof charged as a Common Expense.

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

13.3. Owner Unit and Limited Common Areas and Facilities Maintenance. Notwithstanding anything in this Declaration to the contrary, the Owner at the Owner's expense shall maintain and keep in repair the interior of the Unit, including the fixtures and utilities located in the Unit to the extent current repair shall be necessary in order to avoid damaging other Units or the Common Areas and Facilities. All fixtures, equipment, and utilities installed and included in a Unit serving only that Unit, commencing at a point where the fixtures, equipment and utilities enter the Unit, shall be maintained and kept in repair by the Owner of that Unit. An Owner shall also maintain and keep in repair any entry door or doors serving such Unit. An Owner shall not allow any action or work that will impair the structural soundness of the improvements, impair the proper functioning of the utilities, heating, ventilation, or plumbing systems or integrity of the Building, or impair any easement or hereditament. Except as otherwise provided in this Declaration, an Owner shall also have the obligation to maintain and keep in repair all Limited Common Areas and Facilities, at such Owner's expense, appurtenant to a Unit. Prior to performing any repairs, the Owner shall obtain the approval of the Management Committee as to construction materials, quality of construction and installation. Except as otherwise set forth in Section 14.6, no Owner shall alter any Common Areas and Facilities without the prior written consent of the Association. While the driveways in front of the Units are designated as Limited Common Areas and Facilities in this Declaration and on the Plat, the maintenance, repair and replacement of such driveways is classified as a Common Expense under this Declaration. Notwithstanding anything in this Declaration to the contrary, each Owner shall pay all unpaid sewer service charges for his or its Unit and his or its pro rata share of the sewer service charges for the Common Areas and Facilities if such charges are not paid by the Association after written demand has been made on the Association.

13.4. Association Repair of Units. In the event that portions of a Unit or other improvements are not properly maintained and repaired, and if the maintenance responsibility for the unmaintained improvement lies with the Owner of the Unit, or in the event that such improvements are damaged or

destroyed by an event of casualty and the Owner does not take reasonable measures to diligently pursue the repair and reconstruction of the damaged or destroyed improvements to substantially the same condition in which they existed prior to the damage or destruction, then the Association, after written notice to the Owner and the expiration of a thirty (30) day cure period, and with the approval of the Management Committee, shall have the right to enter upon the Unit to perform such work as is reasonably required to restore the Unit and other improvements to a condition of good order and repair; provided, however, if such repair and reconstruction due to an event of casualty cannot be reasonably performed within such thirty (30) day cure period, the Owner shall have such time as reasonably required to perform such repair and reconstruction so long as the work has been commenced within such cure period and is diligently pursued to completion. All costs incurred by the Association in connection with the restoration shall be reimbursed to the Association by the Owner of the Unit, upon demand. All unreimbursed costs shall be a lien upon the Unit until reimbursement is made. The lien may be enforced in the same manner as a lien for an unpaid Common Assessment levied in accordance with Section 20 of this Declaration.

13.5. Liens Prohibited. Subsequent to the filing of the Plat and recording of this Declaration, no labor performed or materials furnished for use and incorporated in any Unit with the consent of or at the request of the Owner of the Unit or the Owner's agent, contractor or subcontractor shall be the basis for the filing of a lien against a Unit of any other Owner not expressly consenting to or requesting the same, or against any interest in the Common Areas and Facilities except as to the Undivided Interest therein appurtenant to the Unit of the Owner for whom such labor shall have been performed or such materials shall have been furnished. Each Owner shall indemnify and hold harmless each of the other Owners and the Association from and against any liability or loss arising from the claim of any mechanic's lien for labor performed or for materials furnished in work on such Owner's Unit against the Unit of another Owner or against the Common Areas and Facilities, or any part thereof.

13.6. Owner's Indemnity. At its own initiative or upon the written request of any Owner (if the Association determines that further action by the Association is proper), the Association shall enforce the indemnity provided by the provisions of Section 13.5 above by collecting from the Owner of the Unit on which the labor was performed or materials furnished the amount necessary to discharge by bond or otherwise any such mechanic's lien, including all costs and reasonable attorneys' fees incidental to the lien, and obtain a release of such lien. In the event that the Owner of the Unit on which the labor was performed or materials furnished refuses or fails to so indemnify within seven (7) days after the Association shall have given notice to such Owner of the total amount of the claim, or any portions thereof from time to time, then the failure to so indemnify shall be a default by such Owner under the provisions of this Section, and such amount to be indemnified shall automatically become a default Common Assessment determined and levied against such Unit, and enforceable by the Association in accordance with Section 20 below.

13.7. Use and Maintenance of the Access Road. The Project includes only the southern one-half of the Access Road. The northern one-half of the Access Road is part of Phase 12 of Monarch Meadows (the "Phase 12 Property"). Declarant has entered into, or will enter into, an agreement entitled "Road Easement, Construction and Maintenance Agreement" (the "Road Agreement") with the owner of the Phase 12 Property (the "Phase 12 Owner"). The Association agrees to enter into an assignment of the Road Agreement, pursuant to which the Association will assume all obligations of the Declarant thereunder. Pursuant to the terms of the Road Agreement, Declarant has granted, or will grant, the Phase 12 Owner, its successors, assigns, transferees, and tenants, subtenants, vendors, invitees, guests and licensees of any of the foregoing (the "Benefited Parties") an easement across that portion of the Access Road located within the Project. In exchange, the Phase 12 Owner has granted, or will grant, Declarant and its Benefited Parties an easement across that portion of the Access Road located within the Phase 12 Property. Pursuant to the terms of the Road Agreement, Declarant and the Phase 12 Owner have agreed

to establish the Master Association. The Master Association shall oversee the maintenance and repair of the Access Road. The Master Association shall have as its members the Association and the Phase 12 Owner (or an entity established by the Phase 12 Owner to manage the common areas and facilities included in any development on the Phase 12 Property). The Road Agreement requires the Declarant (or the Association) and the Phase 12 Owner (or its corresponding association) to each pay one-half of the costs associated with the maintenance and repair of the Access Road (the "Access Road Maintenance Costs"). The Access Road Maintenance Costs attributable to the Declarant (or the Association) for all purposes shall be deemed part of the Common Expenses, and shall be included in the Common Assessments. Notwithstanding anything in this Declaration to the contrary, each Owner shall pay his or its pro rata share of the Access Road Maintenance Costs if such charges are not paid by the Association after written demand has been made on the Association by the Master Association. A copy of the Road Agreement is available at Declarant's office for review by any Owner.

14. INSURANCE.

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

14.1. Property Insurance. A "master" or "blanket" type policy of property insurance shall be maintained covering the entire Project, including: Common Areas and Facilities; Limited Common Areas and Facilities; all Buildings including all Units; fixtures, machinery, building service equipment, personal property and supplies comprising a part of the Common Areas and Facilities maintained for the service of the Project or owned by the Association, but excluding land, foundations, excavations, and other items normally not covered by such policies. References herein to a "master" or "blanket" type policy of property insurance are intended to denote single entity insurance coverage. As a minimum, such "master" or "blanket" policy shall afford protection against loss or damage by fire, by other perils normally covered by the standard extended coverage endorsement, and by all other perils which are customarily covered with respect to projects similar to the Project in construction, location, and use, including (without limitation) all perils normally covered by the standard "all risk" endorsement, where such endorsement is available. Such "master" or "blanket" policy shall be in an amount not less than one hundred percent (100%) of current replacement cost of all elements of the Project covered by such policy, exclusive of land; foundations, excavation, and other items normally excluded from coverage. If the Management Committee deems such advisable, the insurance policy shall include either of the following endorsements to assure full insurable value replacement cost coverage: (1) a Guaranteed Replacement Cost Endorsement (under which the insurer agrees to replace the insurable property regardless of the cost) and, if the policy includes a co-insurance clause, an Agreed Amount Endorsement (which waives the requirement for co-insurance); or (2) a Replacement Cost Endorsement (under which the insurer agrees to pay up to one hundred percent (100%) of the property's insurable replacement cost but no more) and, if the policy includes a co-insurance clause, an Agreed Amount Endorsement (which waives the requirement for co-insurance). Unless the Management Committee otherwise determines, the maximum deductible amount for such a policy covering the Common Areas and Facilities shall be the lesser of Ten Thousand Dollars (\$10,000) or one percent (1%) of the policy face amount. However, for losses related to individual Units that are covered by such a policy, the deductible related to each individual Unit shall be the lesser of One Thousand Dollars (\$1,000.00) or one percent (1%) of the Unit's insurable value. Funds to cover these deductible amounts shall be included in the Association's operating reserve account.

14.1.1. The name of the insured under each policy required to be maintained by Section 14.1 shall be the Association for the use and benefit of the individual Owners. (Such Owners shall be designated by name if required by law.) Notwithstanding the requirement of the two immediately foregoing sentences, each such policy may be issued in the name of an authorized

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

14.1.2. Each policy required to be maintained by Section 14.1 shall contain the standard mortgage clause, or equivalent endorsement (without contribution), commonly accepted by private institutional mortgage investors in the area in which the Project is located. In addition, such mortgage clause or another appropriate provision of each such policy shall provide that the policy may not be canceled or substantially modified without at least ten (10) days' prior written notice to the Association and to each Mortgagee which is listed as a scheduled holder of a Mortgage in the policy.

14.1.3. Each policy required to be maintained by Section 14.1 shall provide, if available, for the following: recognition of any insurance trust agreement; a waiver of the right of subrogation against Owners individually; the insurance is not prejudiced by any act or neglect of individual Owners which is not in the control of such Owners collectively or the Association; and the policy is primary in the event the Owner has other insurance covering the same loss.

14.1.4. In contracting for the policies of insurance required to be maintained by Section 14.1, the Management Committee shall make reasonable efforts to secure (where economically feasible and reasonably available) coverage commonly required by private mortgage investors for projects similar in construction, location and use.

14.2. Fidelity Bonds. The Association shall at all times maintain in force and pay the premiums for "blanket" fidelity bonds for all officers, members, and employees of the Association and for all other persons handling or responsible for funds of or administered by the Association whether or not that individual receives compensation for services, if such bonds are reasonably available and the cost associated with such bonds is reasonable. Furthermore, where the Association has delegated some or all of the responsibility for the handling of funds to the Common Area Manager, the Common Area Manager shall provide "blanket" fidelity bonds, with coverage identical to such bonds required of the Association, for the Common Area Manager's officers, employees and agents handling or responsible for funds of, or administered on behalf of, the Association. In addition, the Common Area Manager shall, within a reasonable time period, submit evidence to the Association that he or she has secured such fidelity insurance. The total amount of fidelity bond coverage required shall be based upon the Association's best business judgment, but shall not be less than the estimated maximum amount of funds, including reserve funds, in the custody of the Association, or the Common Area Manager, as the case may be, at any given time during the term of each bond. Notwithstanding the foregoing, in no event may the amount of such bonds be less than a sum equal to three (3) months' aggregate assessments on all Units, plus reserve funds. The bonds required shall meet the following additional requirements: (a) they shall name the Management Committee, the Association, and the Common Area Manager as obligee; (b) if the insurance contract or bond excludes coverage for damages caused by persons serving without compensation, and may use that exclusion as a defense or reason not to pay a claim, the insurance company shall, if possible, be required to waive that exclusion or defense; (c) the premiums on all bonds required herein for the Management Committee and the Association (except for premiums on fidelity bonds maintained by a management agent for its officers, employees and agents) shall be paid by the Management Committee or the Association as part of the Common Expenses; and (d) the bonds shall provide that they may not be

canceled or substantially modified, including cancellation for nonpayment of premium, without at least ten (10) days' prior written notice to the Management Committee and the Association, to any Insurance Trustee, and to each servicer of loans on behalf of any Mortgagee, and FNMA.

14.3. Comprehensive General Liability Insurance. The Association shall maintain in force, and pay the premium for a policy providing comprehensive general liability insurance coverage covering all of the Common Areas and Facilities, Building exteriors, public ways in the Project, all other areas of the Project that are under the Association's supervision, and any commercial spaces owned by the Association, if any, whether or not such spaces are leased to some third party. The coverage limits under such policy shall be in amounts generally required by private institutional mortgage investors for projects similar to the Project in construction, location, and use. Nevertheless, such coverage shall be for at least Three Million Dollars (\$3,000,000) for bodily injury, including deaths of persons, and property damage arising out of a single occurrence. Coverage under such policy shall include, without limitation, legal liability of the insureds for property damage, bodily injuries and deaths of persons in connection with the operation, maintenance, or use of the Common Areas and Facilities, Building exteriors, and legal liability arising out of lawsuits related to employment contracts of the Association. Additional coverages under such policy shall include protection against such other risks as are customarily covered with respect to projects similar to the Project in construction, location, and use, including, but not limited to, (where economically feasible and if available), bailee's liability, garage keeper's liability, host liquor liability, contractual and all-written contract insurance, workers' compensation and employer's liability insurance, and comprehensive automobile liability insurance. If such policy does not include "severability of interest" in its terms, the policy shall include a special endorsement to preclude an insurer's denial of any Owner's claim because of negligent acts of the Association or any other Owner. Such policy shall provide that it may not be canceled or substantially modified, by any party, without at least ten (10) days' prior written notice to the Association and to each First Mortgagee which is listed as a scheduled holder of a Mortgage in such policy.

14.4. Flood Insurance. If any part of the Project's improvements are in a Special Flood Hazard Area -- which is designated as A, AE, AH, AO, A1-30, A-99, V, VE, or V1-30 on a Flood Insurance Rate Map (FIRM) -- the Association shall obtain a "master" or "blanket" policy of flood insurance and provide for the premiums to be paid as a Common Expense. The policy should cover any common element buildings and any other common property. The Owner may also be required to purchase an individual policy. The amount of flood insurance should be at least equal to the lesser of 100% of the insurable value of the facilities or the maximum coverage available under the appropriate National Flood Insurance Administration program.

14.5. Directors and Officers Insurance. A director's and officer's liability or errors and omissions policy, if reasonably available, with at least One Million Dollars (\$1,000,000) in coverage.

14.6. General Insurance Provisions.

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

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

14.7. Miscellaneous Insurance Coverage Requirements. The following provisions shall apply to all insurance coverage:

14.7.1. Quality of Carrier. A "B" or better general policyholder's rating or a "6" or better financial performance index rating in Best's Insurance Reports, an "A" or better general policyholder's rating and a financial size category of "VIII" or better in Best's Insurance reports - International Edition, an "A" or better rating in Demotech's Hazard Insurance Financial Stability Ratings, a "BBBq" qualified solvency ratio or a "BBB" or better claims-paying ability rating in Standard and Poor's International Confidential Rating Service -- if the carrier is issuing a master policy or an insurance policy for the Common Areas and Facilities in the Project.

14.7.2. The Insured. The name of the insured under each policy required to be maintained hereby shall be set forth therein substantially as follows: "Association of Owners of THE VILLAS AT MONARCH MEADOWS, for the use and benefit of the individual Owners."

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

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

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

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

14.7.7. Miscellaneous Provisions. Each insurance policy shall contain at least the following additional miscellaneous items: (a) A waiver of the right of a subrogation against Owners individually; and (b) A provision that the insurance is not prejudiced by any act or neglect of any individual Owner.

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

14.7.9. Disbursement of Proceeds. Proceeds of insurance policies shall be disbursed to repair promptly and reasonably the damages. Any proceeds remaining thereafter shall be placed in the reserve account and retained by and for the benefit of the Association. This is a covenant for the benefit of the Association and any Mortgagee of a Unit, and may be enforced by them.

14.7.10. Special Endorsements. Each policy shall also contain or provide those endorsements commonly purchased by other Associations in similarly situated first class subdivisions in the county, including but not limited to a guaranteed replacement cost endorsement under which the insurer agrees to replace the insurable property regardless of the cost and, or a Replacement Cost Endorsement under which the insurer agrees to pay up to 100% of the property's insurable replacement cost, but no more, and, if the policy includes a coinsurance clause, an Agreed Amount Endorsement which waives the requirement for coinsurance; an Inflation Guard Endorsement when it can be obtained, a Building Ordinance or Law Endorsement, if the enforcement of any building, zoning or land-use law will result in loss or damage, increased cost of repairs or reconstruction, or additional demolition and removal costs, and increased costs of reconstruction; Steam Boiler and Machinery Coverage Endorsement if the Project has any central heating or cooling.

14.7.11. Restrictions on Policies. No insurance policy shall be maintained where:

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

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

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

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

14.7.13. Deductible. The deductible on a claim made against the Association's Property Insurance Policy shall be paid for by the party who would be liable for the loss, damage, claim, or repair in the absence of insurance, and in the event of multiple responsible parties, the loss shall be allocated in relation to the amount each party's responsibility bears to the total. If a loss is caused by an act of God or nature or by an element, risk or peril beyond the control of the Owner, then the Association shall be responsible for the deductible.

14.7.14. Adjusting Claims. The Management Committee has the authority to adjust claims and, if the claim may be filed with the Owner's or renter's insurance carrier, may require from the prospective claimant's insurance company a formal notice of rejection and an unconditional denial of the claim or its equivalent before submitting the claim to the Association's insurance company, particularly if (1) it risks cancellation of the Association's insurance, or (2) the problem occurred in the Unit, or (3) was caused by the claimant, or (4) the claim is legally or primarily the responsibility of the claimant, and (5) there is a substantial likelihood that the claim will be covered by the Owner's or renter's insurance company.

14.8. Owner's Insurance. Notwithstanding anything in this Section 14.8 to the contrary, it shall be the responsibility of each Owner, at such Owner's expense, to maintain physical damage insurance on such Owner's personal property and furnishings and on any upgrade made to the structures and fixtures of the Owner's Unit. In addition, an Owner may obtain such other and additional insurance coverage on and in relation to the Owner's Unit as the Owner in the Owner's sole discretion shall conclude to be desirable. However, none of such insurance coverages obtained by such Owner shall affect any insurance coverage obtained by the Association or cause the diminution or termination of that insurance coverage, nor shall such insurance coverage of an Owner result in apportionment of insurance proceeds as between policies of insurance of the Association and the Owner. An Owner shall be liable to the Association for the amount of any such diminution of insurance proceeds to the Association as a result of insurance coverage maintained by the Owner, and the Association shall be entitled to collect the amount of the diminution from the Owner as if the amount were a default Assessment, with the understanding that the Association may impose and foreclose a lien for the payment due. Any insurance obtained by an Owner shall include a provision waiving the particular insurance company's right of subrogation against the Association and other Owners. Each Owner shall be responsible to provide insurance coverage for the amount of any additional value to any Unit caused by any improvement to the Unit made by such Owner and not initially made by Declarant, including, but not limited to, the value of structural upgrades or fixtures supplied by the Owner, or if the applicable insurance is to be provided by the Association, for any additional insurance costs associated with such increased value due to the improvements.

15. DESTRUCTION OR DAMAGE.

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

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

15.3. Evaluation of Damage and Election to Make Repairs. In the event all or any part of the Project is damaged or destroyed, the Association shall proceed as follows:

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

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

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

15.3.4. If the proceeds of the insurance maintained by the Association are less than the estimated costs to repair and reconstruct the damaged or destroyed part of the Project and if less than seventy-five percent (75%) of the Project is damaged or destroyed, such repair and reconstruction shall nevertheless be carried out. The Association shall levy a Special Common Assessment sufficient to provide funds to pay the actual costs of such repair and reconstruction to the extent that such insurance proceeds are insufficient to pay such costs. Such Special Common Assessment shall be allocated and collected as provided in Section 20.1.3 hereof, except that the vote therein specified shall be unnecessary. Further levies may be made in like manner if the amounts collected (together with the proceeds of insurance) are insufficient to pay all actual costs of such repair and reconstruction.

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

15.3.5.1. the Project shall be deemed to be owned in common by the Owners;

15.3.5.2. Each Owner shall own an undivided interest in the Project equal to his or her ownership interest in the Common Areas and Facilities;

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

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

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

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

15.5. Disbursement of Insurance Proceeds. If repair or reconstruction is to occur, the insurance proceeds held by the Association and any amounts received from Common Assessments made pursuant to Section 20.1.3 hereof shall constitute a fund for the payment of costs of repair and reconstruction after casualty. It shall be deemed that the first money disbursed in payment for costs of repair and reconstruction shall be made from insurance proceeds; if there is a balance after payment of all costs of such repair and reconstruction, such balance shall be distributed to the Owners in accordance with their undivided percentage interest in the Common Areas and Facilities.

15.6. Amendment of Section. This Section 15 shall not be amended unless Owners entitled to vote at least seventy-five percent (75%) of the Total Votes of the Association consent and agree to such amendment and such consent and agreement is reflected in an instrument duly executed by the Association and recorded in accordance with the provisions of this Declaration.

16. TERMINATION.

16.1. Termination With Owner Approval. Except as otherwise provided in Section 14 and Section 15, the Project may be terminated only by agreement of Owners entitled to vote all of the votes of all Units.

16.2. Termination of Condominium Regime With Mortgagee Approval. The consent of Owners to which at least sixty-seven percent (67%) of the Total Votes of the Association are allocated and the approval of Eligible Mortgagees on Units to which at least sixty-seven percent (67%) of the Total Votes of the Association appertain shall be required to terminate the condominium regime. Provided, further, as long as Declarant has ownership rights in the Project, its consent shall also be required to remove the Project from the provisions of the Act. However, implied approval may be assumed when an Eligible Mortgagee (except (where appropriate) the Federal Housing Administration of the United States Department of Housing and Urban Development (FHA), the Federal Home Loan Mortgage Corporation or the Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA), Government National Mortgage Association (GNMA) or the Department of Veterans Affairs (VA)) fails to submit a response to any written proposal within thirty (30) days after it receives proper notice of the proposal, provided the notice was delivered by certified or registered mail, with a "return receipt" requested.

16.3. Sale of the Property. A termination agreement may provide that all the Project shall be sold following termination. If, pursuant to the agreement, any real estate in the Project is to be sold following termination, the termination agreement shall set forth the minimum terms of the sale. The Association, on behalf of the Owners, may contract for the sale of real estate in the Project, but the contract is not binding on the Owners until approved pursuant to Sections 16.1 and 16.2. If any real estate in the Project is to be sold following termination, title to that real estate on termination vests in the

Association as trustee for all Owners. Thereafter, the Association has all powers necessary and appropriate to effect the sale. Until the sale has been concluded and the proceeds of the sale distributed, the Association continues in existence with all powers it had before termination. Proceeds of the sale shall be distributed to Owners and Mortgagees as their interests may appear, based on the Owner's respective Undivided Interest in the Common Areas and Facilities. Unless otherwise specified in the termination agreement, as long as the Association holds title to the real estate, each Owner and their successors in interest have an exclusive right to occupancy of the portion of the real estate that formerly constituted their Unit in accordance with the terms of this Declaration. During the period of that occupancy right, each Owner and their successors in interest remain liable for all Common Assessments and other obligations imposed on Owners by this Declaration.

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

17. EMINENT DOMAIN.

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

17.2. Calculation of Damages. With respect to the Common or Limited Common Areas and Facilities, any damages or awards shall be determined for such taking, injury or destruction as a whole and not for each Owner's interest therein. After such determination, each Owner shall be entitled to a share in the damages in the same proportion as his or her Undivided Interest in the Common Areas and Facilities. This provision does not prohibit a majority of the Owners from authorizing the Management Committee to use such damages or awards for replacing or restoring the Common Areas and Facilities so taken on the remaining land or on other acquired land, provided that this Declaration and the Plat are duly amended.

17.3. Deposit of Proceeds. With respect to one or more Units or portions thereof, the damages or awards for such taking shall be deemed to be proceeds from insurance on account of damages or destruction pursuant to Section 15 above and shall be deposited with the Management Committee as trustee. Even though the damage or awards may be payable to one or more Owners, the Owners shall deposit the damages or awards with the Management Committee as trustee. In the event an Owner refuses to so deposit his or her award with the Management Committee, then at the option of the Management Committee, either a Special Common Assessment shall be made against the defaulting Owner and his or her Unit in the amount of this award or the amount of such award shall be set off against the sum hereafter made payable to such Owner.

17.4. Distribution Upon Removal from Act. In the event the Project is removed from the provisions of the Act pursuant to Section 16 above, the proceeds of the damages or awards shall be distributed or used in accordance with the Owner's respective Undivided Interest in the Common Areas and Facilities.

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

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

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

17.6. Amendment to Declaration and Plat. Changes in Units, in the Common Areas and Facilities and in the ownership of the Common Areas and Facilities that are affected by the taking referred to in this Section 17 shall be evidenced by an amendment to this Declaration and the Plat, which need not be approved by the Owners.

18. MORTGAGEE PROTECTION.

18.1. Events Requiring Notice. Upon written request made to the Association by a First Mortgagee, or an insurer or governmental guarantor of a First Mortgage, which written request shall identify the name and address of such First Mortgagee, insurer or governmental guarantor and Unit Number, any such First Mortgagee, insurer or governmental guarantor shall be entitled to timely written notice of:

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

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

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

18.1.4. Any proposed action which would require the consent of a specified percentage of Eligible Mortgagees as specified in Section 18.2 below or elsewhere herein; and

18.1.5. Any judgment rendered against the Association.

18.2. Mortgagee Approval. Except as provided elsewhere in this Declaration, or except as provided by the Act, the vote or prior written consent of Owners entitled to vote at least sixty-seven percent (67%) of the Total Votes of the Association (unless pursuant to a specific provision of this Declaration the consent of Owners entitled to vote a greater percentage of the votes in the Association is required, in which case such specific provisions shall control), and Eligible Mortgagees holding First Mortgages on Units having at least fifty-one percent (51%) of the votes of the Units subject to First Mortgages held by Eligible Mortgagees shall be required to:

18.2.1. Abandon or terminate the legal status of the Project after substantial destruction or condemnation occurs.

18.2.2. Amend any material provision of the Declaration, Articles, Bylaws or Plat. "Material provisions" include any provision affecting the following (an amendment to such documents shall not be considered material if it is for the purpose of correcting technical errors, to comply with applicable law, or for clarification only):

18.2.2.1. Voting rights;

18.2.2.2. Changes in the method of calculating the Common Assessments, obligations, maintenance fees, or other charges which may be levied against an Owner;

18.2.2.3. Reductions in reserves for maintenance, repair, and replacement of Common Areas and Facilities;

18.2.2.4. Responsibility for maintenance and repairs;

18.2.2.5. Reallocation of interests in the Common Areas and Facilities, except where otherwise specifically permitted by this Declaration, or rights to their use;

18.2.2.6. Convertibility of Units into Common Areas and Facilities or vice versa, except as otherwise permitted by this Declaration;

18.2.2.7. Material changes in hazard or fidelity insurance requirements;

18.2.2.8. Rights to use the Common Areas and Facilities;

18.2.2.9. Expansion or contraction of the condominium regime or the addition, annexation or withdrawal of property to or from the Project;

18.2.2.10. the boundaries of any Unit;

18.2.2.11. the Undivided Interests in the Common Areas and Facilities;

18.2.2.12. Imposition of any restrictions on the leasing of Units;

18.2.2.13. Imposition of any restrictions on Owner's right to sell or transfer his or her Unit;

18.2.2.14. establishment of self-management by the Association where professional management has been required;

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

18.2.2.16. The benefits of Eligible Mortgagees.

Any Mortgagee, insurer or governmental guarantor who receives a written request from the Association to approve additions or amendments to the constituent documents and who fails to deliver or post to the Association a negative response within thirty (30) days shall be deemed to have approved such request, provided the written request was delivered by certified or registered mail, with a "return receipt" requested; provided, however, and anything to the contrary notwithstanding, so long as Declarant is in control of the Association, such action or transaction must be approved in writing by the Department of Veterans Affairs (VA) pursuant to CFR, Title 38, §36.4357(b)(4) and, if any financing or the guaranty of any financing of a Unit is provided by the Federal Housing Administration of the United States Department of Housing and Urban Development (FHA), the Federal Home Loan Mortgage Corporation or the Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA), Government National Mortgage Association (GNMA), by such agencies.

18.3. Records. The Association shall maintain and have current copies of the Declaration, Articles, Bylaws, and other rules concerning the Project as well as its own books, records, and financial statements available for inspection by Owners or by holders, insurers, and guarantors of First Mortgages that are secured by Units in the Project. Generally, these documents shall be available during normal business hours.

18.4. Subordination of Liens. The lien or claim against a Unit for unpaid assessments or charges levied by the Association pursuant to this Declaration shall be subordinate to the First Mortgage affecting such Unit if the First Mortgage was recorded before the delinquent assessment was due, and the First Mortgagee thereunder which comes into possession of or which obtains title to the Unit shall take the same free of such lien or claim for unpaid assessment or charges, but only to the extent of assessments or charges which accrue prior to foreclosure of the First Mortgage, exercise of a power of sale available thereunder, or taking of a deed or assignment in lieu of foreclosure. No assessment, charge, lien, or claim which is described in the preceding sentence as being subordinate to a First Mortgage or as not to burden a First Mortgagee which comes into possession or which obtains title shall be collected or enforced by the Association from or against a First Mortgagee, a successor in title to a First Mortgagee, or the Unit affected or previously affected by the First Mortgage concerned. All taxes, Common Assessments and charges that may become liens prior to the First Mortgage under Utah law relate only to the individual Units and not to the Project as a whole.

18.5. Taxes. In the event any taxes or other charges which may or have become a lien on the Common Areas and Facilities are not timely paid, or in the event the required hazard insurance described in Section 14.1 lapses, is not maintained, or the premiums therefore are not paid when due, any Mortgagee or any combination of Mortgagees may jointly or singly, pay such taxes or premiums or secure such insurance. Any Mortgagee which expends funds for any of such purposes shall be entitled to immediate reimbursement therefor from the Association.

18.6. Insurance Proceeds Priority. No provision of this Declaration or the Articles gives or may give an Owner or any other party priority over any rights of Mortgagees pursuant to their respective Mortgages in the case of a distribution to Owners of insurance proceeds or condemnation awards for loss to or taking of all or any part of the Units or the Common Areas and Facilities.

19. AMENDMENT.

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

19.2. Declarant Amendment. The Declarant alone may amend or terminate this Declaration prior to the closing of a sale of the first Unit. Notwithstanding anything contained in this Declaration to the contrary, this Declaration may be amended unilaterally at any time and from time to time by Declarant (a) if such amendment is necessary to bring any provision hereof into compliance with any applicable governmental statute, rule, or regulation or judicial determination which shall be in conflict therewith; (b) to make technical corrections to fix mistakes or remove/clarify ambiguities; or (c) if such amendment is reasonably necessary to enable a title insurance company to issue title insurance coverage with respect to the Project or any Unit.

19.3. Lender-Requirement Amendment. Anything in this Section 19 or Declaration to the contrary notwithstanding, Declarant also reserves the unilateral right to amend all or any part of this Declaration to such extent and with such language as may be requested by a State Department of Real Estate (or similar agency), FHA, VA, the FHLMC or FNMA and to further amend to the extent requested by any other federal, state or local governmental agency which requests such an amendment as a condition precedent to such agency's approval of this Declaration or approval of the sale of Units, or by any federally chartered lending institution as a condition precedent to lending funds upon the security of any Unit(s) or any portions thereof. Any such amendment shall be effected by the recordation by Declarant of an Amendment duly signed by the Declarant, specifying the federal, state or local governmental agency or the federally chartered lending institution requesting the amendment and setting forth the amendatory language requested by such agency or institution. Recordation of such a Amendment shall be deemed conclusive proof of the agency's or institution's request for such an amendment, and such Amendment, when recorded, shall be binding upon all Units and all persons having an interest therein. It is the desire of Declarant to retain control of the Association and its activities during the anticipated period of planning and development. If any amendment requested pursuant to the provisions of this Section 19 deletes, diminishes or alters such control, Declarant alone shall have the right to amend this Declaration to restore such control.

19.4. Technical Correction Amendment. Notwithstanding anything contained in this Declaration to the contrary, because the Plat has been recorded prior to the construction of the Units, Declarant reserves the right to unilaterally amend the Plat at any time and from time to time by Declarant if such amendment is necessary to make technical corrections, to fix mistakes, remove/clarify ambiguities or to accurately reflect the "as-built" Units on the Plat.

20. ASSESSMENT OF UNITS BY THE ASSOCIATION.

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

20.1.1. Each Owner, including Declarant, for each Unit which it owns, shall be liable for a proportionate share of the Common Expenses, such share being the same as the Undivided Interest in the Common Areas and Facilities appurtenant to the Unit owned by him or her. Two separate and distinct funds shall be created and maintained hereunder, one for operating expenses and one for capital reserve expenses. Such combined expenses shall constitute the Common Expenses, and the funds received from Common Assessments under this Section 20 shall be the Common Expense Fund. Common Assessments shall include Regular Common Assessments, Special Common Assessments and any other assessments levied by the Association. Until the Association makes an assessment for Common Expenses, the Declarant shall pay all Common Expenses. After an assessment has been made by the Association, Regular Common Assessments must be made at least annually, based on a budget adopted at least annually by the Association in accordance with the provisions of this Declaration and the Bylaws. Regular Common Assessments shall be levied against each separate Unit, and shall commence as to all Units in each Phase of the Project on the first day of the month following the closing of the first sale of a Unit in such phase. Anything to the contrary notwithstanding, the Declarant shall not be obligated to pay Common Assessments on any Units owned by it until such time as: (1) the physical structures are substantially completed; (2) certificates of permanent occupancy are issued and the Units are sold or rented; or (3) Declarant elects in writing to pay the Common Assessments, whichever first occurs. During the period of Declarant's control of the Project, Declarant shall pay to the Association the difference between the aggregate amount established by the annual budget for Regular Common Assessments and the actual amount required to operate the Common Areas and Facilities; provided, however, Declarant shall not pay any amount associated with costs or expenses ordinarily subject to Special Common Assessments (i.e., costs associated with unexpected repair or replacement of certain capital improvements).

20.1.2. The Association may not impose a Regular Common Assessment per Unit which is more than twenty-five percent (25%) greater than the previous year's Regular Common Assessment, without first obtaining the affirmative vote of Owners, cast at a meeting of the Association at which Owners holding more than fifty percent (50%) of the Total Votes of the Association are present. The Association shall provide notice, by first class mail to all Owners, of any increase in the Regular Common Assessments not less than thirty (30) nor more than sixty (60) days prior to the date the increased Regular Common Assessment is due.

20.1.3. In addition to the Regular Common Assessments, the Association may levy, in any calendar year, Special Common Assessments applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement upon any Common Areas and Facilities, including the necessary fixtures and personal property related thereto, and other costs, expenses of operation or shortfalls in the collection of Common Assessments from the Owners. However, in any fiscal year, except as otherwise provided in this Declaration, the Management Committee shall not, without the affirmative vote of Owners, cast at a meeting at which a quorum is present, levy Special Common Assessments which in the aggregate exceed twenty percent (20%) of the budgeted gross expenses of the Association for that fiscal year. The portion of any Special Common Assessment levied against a particular Unit shall be equal to the percentage of Undivided Interest in the Common Areas and Facilities appurtenant to such Unit. These provisions with respect to the imposition or allocation of Special Common Assessments shall not apply when the special assessment against an Owner is a remedy utilized by the Management Committee to reimburse the Association for costs incurred in bringing the Owner and/or his or her Unit into compliance with the provisions of this Declaration, the Bylaws, rules and regulations of the Association, or any other governing instrument for the Project. The

Management Committee shall provide notice by first class mail to all Owners of any Special Common Assessments not less than thirty (30) nor more than sixty (60) days prior to the date such Special Common Assessment is due.

20.1.4. All Common Assessments shall be due as determined pursuant to the Bylaws. Common Assessments and any installments thereof not paid on or before ten (10) days after the date when due shall bear interest at the rate of eighteen percent (18%) per annum, or at such lower rate of interest as may be set by the Management Committee, from the date when due until paid. Furthermore, Owners who do not pay their Common Assessments when due shall be subject to a reasonable late fee, established by the Management Committee from time to time. All payments of Common Assessments shall be first applied to accrued interest and late fees, costs of collection, and then to the Common Assessment payment first due. All Common Assessments to pay a judgment against the Association may be made only against the Units in the Project at the time the judgment was entered, in proportion to their liabilities for Common Expenses. If any Common Expense is caused by the misconduct of any Owner, the Association may assess that expense exclusively against such Owner's Unit(s). If the Owners' Undivided Interests in the Common Areas and Facilities are reallocated, assessments for Common Expenses and any installment thereof not yet due must be recalculated in accordance with the reallocated percentage interests of the Owners.

20.1.5. There shall be a lien upon the applicable Unit for all unpaid Common Assessments, together with late fees, interest and costs (including attorneys' fees) charged pursuant to the Declaration and the Act. The lien for unpaid Common Assessments and related charges shall be effective upon recordation in the Office of the Salt Lake County Recorder of a written notice of lien by the Management Committee or the Common Area Manager. The written notice of lien shall set forth the amount of the Common Assessment, the date(s) due, the amount remaining unpaid, the name of the Owner of the Unit and a description of the Unit. No notice of lien shall be recorded until there is a delinquency in payment of the Common Assessment. Such lien may be enforced by sale or foreclosure conducted in accordance with the provisions of law applicable to the exercise of powers of sale or foreclosure in deeds of trust or mortgages or in any other manner permitted by law including specifically, but without limitation, the method recognized under the laws of the state of Utah for the enforcement of a mechanics lien which has been established in accordance with the provisions of Chapter 1, Title 38, Utah Code Annotated, as amended from time to time. In any such foreclosure, the Owner shall be required to pay the costs and expenses of such proceeding (including reasonable attorneys' fees), and such costs and expenses shall be secured by the lien being foreclosed. The Owner shall also be required to pay to the Association any Common Assessments against the Unit which shall become due during the period of foreclosure, and all such Common Assessments shall be secured by the lien being foreclosed. The Management Committee shall have the right and power in behalf of the Association to bid in at any foreclosure sale and to hold, lease, mortgage or convey the subject Unit in the name of the Association. In furtherance of such foreclosure rights, the Association may bring an action at law against the Owner personally obligated to pay the same or the Association may foreclose the lien in accordance with the provisions of the Act. The Association and each Owner hereby appoint U.S. Title Company as trustee for the purpose of exercising the power of sale in connection with non-judicial foreclosures as provided in the Act and made applicable hereto by the Act; provided, however, the Association reserves the right to substitute and appoint a successor trustee as provided for in the Act. Each Owner hereby conveys all of its right, title and interest in its Unit to such trustee, in trust, with a power of sale, for the sole purpose of securing each Owner's obligations under the Declaration, including but not limited to the obligation to pay all Common Assessments. The Association may, through its duly

authorized agents, bid on the Unit at any foreclosure sale and acquire, hold, lease, mortgage and convey the same. The lien of the Association shall be superior (prior) to all other liens and encumbrances except liens and encumbrances recorded before recordation of this Declaration, a First Mortgage on a Unit as provided for in Section 18.5 hereof and assessments, liens and charges in favor of the state or any political subdivision thereof, for taxes and other governmental assessments or charges past due and unpaid on the Unit. The lien procedures described herein do not prohibit actions to recover sums for which the Act creates a lien or prohibit the Association from taking a deed in lieu of foreclosure.

20.1.6. The Management Committee, upon written request, shall furnish to an Owner a statement setting forth the amount of unpaid assessments against the Unit. This statement shall be furnished within ten (10) business days after receipt of the request and upon payment of a reasonable fee and is binding on the Association, the Management Committee, the Common Area Manager and every Owner, in favor of all who rely on such statement in good faith.

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

20.1.8. The personal obligation of an Owner to pay unpaid assessments against his or her Unit as described in Section 20.1.7 shall not pass to successors in title unless assumed by them; provided, however, a lien to secure unpaid assessments shall not be affected by the sale or transfer of the Unit unless foreclosure by a First Mortgagee is involved in which case any First Mortgagee who obtains title to a Unit pursuant to the remedies in the Mortgage or through foreclosure will not be liable for Common Assessments or charges accrued before the acquisition of the title to the Unit by the First Mortgagee, but such acquisition shall not relieve any Owner from paying further assessments. If the Association's lien priority includes costs of collecting unpaid Common Assessments, the Association will be liable for any fees or costs related to the collection of such unpaid Common Assessments.

20.2. Capital Reserves. The Association through the Management Committee shall include in the Common Assessments amounts representing sums to be used for the replacement of or additions to capital items or improvements in the Project. Such amounts shall be dedicated for the uses provided in this Section and shall be set up as capital reserve accounts for each Unit. In the event of transfer of a Unit, the capital reserve account for such Unit shall be deemed transferred to the transferee of the Unit. In assessing the Owners for capital improvements to the Common Areas and Facilities, there shall be no single improvement exceeding the sum of One Hundred Thousand Dollars (\$100,000) (as measured in year 2003 dollars and thereafter adjusted by the Cost of Living Index) made by the Management Committee without the same having been first voted on and approved by the majority of the votes of those present in person or by proxy at a meeting of the Association duly called for that purpose or otherwise so approved without a meeting. The foregoing shall not apply in connection with damage or destruction referred to in Section 15 hereof or to such structural alterations or capital additions or capital improvements to the Common Areas and Facilities as are necessary in the Management Committee's reasonable judgment to preserve or maintain the integrity of the Common Areas and Facilities.

20.3. Expenditure of Capital Reserves. The Management Committee shall not expend funds designated as reserves for any purpose other than the repair, restoration, replacement or maintenance of major components of the Common Areas and Facilities for which the Association is responsible and for which the reserve fund was established or for litigation involving such matters. Nevertheless, the Management Committee may authorize the temporary transfer of money from the reserve account to the Association's operating account from time to time to meet short term cash flow requirements and pay other expenses. Any such funds so transferred shall constitute a debt of the Association, and shall be restored and returned to the reserve account within three (3) years of the date of the initial transfer; provided, however, the Management Committee may, upon making a documented finding that a delay in the restoration of such funds to the reserve account would be in the best interests of the Project and Association, delay such restoration until the time it reasonably determines to be necessary. The Management Committee shall exercise prudent fiscal management in the timing of restoring any transferred funds to the reserve account and shall, if necessary, levy a Special Common Assessment to recover the full amount of the expended funds within the time limit specified above. Any such Special Common Assessment shall not be subject to the limitations set forth in Section 20.1.3 hereof. At least once every three (3) years the Management Committee shall cause a study to be conducted of the reserve account of the Association and its adequacy to satisfy anticipated future expenditure requirements. The Management Committee shall, thereafter, annually review the reserve account study and shall consider and implement necessary adjustments to reserve account requirements and funding as a result of that review. Any reserve account study shall include, at a minimum:

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

20.3.2. Identification of the probable remaining useful life the components identified in Section 20.3.1 above, as of the date of the study.

20.3.3. An estimate of the cost of repair, replacement, restoration or maintenance of each major component identified in Section 20.3.1 above, during and at the end of its useful life.

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

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

20.4. Working Capital Fund. A working capital fund equal to at least two (2) monthly installments of the annual assessment for each Unit shall be established and maintained for the Project. Each Unit's share of the working capital fund shall be collected from the purchaser of a Unit and transferred to the Association at the time of the closing of sale of that Unit. The working capital fund must be maintained in a segregated account for the use and benefit of the Association. The purpose of the working capital fund is to ensure that the Association will have cash available to meet unforeseen expenditures or to acquire additional equipment or services deemed necessary or desirable by the Association. Amounts paid into the working capital fund are not to be considered advance payments of any Regular Common Assessment. The working capital fund shall be transferred to the Association for deposit to a segregated fund when control of the Association is transferred to the Owners. The Declarant

shall not use the working capital fund to defray any of its expenses, reserve contributions, or construction costs or to make up any budget deficits while it is in control of the Association.

20.5. Remedies Upon Default of Payment.

20.5.1. Termination of Access to Recreational Facilities and Utilities. If the Owner fails to pay any Common Assessment when due, the Management Committee may, after giving notice and an opportunity to be heard in accordance with Section 20.5.1.2 below, (i) terminate the Owner's right to receive utility services paid as a Common Expense and (ii) terminate the Owner's right of access and use of recreational facilities in the Project.

20.5.1.1. Before terminating utility services or right of access and use of recreational facilities, the Common Area Manager or the Management Committee shall give written notice to the Owner in the manner provided in Section 23 below or in the Bylaws or Association rules. The notice shall state: (i) utility services or right of access and use of recreational facilities will be terminated if payment of the unpaid assessment is not received within three (3) business days; (ii) the amount of the assessment due, including any interest or late payment fee; and (iii) that defaulting Owner has the right to request a hearing.

20.5.1.2. The Owner may request an informal hearing to dispute the assessment by submitting a written request to the Management Committee within fourteen (14) days from the date the notice is received. The hearing shall be conducted by the Management Committee, or at its election, the Common Area Manager. If a hearing is requested, utility services or right of access and use of recreational facilities may not be terminated until after the hearing has been conducted and a final decision has been entered.

20.5.1.3. Upon payment of the assessment due, including any interest or late payment fee, the Common Area Manager or the Management Committee shall immediately take action to reinstate the terminated utility services to the Unit.

20.5.2. Default with Leasee. If an Owner shall at any time lease his or her Unit and shall default in the payment of Common Assessments, the Management Committee may, at its option, so long as such default shall continue, demand and receive from any tenant of the Owner the rent due or becoming due, and the payment of such rent to the Management Committee shall be sufficient payment and discharge of such tenant and the Owner for such assessments to the extent of the amount so paid. This Section 20.5.2 may be incorporated by reference into every lease agreement entered into by and between an Owner and his or her tenant, whether or not this Section is expressly referenced therein.

21. VOTING.

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

21.2. Number of Votes. There shall be one (1) vote appurtenant to each Unit. The number of votes appurtenant to each Unit shall have a permanent character, and, except as otherwise permitted and

provided for in this Declaration, shall not be altered without the unanimous consent of all Owners expressed in a duly recorded Amendment.

22. EASEMENTS.

22.1. Encroachments. If any part of the Common Areas and Facilities encroaches or shall hereafter encroach upon a Unit or Units, an easement for such encroachment and for the maintenance of the same shall and does exist. If any part of a Unit encroaches or shall hereafter encroach upon the Common Areas and Facilities, or upon an adjoining Unit or Units, an easement for such encroachment and for the maintenance of the same shall and does exist. Such easements shall extend for whatever period the encroachment exists. Such encroachments shall not be considered to be encumbrances either on the Common Areas and Facilities or the Units. Encroachments referred to herein include, but are not limited to, encroachments caused by error in the original construction of any improvement constructed or to be constructed within the Project, by error in the Plat, by settling, rising or shifting of the earth, or by changes in position caused by repair or reconstruction of the Project or any part thereof. Notwithstanding the foregoing, in no event shall a valid easement for any encroachment or use of the Common Areas and Facilities be created in favor of any Owner if such encroachment or use is detrimental to or interferes with the reasonable use and enjoyment of the Property by the other Owners or if such encroachment or use occurred or is occasioned due to the intentional, willful or negligent conduct of any Owner or Occupant or the agent of either.

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

22.3. Declarant Access Easement. It is contemplated that Declarant or another party may construct additional Buildings, as subsequent Phases of the Project, which may encroach upon portions of the Common Areas and Facilities, and Declarant shall also have an easement over, across and within the Common Areas and Facilities for such purposes.

22.4. Owner Access Easement. Each Owner, his or her agents, tenants, family members, invitees and all Occupants and shall have the right to ingress and egress over, upon and across the Common Areas and Facilities as necessary for access to the Unit he or she is occupying and to any Limited Common Areas and Facilities appurtenant to his or her Unit, and shall have the right to the horizontal, vertical and lateral support of his or her Unit. Notwithstanding the foregoing, the right to ingress and egress by motorized vehicles shall be limited to that portion of the Common Areas and Facilities designated as streets.

22.5. Common Areas Easement. The Association shall have an easement to make such use of the Common Areas and Facilities as may be necessary or convenient to perform the duties and functions that each is obligated or permitted to perform pursuant to this Declaration, including, without limitation, the right to construct and maintain in the Common Areas and Facilities for use by the Owners and the Association.

22.6. Declarant Future Construction Easement. The Declarant, for itself, its employees, representatives, contractors, subcontractors, designees, successors and assigns, shall have a temporary construction easement over the Common Areas and Facilities for the purpose of doing all things that are reasonably necessary as a part of constructing future Phases of the Project including all future buildings

and other physical improvements as well as all Units and Common Areas and Facilities. The Owners of Units which have been constructed in prior Phases do hereby acknowledge and agree that there will be construction activities, traffic, noises, dust, odors and vibrations which may temporarily disrupt their quiet enjoyment of their Units and the Common Areas and Facilities appurtenant thereto, and such Owners do hereby waive any right to object to such construction activity. Declarant's construction activities pursuant to the easement granted hereunder shall not be deemed to be a violation of the restrictions set forth in Section 11 hereof.

22.7. Declarant Existing Improvements Construction and Inspection Easement. Declarant, for itself, its employees, representatives, contractors, subcontractors, designees, successors and assigns, including Owners, retains a right and easement in and about the Buildings and Units for the construction and installation of any duct work, additional plumbing, or other additional services or utilities in the Common Areas and Facilities in connection with the improvement or alteration of any Unit, including the right of access to such areas of the Units, Common Areas and Facilities as is reasonably necessary to accomplish such improvements. Declarant hereby reserves, for itself, its agents, employees, contractors, subcontractors, workmen, materialmen and invitees a right and easement in and about the Buildings, Units and Common Areas and Facilities (a) to inspect each Unit for damage or wear and tear approximately one and three years after completion of the Unit, and at such other times as Declarant may deem necessary during Declarant's period of control, and (b) to make any repairs Declarant may deem necessary, in its sole discretion, identified by such inspection; provided, however, that Declarant shall have no obligation to make any repairs for problems discovered in Declarant's inspection. In the event of a dispute among Owners with respect to the scope of the easements reserved in this Section, the decision of the Management Committee shall be final.

22.8. Easements Appurtenant to Units. All conveyances of Units within the Project hereafter made, whether by Declarant or otherwise, shall be construed to grant and reserve such easements as are provided herein, even though no specific reference to such easements appears in any such conveyance.

22.9. Declaration Telecommunications Easement. Declarant reserves a non-exclusive easement for itself and its assignees to construct, operate, maintain, repair and replace all types of telecommunication facilities within the Project. Declarant further reserves a right of access to such facilities over, across, and through all other Common Areas and Facilities of the Project in order to access the telecommunications facilities to exercise the rights established herein. Declarant may transfer by easement, license agreement or other conveyance the rights reserved hereunder to one or more telecommunication facilities providers. Declarant may exercise all of the rights under this Section 22.9 without the consent of any Owner, Mortgagee or the Association. The Association, on behalf of all Owners, agrees to execute such further and additional instruments as may be requested by Declarant documenting the rights hereunder, in form satisfactory to the Declarant, and any assignee of its rights hereunder.

22.10. Utilities Easement. There is hereby created a general non-exclusive easement upon, across, over, in, and under a portion of the Property that includes the area of all streets on the Property and extends to an area twelve (12) feet on either side of the top back of curb for such streets, all as such utility easements are more particularly described on the Plat. Such utility easement is granted for ingress and egress and for installation, replacement, repair, and maintenance of all utilities, including but not limited to water, sewer, gas, telephone, electricity, and a cable communication system. By virtue of this easement, it shall be expressly permissible and proper for the companies providing electrical, telephone, data transmission and other communication services to erect and maintain the necessary equipment on or beneath the Property and to affix and maintain electrical, communications, and telephone wires, circuits, and conduits under the Property. Any utility company using this general easement shall use its best

efforts to install and maintain the utilities provided without unduly disturbing the uses of the Owners, the Association, and Declarant; shall prosecute its installation and maintenance activities as promptly as reasonably possible; and shall restore the surface to its original condition as soon as possible after completion of its work. Should any utility company furnishing a service covered by the general easement request a specific easement by separate recordable document, Declarant or the Management Committee shall have, and are hereby given, the right and authority to grant such easement upon, across, over, or under any part or all of the Property without conflicting with the terms hereof. The easements provided for in this Section 22.10 shall in no way affect, avoid, extinguish, or modify any other recorded easement on the Property.

22.11. Public Service Easement. A general easement is hereby granted to all police, sheriff, fire protection, ambulance, and all other similar emergency agencies or persons to enter upon all streets and upon the Property in the proper performance of their duties.

22.12. Dedication Rights Reserved. Declarant reserves (a) the right to dedicate any access roads and streets serving the Property or and to public use, to grant road easements with respect thereto and to allow such street or road to be used by owners of adjacent land; and (b) the right to enter into, establish, execute, amend, and otherwise deal with contracts and agreements for the use, lease, repair maintenance or regulation of parking or recreational facilities, which may or may not be a part of the Property for the benefit of the Owners, or the Association.

22.13. Storm Water Easement. There is hereby granted an easement for storm water on the Northeast portion of Phase 1 of the Project, which is more particularly described on the Plat. Neither Declarant nor the Association shall permit any permanent structure to be constructed in the area of the storm water easement, which would adversely affect the use of the easement area as a storm water area.

22.14. Water Charges; Watering Common Areas; Certain Exterior Water Faucets. All water used by Declarant, the Association, Owners or Occupants for maintenance of the Common Areas and Facilities shall be deemed a Common Expense. Declarant reserves for itself, the Association and their designees, successors and assigns, the right to attach hoses and other water sprinkling devices to, and obtain water from, the water faucets on the exterior of the first floor of each Building on the Property to furnish water to clean and maintain the Common Areas and Facilities. If such water faucets are "metered" to a particular Unit Owner, he or she shall be promptly reimbursed by the Association as to the costs incurred. The duty to maintain, repair and replace the exterior portion of the outside water faucets shall remain in the Owner of each Unit to which the water faucet is connected, but Owner shall be promptly reimbursed by the Association as to costs incurred. This grant is perpetual and cannot be terminated without the consent of the Management Committee, and so long as Declarant owns Units in the Property, without the consent of Declarant.

23. NOTICES.

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

addressed and postage prepaid. Such address may be changed from time to time by notice in writing to the Management Committee addressed to:

Management Committee
c/o Centex Homes
5250 South Commerce Drive, Suite 320
Salt Lake City, Utah 84107

24. NO WAIVER.

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

25. ENFORCEMENT.

25.1. Owner Remedies. All Owners, guests of an Owner, persons under Owner's control and Occupants shall strictly comply with the provisions of the Declaration, the Bylaws, and the rules and regulations and decisions issued pursuant thereto. The Association and any aggrieved Owner shall have a right of action against Owners who fail to comply with provisions of the Declaration or the decisions of the Association. Owners shall have a similar right or action against the Association. Failure to so comply shall be grounds for: (i) an action to recover sums due for damages or injunctive relief or both, maintainable by the Management Committee, or its agent or designee on behalf of the Owners, or in an appropriate case, by an aggrieved Owner; and/or (ii) the Management Committee to impose monetary penalties, temporary suspensions of an Owner's right to the use of the Common Areas and Facilities, or other appropriate discipline so long as any such Owner has been given notice and has had an opportunity to present a written or oral defense to the charges in a hearing.

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

25.2.1. The judgment of a court; or

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

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

26. DECLARANT.

The term “Declarant” as used herein shall mean and include Declarant and any person or persons who might acquire title from it to all or some of the unsold Units or Additional Land through purchase, assignment or other transfer including foreclosure or deed in lieu of foreclosure; or, in the situation where, any person purchases all, or some of the remaining Units in a sale in the nature of a bulk sale. The person acquiring any of such property from the Declarant shall be considered a Declarant with respect to that portion of the property so acquired and shall have the right to develop the property and/or sell such property in accordance with the terms and provisions of this Declaration and the Act. Any right or any interest reserved or contained in this Declaration for the benefit of Declarant may be transferred or assigned by Declarant, either separately or with one or more other such rights or interests, to any person, corporation, partnership, association, or other entity, only by written instrument executed by both Declarant and the transferee or assignee and recorded in the Office of the Clerk and Recorder of Salt Lake County, Utah. Upon such recording, Declarant’s rights and obligations under this Declaration shall cease and terminate to the extent provided in such instrument.

27. DISPUTE RESOLUTION

27.1. Agreement to Arbitrate. Declarant, the Association and its officers, directors, and committee members, all persons subject to this Declaration, and any person not otherwise subject to this Declaration who agrees to submit to this Section (collectively, “Bound Parties”), agree that it is in the best interests of all concerned to encourage the amicable resolution of disputes involving the Project without the emotional and financial costs of litigation. Accordingly, each Bound Party agrees not to file suit in any court with respect to a Claim described below, unless and until it has first submitted such Claim to the alternative dispute resolution procedures set forth in Section 27.3 in a good faith effort to resolve such Claim.

27.2. Claims. As used in this article, the term “Claim” shall refer to any claim, grievance, or dispute arising out of or relating to (i) the interpretation, application or enforcement of the Project’s governing documents, (ii) the rights, obligations, and duties of any Bound Party under the Project’s governing documents, or (iii) the design or construction of improvements within the Project.

27.2.1. Notwithstanding the foregoing, the following will not be considered “Claims” unless all parties to the matter otherwise agree to submit the matter to the procedures set forth in Section 27.3: (i) any suit by the Association to collect assessments or other amounts due from any Owner, (ii) any suit by the Association to obtain a temporary restraining order (or emergency equitable relief and such ancillary relief as the court may deem necessary in order to maintain the status quo, (iii) any suit between Owners, which does not include Declarant or the Association as a party, if such suit asserts a Claim which would constitute a cause of action independent of the documents for the Association, (iv) any suit in which an indispensable party is not a Bound Party, and (v) any suit as to which any applicable statute of limitations would expire within one hundred eighty (180) days of giving the Notice required by Section 27.3, unless the parties against who the Claim is made agree to toll the statute of limitations as to such Claim for such period as may reasonably be necessary to comply with this Section.

27.3. Dispute Resolution Procedures.

27.3.1. The Bound Party asserting a Claim (“Claimant”) against another Bound Party (“Respondent”) shall give written notice to each Respondent and to the Management Committee stating plainly and concisely: (i) the nature of the Claim, including the persons involved and the

Respondent's role in the Claim, (ii) the legal basis of the Claim (i.e., the specific authority out of which the Claim arises), (iii) the Claimant's proposed resolution or remedy, and (iv) the Claimants desire to meet with the Respondent to discuss in good faith, ways to resolve the Claim.

27.3.2. The Claimant and Respondent shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation. If requested in writing, accompanied by a copy of the Notice, the Management Committee may appoint a representative to assist the parties in negotiating a resolution of the Claim.

27.3.3. If the parties have not resolved the Claim through negotiation within 30 days of the date of the notice described in Section 27.3.1 (or within such other period as the parties may agree upon), the Claimant shall have 30 additional days to submit the Claim to mediation with an entity designated by the Association (if the Association is not a party to the Claim) or to an independent agency providing dispute resolution services in Salt Lake County.

If the Claimant does not submit the Claim to mediation within such time, or does not appear for the mediation when scheduled, the Claimant shall be deemed to have waived the Claim, and the Respondent shall be relieved of any and all liability to the Claimant (but not third parties) on account of such Claim.

If the parties do not settle the Claim within 30 days after submission of the matter to mediation, or within such time as determined reasonable by the mediator, the mediator shall issue a notice of termination of the mediation proceedings indicating that the parties are at an impasse and the date that mediation was terminated. The Claimant shall thereafter be entitled to file suit or to initiate administrative proceedings on the Claim, as appropriate.

27.3.4. Any settlement of the claim through negotiation or mediation shall be documented in writing and signed by the parties. If any party thereafter fails to abide by the terms of such agreement, then any other party may file suit or initiate administrative proceedings to enforce such agreement without the need to again comply with the procedures set forth in this Section. In such event, the party taking action to enforce the agreement or award shall, upon prevailing, be entitled to recover from the non-complying party (or if more than one non-complying party, from all such parties in equal proportions) all costs incurred in enforcing such agreement or award, including, without limitation, attorney's fees and court costs.

27.4. In addition to compliance with the foregoing alternative dispute resolution procedures, if applicable, the Association shall not initiate any judicial or administrative proceeding unless first approved by a vote of Owners entitled to cast 75% of the Total Votes of the Association, except that no such approval shall be required for actions or proceedings: (i) initiated to enforce the provisions of this Declaration, including collection of assessments and foreclosure of liens; (ii) initiated to challenge ad valorem taxation or condemnation proceedings; (iii) initiated against any contractor, vendor, or supplier of goods or services arising out of a contract for services or supplies, or (iv) to defend claims filed against the Association or to assert counterclaims in proceedings instituted against it. This Section shall not be amended unless such amendment is approved by the same percentage of votes necessary to institute proceedings.

28. COMPLETION OBLIGATION.

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

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

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

29. AGENT FOR SERVICE OF PROCESS.

The initial registered agent for service of process under the Act shall be Blake Parrish whose address is 1816 Prospector Avenue, Park City, Utah 84060. During Declarant's period of control, Declarant may designate the Common Area Manager or another person to serve as registered agent. Thereafter, the agent for service of process shall be the Common Area Manager or such other person as the Management Committee may designate.

30. SEVERABILITY.

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

31. CONFLICT

In case of any conflict between this Declaration and the Articles or the Bylaws of the Association, this Declaration shall control. In case of any conflict between the Articles and the Bylaws, the Articles shall control. The foregoing notwithstanding, in the event of any inconsistency between this Declaration or the Articles or the Bylaws, on the one hand, and or any applicable law, including the Act or the Federal Fair Housing Administration Act, on the other, then in all events the applicable law shall control.

32. CAPTIONS AND HEADINGS.

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

33. LAW CONTROLLING.

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

34. EFFECTIVE DATE.

This Declaration shall take effect when recorded in the office of the County Recorder for Salt Lake County, State of Utah.

IN WITNESS WHEREOF, the undersigned has executed this instrument this 25 day of May, 2004.

Centex Homes,
a Nevada general partnership

By: Centex Real Estate Corporation,
a Nevada corporation

Its: Managing General Partner

By: *[Signature]*
Peter DelMissier
Its: Salt Lake Division President

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

On the 25 day of May, 2004, personally appeared before me Peter DelMissier, who being by me duly sworn did say that he is the President of the Salt Lake Division of Centex Real Estate Corporation, a Nevada corporation, Managing General Partner of Centex Homes, a Nevada general partnership, and that he executed the foregoing Owner's Dedication on behalf of said General Partnership, being duly authorized and empowered to do so by the Bylaws of said General Partnership and said Corporation for the uses and purposes stated therein.

Rebecca Riddle
NOTARY PUBLIC

My Commission Expires:
4.17.06

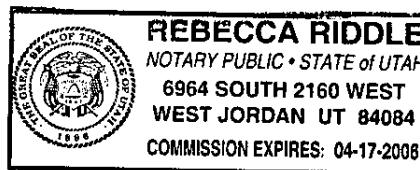


EXHIBIT A

The Villas at Monarch Meadows
Schedule of Units, Square Footage,
Votes and Undivided Interests in Common Areas and Facilities

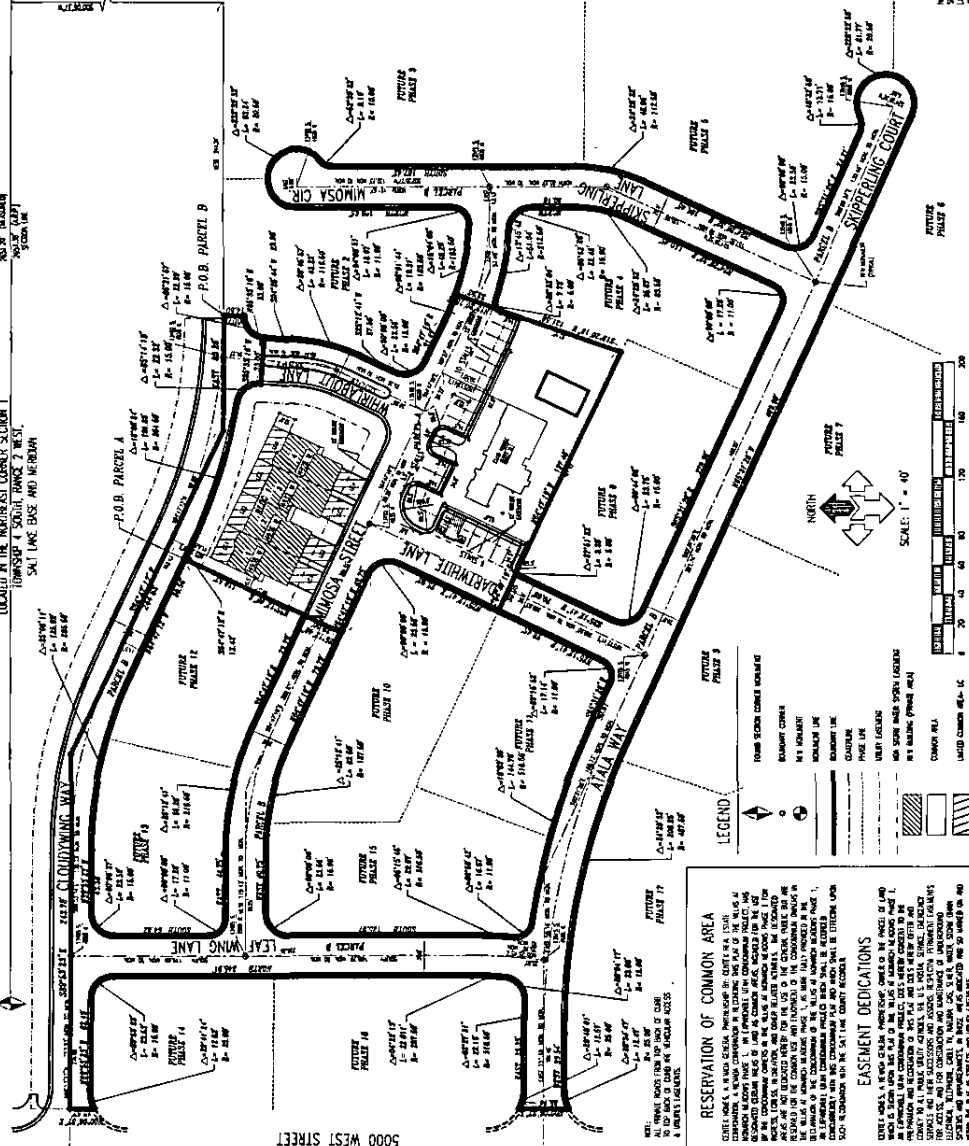
Unit Identifying Number	Approx. Sq. Footage of Unit	No. of Votes Per Unit	Undivided Interest Per Unit
1	1,872.90	1	25%
2	1,824.80	1	25%
3	1,844.20	1	25%
4	1,866.60	1	25%

EXHIBIT B

Copy of Condominium Plat

THE VILLAS AT MONARCH MEADOWS PHASE 1
AN EXPANDABLE UTAH CONDOMINIUM PROJECT

PROJECT: MONARCH MEADOWS PHASE 1
LOCATION: SOUTH VALLEY DISTRICT
CITY: SALT LAKE CITY, UTAH



UTILITY	APPROVED BY	DATE	REVISIONS
QUEST COMMUNICATIONS	APPROVED BY: [Signature]	DATE: [Date]	REVISIONS: [List]
QUEST GAS	APPROVED BY: [Signature]	DATE: [Date]	REVISIONS: [List]
QUEST CITY WATER	APPROVED BY: [Signature]	DATE: [Date]	REVISIONS: [List]
QUEST CITY WASTE	APPROVED BY: [Signature]	DATE: [Date]	REVISIONS: [List]
QUEST CITY ELECTRIC	APPROVED BY: [Signature]	DATE: [Date]	REVISIONS: [List]
QUEST CITY SUTHERLAND	APPROVED BY: [Signature]	DATE: [Date]	REVISIONS: [List]
QUEST CITY TELEPHONE	APPROVED BY: [Signature]	DATE: [Date]	REVISIONS: [List]

SCALE: 1" = 40'
NORTH

DATE: 04/22/03

OWNER'S DEDICATION
GIVEN FOR THE USE AND BENEFIT OF THE PARCELS SHOWN ON THE ABOVE MAP AND FOR THE USE AND BENEFIT OF THE PARCELS SHOWN ON THE ATTACHED MAPS...

ACKNOWLEDGMENT
STATE OF UTAH
County of Salt Lake

SURVEYOR'S CERTIFICATE
I, the undersigned, being a duly qualified and licensed Surveyor for the State of Utah, do hereby certify that the above and foregoing is a true and correct copy of the original record as the same appears in my office...

RESERVATION OF COMMON AREA
CERTAIN AREAS, INCLUDING COMMON AREAS AND COMMON ELEMENTS, ARE RESERVED AND NOT TO BE PART OF ANY UNIT OR COMMON AREA...

EASEMENT DEDICATION
CERTAIN AREAS, INCLUDING COMMON AREAS AND COMMON ELEMENTS, ARE DEDICATED AND NOT TO BE PART OF ANY UNIT OR COMMON AREA...

BOARD OF HEALTH
APPROVED BY: [Signature]

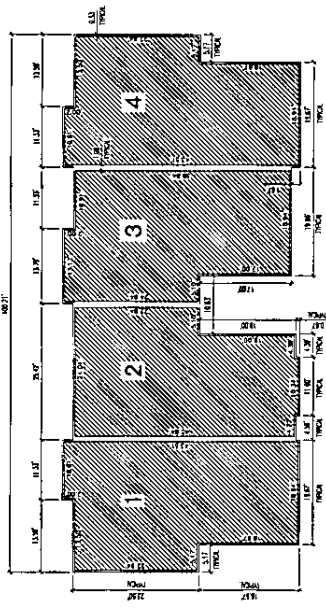
MGNEIL ENGINEERING AND LAND SURVEYING, L.C.
8895 SOUTH 900 EAST, MIDVALLEY, UTAH 84007
TEL: (801) 255-7700 FAX: (801) 255-8871

RECORDING INFORMATION:
STATE OF UTAH, COUNTY OF SALT LAKE, BOOK NO. 8992, PAGE NO. 2283
FILED IN: []

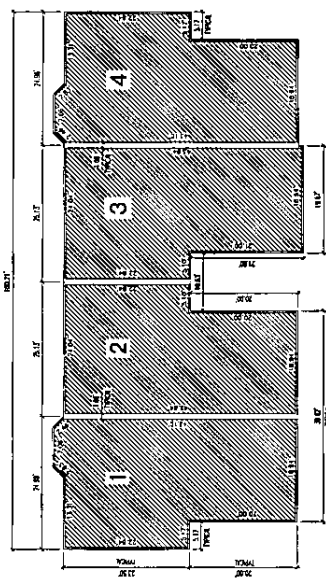
SHEET 1 OF 2

THE VILLAS AT MONARCH MEADOWS PHASE 1
 AN EXPANDABLE UTAH CONDOMINIUM PROJECT
 LOCATED IN THE NORTHEAST CORNER SECTION 1
 TOWNSHIP 4 SOUTH, RANGE 2 WEST,
 SALT LAKE, DEER AND NEIGHBOR

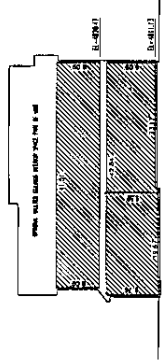
BLDG 1



4_PLEX, 2ND_FLOOR



4_PLEX, 1ST_FLOOR



TYPICAL RIGHT SIDE ELEVATION



SALT LAKE COUNTY RECORDER
 4 PAGES
 BOOK & PAGE NO. OF THIS RECORD
 DATE
 SALT LAKE COUNTY NUMBER



**MGNEL ENGINEERING
 AND LAND SURVEYING, L.C.**
 4005 SOUTH 300 EAST, MIDVALE, UTAH 84047
 TEL: (801) 755-7700 FAX: (801) 755-8071

EXHIBIT C

Association Bylaws

BYLAWS
OF
THE VILLAS AT MONARCH MEADOWS OWNERS ASSOCIATION, INC.
A Utah Nonprofit Corporation
Organized Under the Utah Revised Nonprofit Corporation Act

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**BYLAWS
OF
THE VILLAS AT MONARCH MEADOWS OWNERS ASSOCIATION, INC.
A UTAH NONPROFIT CORPORATION**

The administration of The Villas at Monarch Meadows Owners Association, Inc. (the "Association") shall be governed by the Utah Condominium Ownership Act (Title 57, Chapter 8, Utah Code Annotated) ("Act"), the Declaration of Condominium for The Villas at Monarch Meadows, an Expandable Utah Condominium Project, recorded on May 25, 2004, as Entry No. 9071595, in Book 8992, beginning at Page No. 2228 of the official records of Salt Lake County, Utah (the "Declaration"); the Articles of Incorporation for The Villas at Monarch Meadows Owners Association, Inc. (the "Articles"); and these Bylaws (as the Declaration, Articles and these Bylaws may from time to time be amended).

**ARTICLE I
NAME, PRINCIPAL OFFICE, DEFINITIONS AND APPLICATION**

Section 1.1 Name. The name of the Association is the "The Villas at Monarch Meadows Owners Association, Inc."

Section 1.2 Principal Office. The principal office of the Association shall be located at 5250 South Commerce Drive, Suite 320, Murray, Utah 84107, or at any other place as may be designated in the most recent document on file with the Utah Department of Commerce, Division of Corporations and Commercial Code (the "Division") providing information regarding the principal office of the Association. The Association shall maintain at its principal office a copy of such corporate records as may be required by Section 16-6a-1601 of the Utah Revised Nonprofit Corporation Act (the "Act").

Section 1.3 Registered Office. The registered office of the Association required to be maintained by Section 16-6a-501 of the Act shall be the registered office as originally so designated in the Association's Articles of Incorporation or subsequently designated as the Association's registered office in the most recent document on file with the Division providing such information. The Association shall maintain a registered agent at the registered office, as required by Section 16-6a-501 of the Act. The registered office and registered agent may be changed from time to time as provided in Sections 16-6a-501 and 502 of the Act.

Section 1.4 Definitions. These Bylaws shall operate under the Act, as amended. The words used in these Bylaws shall be given their normal, commonly understood definitions. Capitalized terms shall have the same meaning as set forth in Section 2 of the Declaration, unless the context indicates otherwise.

Section 1.5 Bylaws' Application. All present and future Owners, Mortgagees, lessees and Occupants of Units and their employees and guests, and any other persons who may use the facilities of the Project in any manner are subject to the Declaration, these Bylaws and all rules and regulations made pursuant hereto and any amendments hereof. The acceptance of a deed or conveyance of a Unit, or the occupancy of any Unit, shall constitute an agreement that the provisions of the Declaration and these Bylaws and any rules and regulations made pursuant hereto, as they may be amended from time to time, are accepted, ratified and will be complied with.

ARTICLE II
MEMBERSHIP, VOTING AND MEETINGS

Section 2.1 Association Membership; Voting. Every Owner of a Unit, including Declarant, shall be a member of the Association ("Member"), and the Declarant shall be a member of the Association so long as it owns any part of the Project (unless and until the Declarant expressly relinquishes in writing its status as a Member). Each Owner shall have one (1) vote and shall be entitled to vote subject to the authority of the Management Committee to suspend the voting rights of the Owner for violations of the Declaration in accordance with its provisions thereof. Except as otherwise expressly provided in the Declaration, any issue put to a vote by ballot without a meeting or at a duly called meeting of Members at which a quorum is present shall be decided by a simple majority of all votes represented in person or by valid proxy at such meeting. The foregoing is not intended to include person or entity who holds an interest merely as security for the performance of an obligation, and the giving of a security interest shall not terminate the Owner's Association Membership.

Section 2.2 Voting Procedures. A change in the ownership of a Unit shall be effective for voting purposes from the time the deed or other instrument effecting such change is recorded, or, in connection with Owners who are vendees, upon the execution of the installment purchase contract. Thereafter, the new Owner shall give the Management Committee written notice of such change of ownership and provide satisfactory evidence thereof. If any Association Member casts a vote representing a certain Unit, it will thereafter be conclusively presumed for all purposes that he, she or it was acting with the authority and consent of all other Owners of the same Unit unless objection thereto is made at the time the vote is cast. In the event more than one Owner attempts to cast the vote for a particular Unit, the vote for that Unit shall be deemed void and shall not be counted.

Section 2.3 Association Membership Rights. Each Member shall have the rights, duties and obligations set forth in the Declaration as the same may be amended from time to time.

Section 2.4 Transfer of Association Membership. The rights and obligations of the Owner of membership in the Association ("Membership") shall not be assigned, transferred, pledged, designated, conveyed or alienated in any way except upon transfer of ownership to an Owner's Unit and then only to the transferee of ownership to the Unit. A transfer of ownership to a Unit may be effected by deed, intestate succession, testamentary disposition, foreclosure or such other legal process as now in effect or as may hereafter be established under or pursuant to the laws of the State of Utah. Any attempt to make a prohibited transfer shall be void. Any transfer of ownership to a Unit shall operate to transfer the Association Membership appurtenant to such Unit to the new Owner(s) thereof.

Section 2.5 Annual Meeting. The annual meeting of Members shall be held each year on a date and at a time designated by the Members. At the meeting, Trustees (as defined below) shall be elected and any other proper business may be transacted. If the election of Trustees shall not be held on the day designated herein for any annual meeting of the Association Members, or at any adjournment thereof, the Management Committee shall cause the election to be held at a meeting of the Members as soon thereafter as may be convenient. Failure to hold an annual meeting as required by these Bylaws shall not affect the validity of any corporate action or work a forfeiture or dissolution of the Association.

Section 2.6 Special Meetings. Special meetings of the Association may be called by the Declarant, the President, the Management Committee, or Members representing at least twenty-five percent (25%) or more of the votes of the Association.

Section 2.7 Place of Meetings. Each annual or special meeting of the Members shall be held at such place within the Project as may be designated by the Management Committee. In the absence of any such designation, meetings shall be held at the principal office of the Association.

Section 2.8 Notice of Meetings.

2.8.1 Required Notice. The Association shall give notice to Members of the date, time, and place of each annual and special meeting of Members no fewer than ten (10) nor more than sixty (60) days before the meeting date, in accordance with the requirements of Sections 103 and 704 of the Act. Unless otherwise required by law or the Articles, the Association is required to give the notice only to Members entitled to vote at the meeting.

2.8.2 Contents of Notice. The notice of each special meeting must include a description of the purpose or purposes for which the meeting is called. Except as provided in this Section 2.8.2, or as otherwise required by the Act, other applicable law, or the Articles, notice of an annual meeting need not include a description of the purpose or purposes for which the meeting is called.

2.8.3 Adjourned Meeting. If any annual or special meeting of Members is adjourned to a different date, time or place, then subject to the requirements of the following sentence notice need not be given of the new date, time and place if the new date, time and place are announced at the meeting before adjournment. If the adjournment is for more than thirty (30) days, or if after the adjournment a new record date for the adjourned meeting is or must be fixed under Section 706 of the Act and Section 2.9 of these Bylaws, notice of the adjourned meeting must be given pursuant to the requirements of Section 2.8.1 of these Bylaws to Members of record entitled to vote at the meeting, as provided in Section 705(4)(b) of the Act.

2.8.4 Waiver of Notice. A Member may waive notice of any meeting (or any other notice required by the Act, the Articles or these Bylaws) by a writing signed by the Member entitled to the notice, which is delivered to the Association (either before or after the date and time stated in the notice as the date and time when any action will occur), for inclusion in the minutes or filing with the Association records. A Member's attendance at a meeting: (a) waives objection to lack of notice or defective notice of the meeting, unless the Association Member at the beginning of the meeting objects to holding the meeting or transacting business at the meeting because of lack of notice or defective notice; and (b) waives objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the Member objects to considering the matter when it is presented.

Section 2.9 Fixing of Record Date. For the purpose of determining the Members entitled to: (i) notice of or to vote at any meeting of Members or any adjournment thereof; (ii) take action without a meeting; (iii) demand a special meeting; or (iv) take any other action, the Management Committee may fix in advance a date as the record date. As provided in Section 706(4) of the Act, a record date fixed pursuant to such section may not be more than seventy (70) days prior to the date on which the particular meeting or action requiring such determination of Members is to be taken. If no record date is otherwise fixed by the Management Committee as provided herein, then the record date for the purposes set forth below shall be the close of business on the dates indicated:

2.9.1 Annual or Special Meeting. With respect to a determination of Members entitled to notice of and to vote at an annual or special meeting of Members, the day before the first notice is delivered to Members.

2.9.2 Demand for Special Meeting. With respect to a determination of Members entitled to demand a special meeting of Members pursuant to Section 702(l)(b) of the Act, the later of (i) the earliest date of any of the demands pursuant to which the meeting is called, and (ii) the date that is sixty (60) days prior to the date the first of the written demands pursuant to which the meeting is called is received by the Association.

2.9.3 Action Without Meeting. With respect to a determination of Members entitled to take action without a meeting (pursuant to Section 2.16 of these Bylaws and Section 704 of the Act) or entitled to be given notice of an action so taken, the date the first Member delivers to the Association a writing upon which the action is taken.

A determination of Members entitled to notice of or to vote at any meeting of Members is effective for any adjournment of the meeting unless the Management Committee fixes a new record date, which it must do if the meeting is adjourned to a date more than one hundred twenty (120) days after the date fixed for the original meeting.

Section 2.10 Member List for Meetings. The officer or agent having charge of the membership transfer books for Memberships of the Association shall prepare a list of the names of all Members entitled to be given notice of, and to vote at, each meeting of Members, in compliance with the requirements of Section 710 of the Act. The list must be in alphabetical order and must show the address of, and the number of votes held by, each Member. The Member list must be available for inspection by any Member beginning on the earlier of (i) ten (10) days before the meeting for which the list was prepared, or (ii) two (2) business days after notice of the meeting is given, and continuing through the meeting and any adjournments thereof. The list must be available at the Association's principal office or at a place identified in the meeting notice in the city where the meeting is to be held. A Member or a Member's agent or attorney is entitled on written demand to the Association, and subject to the provisions of Sections 710, 1602 and 1603 of the Act, to inspect and copy, at such Member's sole and exclusive expense, the list during regular business hours, during the period it is available for inspection. The list is to be available at the meeting for which it was prepared, and any Member or any Member's agent or attorney is entitled to inspect the list at any time during the meeting for any purpose germane to the meeting. The Member list is to be maintained in written form or in another form capable of conversion into written form within a reasonable time.

Section 2.11 Quorum and Adjournment. The presence in person of Members representing a majority of the total votes in the Association at any meeting of the Association held in response to notice to all Members of record properly given shall constitute a quorum. In the absence of a quorum at an Association meeting, a majority of those present in person may adjourn the meeting to another time, but may not transact any other business. An adjournment for lack of a quorum by those in attendance shall be to a date not less than five (5) nor more than thirty (30) days from the original meeting date. The quorum for an adjourned meeting shall be ten percent (10%) of the votes of the Association. If the time and place for an adjourned meeting is not fixed by those in attendance at the original meeting, or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given to Members in the manner prescribed for regular meetings of the Association.

Section 2.12 Business. The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough to leave less than a quorum.

Section 2.13 Proxies. Members may vote by proxy. No proxy shall be valid unless signed by the Owner or his or her duly authorized attorney-in-fact, dated, and filed with the Secretary of the

Association prior to any meeting for which it is to be effective. A proxy is valid for eleven (11) months from its date of execution, unless a longer period is expressly provided in the proxy.

Section 2.14 Conduct of Meetings. The President shall preside over all meetings of the Association, and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring at the meeting. *Robert's Rules of Order* (latest edition) shall govern the conduct of the Association's meeting when not in conflict with these Bylaws.

Section 2.15 Minutes. Minutes of the annual and special meetings of the Association shall be distributed to each Member within sixty (60) days after the meeting.

Section 2.16 Action Without Meeting. Unless otherwise provided in the Articles, and subject to the provisions of Section 707 of the Act, any action required or permitted to be taken at a meeting of the Members may be taken without a meeting and without prior notice, if one or more consents in writing, setting forth the action so taken, shall be signed by Members having no less than the minimum number of votes that would be necessary to authorize or take the action at a meeting at which a quorum was present and voted. Unless the written consents of all Members entitled to vote have been obtained, notice of any Member approval without a meeting shall be given at least ten (10) days before the consummation of the action authorized by the approval. Such notice shall meet the requirements of, and be delivered to all Members identified in, Section 707(2) of the Act. An action taken by written consent of the Members as provided herein has the same effect as action taken at a meeting of such members, and may be so described in any document.

2.16.1 Revocation of Written Consent. Any Member giving a written consent, or the Member's proxyholder, personal representative or transferee may revoke a consent by a signed writing describing the action and stating that the Member's prior consent is revoked, if the writing is received by the Association prior to the effectiveness of the action, as provided in Section 707(3) of the Act.

2.16.2 Termination of Written Consent. An action taken by written consent of the Members as provided herein is not effective unless all written consents on which the Association relies for the taking of the action are received by the Association within a sixty-day period. An action so taken is effective as of the date the last written consent necessary to effect the action is received by the Association, unless all of the written consents necessary to effect the action specify a later date as the effective date of the action, in which case the later date shall be the effective date of the action.

2.16.3 Method of Transmission of Consents. Unless otherwise provided in these Bylaws, the written consents may be received by the Association by electronically transmitted facsimile or other form of communication providing the Association with a complete copy thereof, including a copy of the signature thereto.

2.16.4 Election of Trustees by Written Consent. Notwithstanding the other provisions of these Bylaws, Trustees may not be elected by written consent except by unanimous written consent of all Memberships entitled to vote for the election of Trustees.

2.16.5 Record Date. As set forth in Section 2.9.2, if not otherwise determined as permitted by the Act and these Bylaws, the record date for determining Members entitled to take action without a meeting or entitled to be given notice of any action so taken is the date the first Member delivers to the Association a writing upon which the action is taken.

Section 2.17 Meetings by Telecommunication. As permitted by Section 708 of the Act, unless otherwise provided in these Bylaws, any or all of the Members may participate in an annual or special meeting of Members by, or the meeting may be conducted through the use of, any means of communication by which all persons participating in the meeting can hear each other during the meeting. A Member participating in a meeting by this means is considered to be present in person at the meeting.

Section 2.18 Maintenance of Records and Member Inspection Rights.

2.18.1 Corporate Records. As required by Section 1601 of the Act, the Association shall keep as permanent records minutes of all meetings of its Members and Management Committee, a record of all actions taken by the Members or Management Committee without a meeting, a record of all actions taken on behalf of the Association by a committee of the Management Committee in place of the Management Committee, and a record of all waivers of notices of meetings of Members, meetings of the Management Committee, or any meetings of committees of the Management Committee. The Association shall also maintain appropriate accounting and Member records as required by the statute. The Association shall keep at its principal office those corporate records and documents identified in Section 1601(5) of the Act and listed in the following paragraph.

2.18.2 Inspection Rights of Records Required at Principal Office. Pursuant to Section 1602(l) of the Act, a Member or Trustee of the Association (or such personal agent or attorney) who gives the Association written notice of the demand at least five (5) business days before the proposed inspection date, has the right to inspect and copy, at such Member's or Trustee's sole and exclusive expense, during regular business hours, any of the following records, all of which the Association is required to keep at its principal office:

2.18.2.1 its Articles of Incorporation as then in effect;

2.18.2.2 its Bylaws as then in effect;

2.18.2.3 the minutes of all Members, meetings, and records of all actions taken by Members without a meeting, for the past three (3) years;

2.18.2.4 all written communications within the past three (3) years to Members as a group;

2.18.2.5 a list of the names and addresses of its current officers and Trustees;

2.18.2.6 its most recent annual report delivered to the Division; and

2.18.2.7 all financial statements prepared for periods ending during the last three (3) years that a Member could request under Section 1605 of the Act.

2.18.3 Conditional Inspection Rights. In addition to the inspection rights set forth in paragraph 2.18.2 above, as provided in Section 1602(2) of the Act, a Member or Trustee of the Association (or such person's agent or attorney) who gives the Association a written demand in good faith and for a proper purpose at least five (5) business days before the requested inspection date, and describes in the demand with reasonable particularity the records proposed to be inspected and the purpose of the inspection, is entitled to inspect and copy, during regular business hours at a reasonable location specified by the Association, any of the following records of the Association:

2.18.3.1 excerpts from minutes of meetings of, and from actions taken by, the Members, the Management Committee, or any committees of the Management Committee, to the extent not subject to inspection under paragraph 2.18.2 of this Section 2.18;

2.18.3.2 accounting records of the Association; and

2.18.3.3 the record of Members (compiled no earlier than the date of the demand for inspection).

For the purposes of paragraph 2.18.3, a proper purpose means a purpose reasonably related to the demanding party's interest as a Member or Trustee. A party may not use any information obtained through the inspection or copying of records permitted by this paragraph 2.18.3 for any purposes other than those set forth in a proper demand as described above, and the officers of the Association are authorized to take appropriate steps to ensure compliance with this limitation.

Section 2.19 Financial Statements and Share Information. Within fifteen (15) days of receipt of a written request of any Member, the Association shall mail to the requesting Member its most recent annual or quarterly financial statements.

Section 2.20 Voting for Trustees. Unless otherwise provided in the Articles or the Act, Trustees are elected by a plurality of the votes cast by the Members entitled to vote in the election at a meeting at which a quorum is present, in accordance with the requirements and procedures set forth in Section 804 of the Act. There shall be no cumulative voting. The candidate(s) receiving the most votes shall be elected as Trustees.

ARTICLE III MANAGEMENT COMMITTEE

Section 3.1 Number and Powers. The affairs of the Association shall be conducted by a Management Committee of up to seven (7) Trustees (odd numbered totals only) and such officers as the Management Committee may elect or appoint in accordance with the Articles and these Bylaws as the same may be amended from time to time. The initial Management Committee shall be appointed by the Declarant and shall serve until the first meeting of the Association, at which time an election of all the Trustees of the Management Committee shall be conducted. The Management Committee may also appoint various committees and appoint a manager who shall, subject to the direction of the Management Committee, be responsible for the day-to-day operation of the Association (the "Common Area Manager"). The Management Committee shall determine the compensation to be paid to the Common Area Manager. The Management Committee's responsibilities shall include, but shall not be limited to, the following:

3.1.1 administration;

3.1.2 preparing and administering an operational budget;

3.1.3 establishing and administering an adequate reserve fund;

3.1.4 scheduling and conducting the annual meeting and other meetings of the Members;

3.1.5 collecting and enforcing the Common Assessments;

- 3.1.6 accounting functions and maintaining records;
- 3.1.7 promulgation and enforcement of the rules and guidelines for the use and enjoyment of the Project and the Common Areas and Facilities;
- 3.1.8 pledging future Common Assessments as collateral to secure Association financing;
- 3.1.9 maintenance of the Common Areas and Facilities; and
- 3.1.10 all the other duties imposed upon the Management Committee pursuant to the Declaration, including enforcement thereof.

Section 3.2 Declarant Control.

3.2.1 The Declaration establishes a period of Declarant control of the Association, during which period the Declarant or persons designated by it have authority to appoint and remove the Trustees and officers of the Management Committee. The period of Declarant control shall terminate no later than the earlier of: (i) six (6) years after the first Unit is conveyed to an Owner; or (ii) after Units to which three-fourths 3/4 of the undivided interest in the Common Areas and Facilities appertain have been conveyed to Owners, or after all Additional Land has been added to the Project, whichever last occurs.

3.2.2 Not later than the termination of the period of Declarant control, the Members shall elect a Management Committee of three (3) or more Trustees. The Trustees and officers of the Management Committee shall take office upon election.

Section 3.3 Composition. Each Trustee shall have one (1) equal vote. Except with respect to Trustees appointed by the Declarant, the Trustees shall be Members or spouses of such Members.

Section 3.4 Nomination of Trustees. Nominations for election to the Management Committee shall be made by a Nominating Committee. The Nominating Committee shall consist of a chairperson, who shall be a Trustee, and three (3) or more Members. The Nominating Committee shall be appointed by the Management Committee not less than thirty (30) days prior to each annual meeting of the Members to serve a term of one (1) year or until their successors are appointed, and such appointment shall be announced at each such annual meeting. The Nominating Committee shall make as many nominations for election to the Management Committee as it shall in its discretion determine. Nominations shall also be permitted from the floor. All candidates shall have a reasonable opportunity to communicate their qualifications to the Members and to solicit votes.

Section 3.5 Election and Term of Office. Trustees shall be elected by the Members, or appointed by the other Trustees, as set forth in these Bylaws. Trustees shall hold office for a term of two (2) years, or until the appointment or election of their successors. Trustees may be elected to serve any number of consecutive terms.

Section 3.6 Removal of Trustees and Vacancies. Any Trustee may be removed, with or without cause, by the vote of Members holding a majority of votes entitled to be cast for the election of such Trustee. Any Trustee whose removal is sought shall be given notice prior to any meeting called for that purpose. Upon removal of a Trustee, a successor shall be elected by the Members entitled to elect the Trustee so removed to fill the vacancy for the remainder of the term of such Trustee.

3.6.1 Removal by Trustees. Any Trustee who has three (3) consecutive unexcused absences from Management Committee meetings, or who is more than thirty (30) days delinquent in the payment of any Common Assessment or other charge due the Association, may be removed by a majority of the Trustees present at a regular or special meeting at which a quorum is present, and a successor may be appointed by the Management Committee to fill the vacancy for the remainder of the term.

3.6.2 Appointment by Trustees. In the event of the death, disability, or resignation of a Trustee, the Management Committee may declare a vacancy and appoint a successor to fill the vacancy until the next annual meeting, at which time the Members may elect a successor for the remainder of the term.

Section 3.7 Compensation. No Trustee shall receive any compensation from the Association for acting as such unless approved by Members representing a majority of the total votes in the Association at a regular or special meeting. Any Trustee may be reimbursed by the Association for reasonable expenses of the Trustees for attendance at the Management Committee meetings, or any other expenses incurred on behalf of the Association upon approval of a majority of the other Trustees. Trustees may be employed by the Association in another capacity and receive compensation for such employment; provided, further, that such employment shall be approved by vote or in writing by all Trustees not including the Trustee to be employed.

Section 3.8 Regular Meetings. The Management Committee meetings shall be held at least quarterly at such times and places as the Management Committee shall determine. No notice shall be necessary to the newly elected Management Committee in order to legally constitute such meeting, provided a majority of the Trustees are present. The Management Committee may set a schedule of additional regular meetings by resolution, and no further notice is necessary to constitute regular meetings.

Section 3.9 Special Meetings. Special meetings of the Management Committee may be called by written notice signed by any two (2) Trustees. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The person or persons authorized to call special meetings of the Management Committee may fix the time and place of the meeting so called. Written notice of any special meeting shall be sent to all Trustees not less than seventy-two (72) hours prior to the scheduled time of the meeting; provided, however, that notice of such meeting need not be given to any Trustee signing a waiver of notice or a written consent to the holding of such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the U.S. mail, with first-class postage thereon prepaid. If an agenda is prepared for a special meeting, the meeting need not be restricted to discussions of those items listed on the agenda.

Section 3.10 Notice. Unless the Articles, Bylaws, or the Act provide otherwise, regular meetings of the Management Committee may be held without notice of the date, time, place, or purposes of the meeting. Unless the Articles or Bylaws provide for a longer or shorter period, special meetings of the Management Committee must be preceded by two (2) days' notice of the date, time, and place of the meeting. The notice need not describe the purpose of the special meeting unless required by the Articles, Bylaws, or the Act. The giving of notice of any meeting shall be governed by the rules set forth in Section 103 of the Act.

Section 3.11 Waiver of Notice. The transactions of any Management Committee meeting, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (i) a quorum is present, and (ii) either before or after the meeting each of the Trustees not present signs a written waiver of notice, a consent to holding the meeting, or an approval

of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting also shall be deemed given to any Trustee who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

Section 3.12 Inspection of Books and Records. Any Trustee shall have the right at any reasonable time to inspect the books and records of the Association; provided, however, that the Management Committee may restrict such inspection rights to the extent that the exercise thereof by any Trustee is determined to unduly interfere with the Association's day-to-day business activities.

Section 3.13 Quorum, Voting and Adjournment. A majority of the Management Committee shall constitute a quorum, and if a quorum is present, the decision of a majority of those present shall be the act of the Management Committee. If less than a quorum is present at the meeting, a majority of the Trustees present may adjourn the meeting from time to time without further notice other than an announcement at the meeting, until a quorum shall be present. No Trustee may vote or act by proxy at any Management Committee meeting.

Section 3.14 Open Meetings. The Trustees shall act only as a Management Committee, and individual Trustees shall have no powers as such. Regular and special meetings of the Management Committee shall be open to all Members of the Association; provided, however, that the Members who are not on the Management Committee may not participate in any deliberation or discussion unless permission to speak is requested on his or her behalf by a Trustee. In such case, the President may limit the time any Member may speak. Notwithstanding the above, the Management Committee may, with the approval of a majority of a quorum of its Trustees, adjourn the meeting and reconvene in executive session, excluding Members, to discuss and vote upon matters of a sensitive nature, such as personnel matters, litigation in which the Association is or may become involved, and similar orders of business.

Section 3.15 Action Without Meeting. Any action that is required or permitted to be taken at a Management Committee meeting may be taken without a meeting if all of the Management Committee or all Members of a committee established for such purposes, as the case may be, severally or collectively consent in writing to any action taken or to be taken by the Association, and the number of the Trustees constitutes a quorum. Action taken pursuant to this Section 3.15 shall be a valid corporate action as though it had been authorized at a meeting of the Management Committee or the committee, as the case may be. The Secretary shall file these consents with the minutes of the Management Committee meetings.

Section 3.16 Management Committee Committees. The Management Committee may designate by resolution of the Trustees and appoint such committees and subcommittees as the Management Committee deems appropriate, from time to time. Each committee shall exercise those powers granted to it by an enabling resolution of the Management Committee; provided, however, that no committee shall exercise any power which is excluded from the delegation of power of the Management Committee by the laws of the State of Utah, the Articles, or these Bylaws.

Section 3.17 Telephonic Conference. Trustees or any committee thereof may participate in a meeting of the Management Committee or committee by means of telephonic conference or similar communications equipment by which all persons participating in the meeting can hear each other at the same time. Such participation shall constitute presence in person at the meeting.

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

ARTICLE IV OFFICERS

Section 4.1 Designation. The principal officers of the Association shall be a President, Vice President, Secretary and Treasurer, all of whom shall be elected by the Management Committee. The Management Committee may appoint other officers as it finds necessary and such officers shall have the authority to perform the duties prescribed by the Management Committee. Any two offices may be held by the same person, except the offices of President and Secretary. All officers must be Members of the Management Committee.

Section 4.2 Election and Term. The officers of the Association shall be elected annually by the Management Committee at the organizational meeting of each new Management Committee. They shall hold office at the pleasure of the Management Committee.

Section 4.3 Removal and Vacancies. Upon the affirmative vote of a majority of the Management Committee, any officer may be removed, either with or without cause. A vacancy in any office arising because of death, resignation, removal or otherwise may be filled at any regular meeting of the Management Committee or at any special meeting of the Management Committee called for that purpose for the unexpired portion of the term.

Section 4.4 President. The President shall be the chief executive officer of the Association. The President shall preside at all meetings of the Members and of the Management Committee. The President shall have all of the general powers and duties which are incident to the office of president of a nonprofit Association organized under the laws of the State of Utah, including but not limited to the power to appoint committees from among the Members from time to time as the President may decide is appropriate to assist in the conduct of the affairs of the Association. The President may fulfill the role of treasurer in the absence of the treasurer. The President may cause to be prepared and may execute amendments, attested by the Secretary, to the Declaration and these Bylaws on behalf of the Association, following authorization or approval of the particular amendment as applicable.

Section 4.5 Vice President. The Vice President shall perform the functions of the President in his or her absence or inability to serve.

Section 4.6 Secretary. The Secretary shall keep the minutes of all meetings of the Members and the Management Committee. The Secretary shall have charge of the Association's books and papers as the Management Committee may direct and shall perform all the duties incident to the office of secretary of a nonprofit Association organized under the laws of the State of Utah. The Secretary may cause to be prepared and may attest to execution by the President of amendments to the Declaration and these Bylaws on behalf of the Association, following authorization or approval of the particular amendment as applicable.

Section 4.7 Treasurer. The Treasurer shall be responsible for Association's funds and securities, for keeping full and accurate financial records and books of account showing all receipts and disbursements and for the preparation of all required financial data. The Treasurer shall be responsible for the deposit of all monies and other valuable effects in depositories designated by the Management Committee and shall perform all the duties incident to the office of treasurer of a nonprofit Association organized under the laws of the State of Utah. The Treasurer may endorse on behalf of the Association, for collection only, checks, notes and other obligations and shall deposit the same and all monies in the name of and to the credit of the Association in banks designated by the Management Committee. Except for reserve funds described below, the Treasurer may have custody of and shall have the power to endorse for transfer, on behalf of the Association, stock, securities or other investment instruments owned or

controlled by the Association or as fiduciary for others. Reserve funds of the Association shall be deposited in segregated accounts or in prudent investments, as the Management Committee decides. Funds may be withdrawn from these reserves for the purposes for which they were deposited, by check or order, authorized by the Treasurer, and executed by two (2) Trustees, one of whom may be the Treasurer if the Treasurer is also a Trustee.

Section 4.8 Resignation. Any officer may resign at any time by giving written notice to the Management Committee, the President, or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 4.9 Execution of Instruments. Except as otherwise provided in these Bylaws, all agreements, contracts, deeds, leases, checks and other instruments of the Association shall be executed by any officer of the Association or by any other person or persons designated by the Management Committee.

Section 4.10 Statements of Unpaid Common Assessments. The Treasurer, manager or, in their absence, any officer having access to the books and records of the Association may prepare, certify, and execute statements of unpaid Common Assessments. The Association may charge a reasonable fee for preparing statements of unpaid Common Assessments. The amount of this fee and the time of payment shall be established by resolution of the Management Committee.

ARTICLE V ENFORCEMENT

Section 5.1 Association's General Rights of Enforcement of Provisions of This and Other Instruments. The Association, as the agent and representative of the Owners and Members, shall have the right to enforce, by any proceeding at law or in equity, the covenants set forth in the Declaration, these Bylaws, and/or any and all covenants, restrictions, reservations, charges, servitudes, assessments, conditions, liens or easements provided for in any contract, deed, declaration or other instrument which (a) shall have been executed pursuant to, or subject to, the provisions of the Declaration, or (b) otherwise shall indicate that the provisions of such instrument were intended to be enforced by the Association or by Declarant.

Section 5.2 Abatement and Enjoinment of Violations by Owners. In addition to the provisions set forth in Section 5.1 above, the violation of any of the rules that may be promulgated by the Association from time to time shall also give the Management Committee the right, after notice and hearing, except in case of an emergency, in addition to any other rights set forth in these Bylaws:

5.2.1 To enter the Unit, Common Areas or Facilities in which, or as to which, the violation or breach exists and to summarily abate and remove, at the expense of the defaulting Owner, any structure, thing of condition (except for additions or alterations of a permanent nature that may exist in that Unit) that is existing and creating a danger to the Common Area or Facilities contrary to the intent and meaning of the provisions of the Declaration. The Management Committee shall not be deemed liable for any manner of trespass by this action; or

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

Section 5.3 Fine for Violation. The Management Committee may adopt resolutions providing for fines or other monetary penalties for the infraction of the Declaration. Fines will be levied

after notice thereof and an opportunity to be heard. The Management Committee may levy fines in amounts that it, in its sole discretion, shall determine to be reasonable for each violation of the Declaration, including those violations which persist after notice and an opportunity for a hearing is given.

Section 5.4 Specific Enforcement. In addition to such other rights as are specifically granted under the Declaration, the Management Committee shall have the power to impose fines, which shall constitute a lien upon the Unit of the violator or to suspend an Owner's right to (i) use the Common Areas and Facilities or (ii) receive utilities at his or her Unit for failure to pay any Common Assessment. Nothing in these Bylaws shall authorize the Management Committee to limit ingress and egress to or from a Unit. In the event that any resident, guest or invitee of a Unit violates the Declaration and a fine is imposed, the fine shall first be assessed against the resident. The failure of the Management Committee to enforce any provision of the Declaration shall not be deemed a waiver of the right of the Management Committee to do so thereafter.

Section 5.5 Notice. Prior to imposition of any sanction hereunder or under the Declaration, the Management Committee or its delegate shall serve the alleged violator with written notice describing (i) the nature of the alleged violation, (ii) the proposed sanction to be imposed, (iii) a period of not less than fourteen (14) days within which the alleged violator may present a written request for a hearing to the Management Committee; and (iv) a statement that the proposed sanction shall be imposed as contained in the notice unless a challenge is begun within fourteen (14) days of the notice. If a timely challenge is not made, the sanction stated in the notice shall be imposed; provided the Management Committee may, but shall not be obligated to, suspend any proposed sanction if the violation is cured within the fourteen (14) day period. Such suspension shall not constitute a waiver of the right to sanction future violations of the same or other provisions and Association Rules by any Person.

Section 5.6 Hearing. If a hearing is requested within the allotted fourteen (14) day period, the hearing shall be held before the Management Committee in executive session, or by a Committee or the Common Area Manager appointed by the Management Committee. The alleged violator shall be afforded a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, a proof of proper notice shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, Trustee, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

Section 5.7 Appeal. If the hearing is conducted by a committee established by the Management Committee or the Common Area Manager, the violator shall have the right to appeal the decision to the Management Committee. To perfect this right, a written notice of appeal must be received by the manager, President, or Secretary of the Association within five (5) days after the committee hearing date.

Section 5.8 Additional Enforcement Rights. Notwithstanding anything to the contrary in this Article V, the Management Committee may elect to enforce any provision of the Declaration by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations) or by suit at law or in equity to enjoin any violation or to recover monetary damages or both without the necessity of compliance with the procedure set forth above. In any such action, to the maximum extent permissible, the Owner responsible for the violation of which abatement is sought shall pay all costs, including reasonable attorneys' fees actually incurred.

ARTICLE VI INDEMNIFICATION

Section 6.1 Actions By Or In The Right of The Association. The Association shall indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Association) by reason of the fact that he or she is or was a Trustee or officer of the Association, who is or was serving at the request of the Association in such capacity, against expenses (including expert witness fees, attorneys' fees and costs) judgments, fines, amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding, if he or she acted in good faith and in a manner which such individual reasonably believed to be in the best interests of the Association, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. Determination of any action, suit or proceeding by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not of itself create a presumption that the person did not act in good faith and in a manner he or she reasonably believed to be in the best interests of the Association and, with respect to any criminal action or proceeding, had reasonable cause to believe his or her conduct was unlawful. No indemnification shall be made in respect of any claim, issue or matter as to which such person has been adjudged to be liable for negligence or misconduct in the performance of his or her duty in the Association unless, and to the extent that the court in which such action or suit was brought determines upon application that, despite the adjudication of liability, but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnification for such expenses if such court deems proper.

Section 6.2 Successful on the Merits. To the extent that a Trustee, manager, officer, employee, fiduciary or agent of the Association has been wholly successful on the merits in defense of any action, suit or proceeding referred to in Section 6.1 above, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including expert witness fees, attorneys' fees and costs) actually and reasonably incurred by him or her in connection therewith.

Section 6.3 Determination Required. Any indemnification under Section 6.1 (unless ordered by a court) and as distinguished from Section 6.2, shall be made by the Association only as authorized by the specific case upon a determination that indemnification of the Trustee or officer is proper in the circumstances because such individual has met the applicable standard of conduct set forth in Section 6.1 above. Such determination shall be made by the Management Committee by majority vote of a quorum consisting of those Trustees who were not parties to such action, suit or proceeding or, if a majority of disinterested Trustees so commands, by independent legal counsel and a written opinion or by Members entitled to vote thereon.

Section 6.4 Payment in Advance of Final Disposition. The Association shall pay for or reimburse the reasonable expenses incurred by a former or current Trustee or officer who is a party to a proceeding in advance of final disposition of the proceeding if the Trustee or officer furnishes to the Association a written affirmation of the Trustee's good faith belief that he or she has met the standard of conduct described in Section 6.1, the Trustee or officer furnishes to the Association a written understanding, executed personally or on the Trustee's or officer's behalf to repay the advance if it is ultimately determined that the Trustee or officer did not meet the standard of conduct and a determination is made that the facts then known to those making the determination would not preclude indemnification under this Article VI. The undertaking required in this Section 6.4 shall be an unlimited general obligation of the Trustee or officer but need not be selected and may be accepted without reference to financial ability to make repayment.

Section 6.5 No Limitation of Rights. The indemnification provided by this Article VI shall not be deemed exclusive of nor a limitation upon any other rights to which those indemnified may be entitled under any bylaw, agreement, vote of the Members or disinterested Trustees, or otherwise, nor by any rights which are granted pursuant to the Act.

Section 6.6 Trustees and Officers Insurance. The Association shall purchase and maintain insurance on behalf of any person who is or was a Trustee or an officer of the Association against any liability asserted against him or her and incurred by such individual in any such capacity or arising out of his or her status as such, whether or not the Association would have the power to indemnify such individual against such liability under provisions of this Article VI. The Trustees and officers of the Association shall have the liabilities, and be entitled to indemnification, as provided in the Act.

ARTICLE VII RECORDS

Section 7.1 Records and Audits. The Association shall maintain financial records, and such other records as required by the Declaration or the Act. The cost of any audit shall be a Common Expense unless otherwise provided in the Declaration .

Section 7.2 Examination. The Management Committee shall establish reasonable rules with respect to:

7.2.1 Notice to be given to the custodian of the records by the Member or Trustee desiring to make the inspection;

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

7.2.3 Payment of the cost of reproducing copies of documents requested by a Member or Trustee.

Section 7.3 Records. The books and accounts for the Association shall be kept in accordance with generally accepted accounting principles under the direction of the Treasurer. At the close of each fiscal year, the books and records of the Association shall be prepared by an independent public accountant approved by the Association, and financial statements shall be prepared by said accountant and distributed to all Members.

ARTICLE VIII COMMON ASSESSMENTS

All Common Expenses shall be assessed in accordance with the Declaration. No Member shall be exempt from liability for Common Expenses by waiver of the use or enjoyment of any of the Project or by abandonment of his or her Unit. The Treasurer shall keep detailed records of all receipts and expenditures, including expenditures affecting the Project, specifying and itemizing the maintenance, repair and replacement expenses of the Project and any other expenses incurred. Such records shall be available for examination by the Members during regular business hours. In accordance with the actions of the Management Committee in assessing Common Expenses against the Units, the Treasurer shall keep an accurate record of such Common Assessments and of the payments thereof by each Member. All Common Assessments shall be a separate, distinct and personal liability of the Members at the time each Common Assessment is made. The Management Committee shall have the rights and remedies contained in the Act and in the Declaration to enforce the collection of Common Assessments. Any person who shall have entered into a written agreement to purchase a Unit, by written request directed to the

Management Committee, shall be entitled to obtain a written statement from the Treasurer setting forth the amount of the monthly, quarterly, annual or other periodic Common Assessments and the amount of unpaid Common Assessments charged against such Unit and its Owner(s), and if such statement does not reveal the full amount of the unpaid Common Assessments as of the date it is rendered, neither the purchaser nor the Unit shall be liable for the payment of an amount in excess of the unpaid Common Assessments shown thereon, provided that the former Owner shall remain so liable. The new Owner shall, and the former Owner shall not, be liable for any Common Assessments made after the date of transfer of title, even though the expenses incurred or the advances made by the Management Committee for which the Common Assessment is made relate in whole or in part to any period prior to that date. The Management Committee is authorized to require a reasonable fee for furnishing such statements. In addition to the statements issuable to purchasers, the Management Committee shall, upon ten (10) days' prior written request therefor, provide to any Member, to any person who shall have entered into a binding agreement to purchase a Unit and to any Mortgagee, on request at reasonable intervals a current statement of unpaid Common Assessments for Common Expenses with respect to a Unit. The Management Committee is authorized to require a reasonable fee for furnishing such statements.

ARTICLE IX AMENDMENT TO BYLAWS

Section 9.1 By Declarant. Prior to the conveyance of the first Unit by Declarant, Declarant may unilaterally amend these Bylaws. After such conveyance, and notwithstanding anything contained in these Bylaws to the contrary, these Bylaws may be amended unilaterally at any time and from time to time by Declarant (a) if such amendment is necessary to bring any provision hereof into compliance with any applicable governmental statute, rule or regulation, or judicial determination which shall be in conflict therewith to make technical correction to fix mistakes or remove/clarify ambiguities; or (b) if such amendment is reasonably necessary to enable any title insurance company to issue title insurance coverage with respect to the Units subject to the Declaration; provided, however, any such amendment shall not adversely affect the title to any Owner's property unless any such Owner shall consent thereto in writing. Further, so long as Declarant owns any Units or Additional Land, Declarant may unilaterally amend these Bylaws for any other purpose; provided, however, any such amendment shall not materially adversely affect the substantive rights of any Owner hereunder, nor shall it adversely affect title to any property without the consent of the affected Owner. Notwithstanding the foregoing, so long as Declarant is in control of the Association, any amendment to these Bylaws must be approved in writing by the Department of Veterans Affairs (VA) pursuant to CFR, Title 38, §36.4357(b)(4) and, if any financing or the guaranty of any financing of a Unit is provided by the Federal Housing Administration of the United States Department of Housing and Urban Development (FHA), the Federal Home Loan Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA), Government National Mortgage Association (GNMA), by such agencies.

Section 9.2 By Members Generally. Except as provided above, these Bylaws may be amended only by the affirmative vote or written consent, or any combination thereof, of Members representing sixty-seven percent (67%) of the Total Votes in the Association, and the consent of the Declarant, if such exists. In addition, the approval requirements set forth in the Declaration shall be met, if applicable. Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

**ARTICLE X
MISCELLANEOUS**

Section 10.1 Notices. Unless otherwise provided in these Bylaws, all notices demands, bills, statements, or other communications under these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by (i) United States mail, first class postage prepaid, (ii) e-mail with confirmation of delivery, or (iii) facsimile transmission with confirmation of delivery:

10.1.1 If to a Member, at the mailing address, e-mail address or facsimile number which the Member has designated in writing and filed with the Secretary or, if no such mailing address, e-mail address or facsimile number has been designated, at the address of the Unit of such Member; or

10.1.2 If to the Association, the Management Committee, or the manager, at the principal office of the Association or the manager, if any, or at such other mailing address, e-mail address or facsimile number as shall be designated by notice in writing to the Members pursuant to this Section 10.1.2.

Section 10.2 Conflicts. If there are conflicts between the provisions of Utah law, the Declaration, the Articles and these Bylaws, the provisions of Utah law, the Declaration, the Articles and these Bylaws (in that order) shall prevail. Should such conflicts arise, the mediation and dispute resolution provisions provided for in the Declaration are specifically incorporated herein by this reference and made a part of these Bylaws.

Section 10.3 Waiver. No restriction, condition, obligation or provision contained in these Bylaws shall be deemed to have been abrogated or waived by reason or any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

Section 10.4 Severability. The provisions hereof shall be deemed independent and severable, and the invalid or partial invalidity or unenforceability of any one provision or portion hereof shall not affect the validity or enforceability of any other provision hereof.

Section 10.5 Captions. The captions herein are inserted only as a matter of convenience and for reference and in no way to define, limit or describe the scope of these Bylaws nor the intent of any provision hereof.

Section 10.6 Effective Date. These Bylaws shall take effect upon recording of the Declaration in the Office of the Salt Lake County Recorder.

Section 10.7 Seal. The Management Committee may by resolution provide a corporate seal which shall be circular in form and shall have inscribed thereon the name of the Association, the state of incorporation and the words "Corporate Seal."

CERTIFICATION

I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of The Villas at Monarch Meadows Owners Association, Inc., a Utah nonprofit corporation;

That the foregoing Bylaws constitute the original Bylaws of said Association, as duly adopted at a meeting of the Management Committee of Trustees thereof held on the 24 day of May, 2004.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this 24 day of May, 2004.


Secretary

Certified to be the Bylaws adopted by the Management Committee of THE VILLAS AT MONARCH MEADOWS OWNERS ASSOCIATION, INC., dated May 24, 2004.

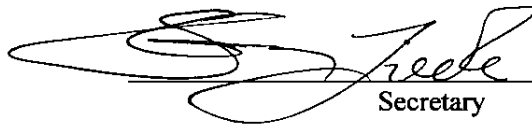

Secretary

EXHIBIT D

Legal Description of Additional Land

The unimproved real property located in Salt Lake County, Utah, commonly known as Parcels 13 and 15 of the Monarch Meadows subdivision, more particularly described as follows:

PARCEL 13:

BEGINNING AT A POINT WHICH IS SOUTH 00°06'37" WEST 546.484 FEET AND NORTH 89°53'23" WEST 517.190 FEET FROM THE NORTHEAST CORNER OF SECTION ONE, TOWNSHIP 4 SOUTH, RANGE 2 WEST SALT LAKE BASE AND MERIDIAN; THENCE SOUTH 602.992 FEET; THENCE NORTH 65°28'31" WEST 593.494 FEET; THENCE SOUTH 24°31'29" WEST 40.000 FEET; THENCE NORTH 65°28'31" WEST 224.037 FEET; THENCE NORTH 00°06'37" EAST 404.717 FEET; THENCE SOUTH 89°53'23" EAST 243.780 FEET; THENCE SOUTH 64°47'12" EAST 244.628 FEET; THENCE EAST 294.499 FEET TO THE POINT OF BEGINNING.

LESS AND EXCEPTING THEREFROM:

PARCEL A OF PARCEL 13:

BEGINNING AT A POINT NORTH 89°53'23" WEST ALONG THE SECTION LINE 900.08 FEET AND SOUTH 00°06'37" WEST 521.70 FEET FROM THE NORTHEAST CORNER OF SECTION 1, TOWNSHIP 4 SOUTH, RANGE 2 WEST, SALT LAKE BASE AND MERIDIAN, AND RUNNING THENCE SOUTH 64°47'12" EAST 12.42 FEET TO A POINT OF CURVATURE; THENCE EASTERLY ALONG THE ARC OF 364.50 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 16°00'24", A DISTANCE OF 101.83 FEET TO A POINT OF REVERSE CURVE; THENCE SOUTHEASTERLY ALONG THE ARC OF A 15.00 FEET CURVE TO THE RIGHT THROUGH A CENTRAL ANGLE OF 85°14'19", A DISTANCE OF 22.32 FEET; THENCE SOUTH 85°33'16" EAST 33.00 FEET; THENCE SOUTH 04°26'44" WEST 23.99 FEET TO A POINT OF CURVATURE; THENCE SOUTHERLY ALONG THE ARC OF 116.50 FOOT RADIUS CURVE TO THE RIGHT THROUGH A CENTRAL ANGLE OF 20°45'57", A DISTANCE OF 42.22 FEET; THENCE SOUTH 25°12'41" WEST 27.56 FEET TO A POINT OF CURVATURE; THENCE SOUTHERLY ALONG THE ARC OF 15.00 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 90°00'00", A DISTANCE OF 23.56 FEET; THENCE SOUTH 64°47'19" EAST 31.49 FEET TO A POINT OF CURVATURE; THENCE EASTERLY ALONG THE ARC OF 183.50 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 06°01'44", A DISTANCE OF 19.31 FEET; THENCE SOUTH 19°20'18" WEST 121.58 FEET; THENCE NORTH 64°47'19" WEST 197.48 FEET; THENCE NORTH 25°12'41" EAST 75.93 FEET TO A POINT OF CURVATURE; THENCE NORTHERLY ALONG THE ARC OF 15.00 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 90°00'00", A DISTANCE OF 23.56 FEET; THENCE NORTH 64°47'19" WEST 43.75 FEET; THENCE NORTH 25°12'48" EAST 118.57 FEET TO THE POINT OF BEGINNING.

PARCEL B OF PARCEL 13:

BEGINNING AT A POINT NORTH 89°53'23" WEST ALONG THE SECTION LINE 731.43 FEET AND SOUTH 00°06'37" WEST 546.90 FEET AND WEST 214.24 FEET FROM THE NORTHEAST CORNER OF SECTION 1, TOWNSHIP 4 SOUTH, RANGE 2 WEST, SALT LAKE BASE AND MERIDIAN, AND RUNNING THENCE SOUTH 14.50 FEET TO THE POINT OF A NON-TANGENT CURVE; THENCE SOUTHWESTERLY ALONG THE ARC OF A 15.00 FOOT RADIUS CURVE TO THE LEFT (CENTER BEARS SOUTH), THROUGH A CENTRAL ANGLE OF 85°31'57", A DISTANCE OF 22.39 FEET; THENCE NORTH 85°33'16" WEST 33.00 FEET TO THE POINT OF A NON-TANGENT CURVE; THENCE NORTHWESTERLY ALONG THE ARC OF A 15.00 FOOT RADIUS CURVE TO THE LEFT (CENTER BEARS NORTH 85°33'16" WEST), THROUGH A CENTRAL ANGLE OF 85°14'19", A DISTANCE OF 22.32 FEET TO A POINT OF REVERSE CURVE; THENCE WESTERLY ALONG THE ARC OF A 364.50 FEET CURVE TO THE RIGHT THROUGH A CENTRAL ANGLE OF 16°00'24", A DISTANCE OF 101.83 FEET; THENCE NORTH 64°47'12" WEST 99.56 FEET TO A POINT OF CURVATURE; THENCE WESTERLY ALONG THE ARC OF 285.50 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 25°06'11", A DISTANCE OF 125.09 FEET; THENCE NORTH 89°53'23" WEST 43.38 FEET TO A POINT OF CURVATURE; THENCE SOUTHWESTERLY ALONG THE ARC OF 15.00 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 90°06'37", A DISTANCE OF 23.59 FEET; THENCE SOUTH 64.82 FEET TO A POINT OF CURVATURE; THENCE SOUTHEASTERLY ALONG THE ARC OF 11.00 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 90°00'00", A DISTANCE OF 17.28 FEET; THENCE EAST 44.75 FEET TO A POINT OF CURVATURE; THENCE EASTERLY ALONG THE ARC OF 216.50 FOOT RADIUS CURVE TO THE RIGHT THROUGH A CENTRAL ANGLE OF 25°12'41", A DISTANCE OF 95.26 FEET; THENCE SOUTH 64°47'19" EAST 79.79 FEET; THENCE SOUTH 25°12'48" WEST 29.00 FEET; THENCE NORTH 64°47'19" WEST 79.79 FEET TO A POINT OF CURVATURE; THENCE WESTERLY ALONG THE ARC OF 187.50 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 25°12'41", A DISTANCE OF 82.50 FEET; THENCE WEST 40.75 FEET TO A POINT OF CURVATURE; THENCE SOUTHWESTERLY ALONG THE ARC OF 15.00 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 90°00'00", A DISTANCE OF 23.56 FEET; THENCE SOUTH 125.97 FEET TO A POINT OF CURVATURE; THENCE SOUTHERLY ALONG THE ARC OF 316.50 FOOT RADIUS CURVE TO THE RIGHT THROUGH A CENTRAL ANGLE OF 05°15'45", A DISTANCE OF 29.07 FEET TO A POINT OF REVERSE CURVE; THENCE SOUTHEASTERLY ALONG THE ARC OF A 11.00 FEET CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 86°50'42", A DISTANCE OF 16.67 FEET TO A POINT OF REVERSE CURVE; THENCE EASTERLY ALONG THE ARC OF A 516.50 FEET CURVE TO THE RIGHT THROUGH A CENTRAL ANGLE OF 16°03'30", A DISTANCE OF 144.76 FEET; THENCE SOUTH 65°31'28" EAST 30.67 FEET TO A POINT OF CURVATURE; THENCE EASTERLY ALONG THE ARC OF 11.00 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 89°15'52", A DISTANCE OF 17.14 FEET; THENCE NORTH 25°12'41" EAST 78.45 FEET; THENCE SOUTH 64°47'19" EAST 30.05 FEET TO THE POINT A NON-TANGENT CURVE; THENCE SOUTHWESTERLY ALONG THE ARC OF A 5.00 FOOT RADIUS CURVE TO THE LEFT (CENTER BEARS SOUTH 26°55'57" EAST), THROUGH A CENTRAL ANGLE OF 37°51'22", A DISTANCE OF 3.30 FEET; THENCE SOUTH 25°12'41" WEST 70.68 FEET TO A POINT OF CURVATURE; THENCE SOUTHERLY ALONG THE ARC OF 15.00 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 90°44'08", A DISTANCE OF 23.75 FEET; THENCE SOUTH 65°31'28" EAST 228.36 FEET TO A POINT OF CURVATURE; THENCE EASTERLY ALONG THE ARC OF 11.00 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 90°00'00", A DISTANCE OF 17.28 FEET; THENCE NORTH 24°28'32" EAST 110.45 FEET TO A POINT OF CURVATURE; THENCE NORTHERLY ALONG THE ARC OF 83.50 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 24°28'32", A DISTANCE OF 35.67 FEET; THENCE NORTH 30.16 FEET TO A POINT

OF CURVATURE; THENCE NORTHWESTERLY ALONG THE ARC OF 15.00 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 85°52'20", A DISTANCE OF 22.48 FEET TO A POINT OF REVERSE CURVE; THENCE WESTERLY ALONG THE ARC OF A 212.50 FEET CURVE TO THE RIGHT THROUGH A CENTRAL ANGLE OF 13°45'42", A DISTANCE OF 51.04 FEET TO A POINT OF REVERSE CURVE; THENCE SOUTHWESTERLY ALONG THE ARC OF A 5.00 FEET CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 88°33'04", A DISTANCE OF 7.73 FEET; THENCE NORTH 19°20'18" EAST 33.93 FEET TO THE POINT OF A NON-TANGENT CURVE; THENCE EASTERLY ALONG THE ARC OF A 183.50 FOOT RADIUS CURVE TO THE LEFT (CENTER BEARS NORTH 19°10'56" EAST), THROUGH A CENTRAL ANGLE OF 15°04'06", A DISTANCE OF 48.26 FEET TO A POINT OF COMPOUND CURVE; THENCE NORTHEASTERLY ALONG THE ARC OF A 11.00 FEET CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 94°06'51", A DISTANCE OF 18.07 FEET; THENCE NORTH 106.65 FEET TO A POINT OF CURVATURE; THENCE SOUTHEASTERLY ALONG THE ARC OF 20.50 FOOT RADIUS CURVE TO THE RIGHT THROUGH A CENTRAL ANGLE OF 232°39'32", A DISTANCE OF 83.24 FEET TO A POINT OF REVERSE CURVE; THENCE SOUTHWESTERLY ALONG THE ARC OF A 10.00 FEET CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 52°39'32", A DISTANCE OF 9.19 FEET; THENCE SOUTH 167.42 FEET TO A POINT OF CURVATURE; THENCE SOUTHERLY ALONG THE ARC OF 112.50 FOOT RADIUS CURVE TO THE RIGHT THROUGH A CENTRAL ANGLE OF 24°28'32", A DISTANCE OF 48.06 FEET; THENCE SOUTH 24°28'32" WEST 106.45 FEET TO A POINT OF CURVATURE; THENCE SOUTHERLY ALONG THE ARC OF 15.00 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 90°00'00", A DISTANCE OF 23.56 FEET; THENCE SOUTH 65°31'28" EAST 74.21 FEET TO A POINT OF CURVATURE; THENCE EASTERLY ALONG THE ARC OF 15.00 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 48°32'58", A DISTANCE OF 12.71 FEET TO A POINT OF REVERSE CURVE; THENCE SOUTHERLY ALONG THE ARC OF A 20.50 FEET CURVE TO THE RIGHT THROUGH A CENTRAL ANGLE OF 228°32'58", A DISTANCE OF 81.77 FEET; THENCE NORTH 65°31'28" WEST 469.90 FEET TO A POINT OF CURVATURE; THENCE WESTERLY ALONG THE ARC OF 487.50 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 24°28'32", A DISTANCE OF 208.25 FEET; THENCE WEST 39.54 FEET TO A POINT OF CURVATURE; THENCE WESTERLY ALONG THE ARC OF 25.00 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 28°34'47", A DISTANCE OF 12.47 FEET TO A POINT ON THE EASTERLY LINE OF 5000 WEST STREET; THENCE NORTH 00°06'37" EAST ALONG SAID EAST LINE 35.14 FEET TO THE POINT OF A NON-TANGENT CURVE; THENCE EASTERLY ALONG THE ARC OF A 25.00 FOOT RADIUS CURVE TO THE LEFT (CENTER BEARS NORTH 28°48'01" EAST), THROUGH A CENTRAL ANGLE OF 28°48'01", A DISTANCE OF 12.57 FEET; THENCE EAST 39.39 FEET TO A POINT OF CURVATURE; THENCE EASTERLY ALONG THE ARC OF 516.50 FOOT RADIUS CURVE TO THE RIGHT THROUGH A CENTRAL ANGLE OF 02°27'31", A DISTANCE OF 22.16 FEET TO A POINT OF REVERSE CURVE; THENCE NORTHEASTERLY ALONG THE ARC OF A 15.00 FEET CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 88°04'17", A DISTANCE OF 23.06 FEET TO A POINT OF COMPOUND CURVE; THENCE NORTHERLY ALONG THE ARC OF A 287.50 FEET CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 04°23'13", A DISTANCE OF 22.01 FEET; THENCE NORTH 245.91 FEET TO A POINT OF CURVATURE; THENCE NORTHWESTERLY ALONG THE ARC OF 15.00 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 89°53'23", A DISTANCE OF 23.53 FEET; THENCE NORTH 89°53'23" WEST 62.49 FEET TO A POINT OF CURVATURE; THENCE WESTERLY ALONG THE ARC OF 25.00 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 28°41'24", A DISTANCE OF 12.52 FEET TO A POINT ON THE EASTERLY LINE OF 5000 WEST STREET; THENCE NORTH 00°06'37" EAST ALONG SAID EAST LINE 17.57 FEET; THENCE

SOUTH 89°53'23" EAST 243.78 FEET; THENCE SOUTH 64°47'12" EAST 244.63 FEET; THENCE 80.26 FEET TO THE POINT OF BEGINNING.

PARCEL 15:

BEGINNING AT A POINT WHICH IS SOUTH 00°26'28" EAST ALONG THE SECTION LINE 1376.09 FEET FROM THE NORTHEAST CORNER OF SECTION 1, TOWNSHIP 4 SOUTH, RANGE 2 WEST, SALT LAKE BASE AND MERIDIAN; AND RUNNING THENCE SOUTH 00°26'28" EAST ALONG THE SECTION LINE 953.98 FEET; THENCE NORTHWESTERLY 481.71 FEET ALONG THE ARC OF A 653.96 FOOT RADIUS CURVE TO THE LEFT (CHORD BEARS NORTH 44°07'23" WEST, 470.89 FEET); THENCE NORTH 65°24'09" WEST 327.78 FEET; THENCE NORTH 24°31'29" EAST 523.63 FEET; THENCE NORTH 89°33'27" EAST 401.19 FEET TO THE POINT OF BEGINNING.