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**DECLARATION OF**  
**COVENANTS, CONDITIONS, AND RESTRICTIONS**  
**ESTABLISHING AN EXPANDABLE CONDOMINIUM PROJECT**  
**FOR**  
**MONTROSE VILLAGE**  
**PHASE I**

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DECLARATION OF  
COVENANTS, CONDITIONS & RESTRICTIONS  
MONTROSE VILLAGE  
AN EXPANDABLE CONDOMINIUM PROJECT, PHASE I

THIS Declaration of Covenants, Conditions and Restrictions (the "Declaration") is made and executed as of this 31<sup>ST</sup> day of MARCH, 2005 by Sunstone Corporation, a Utah corporation of 1192 East Draper Parkway #101, Draper, Utah 84020 (hereinafter referred to as the "Declarant").

RECITALS:

- A. This Declaration affects that certain real property located at approximately 7386 South 1000 East in Midvale, Salt Lake County, Utah, described with particularity in Article II below (hereinafter referred to as the "Tract").
- B. Declarant is or was the Owner of the Tract.
- C. Declarant has constructed, is in the process of constructing or will construct, upon the Tract an expandable condominium project which shall include certain Units, Common Areas, and other improvements. All of such construction has been, or is to be, performed in accordance with the plans contained in the Record of Survey Maps recorded on 3-31-2005 as Entry No. 9338262, Book No. 2005P, Page No. 89 of official records.
- D. Declarant intends to sell to various purchasers the fee title to the individual Units contained in the Tract, and an undivided interest in the Common Areas and facilities, subject to the Plat Map, or Maps and the covenants, conditions and restrictions set forth herein.
- E. Declarant reserves unto itself, its successors and/or assigns an easement over the roadways, common areas and facilities of the Project (as defined in the Declaration) and the right to use the Common Areas in order to facilitate the expansion of the Project or development of property adjoining the Property.
- F. Declarant desires, by filing this Declaration, to submit the Tract and all improvements now or hereafter constructed thereon to the terms, covenants and conditions of this Declaration, and the Project is to be known as MONTROSE VILLAGE PHASE I. This Declaration replaces and supercedes any Declaration previously filed and any amendments thereto.

NOW, THEREFORE, for the reasons recited above and subject to the covenants, conditions and restrictions set forth below, Declarant hereby makes the following Declaration:

I. DEFINITIONS

When used in this Declaration (including in that portion hereof entitled "Recitals"), each of the following terms shall have the meaning indicated.

- 1. Additional Charges shall mean and refer cumulatively to all collection and administrative costs, including but not limited to all attorney's fees, late charges, service fees,



filing and recordation fees, accruing interest, fines, and expenditures actually incurred or assessed by the Association.

2. Additional Land shall mean and refer to such additional land that is adjacent and contiguous to the Tract that may hereafter be acquired by Declarant, which, by supplemental declaration, shall be more particularly described and included as subject to this Declaration.

3. Articles of Incorporation shall mean and refer to the Articles of Incorporation of the MONTROSE VILLAGE PHASE I HOMEOWNERS' ASSOCIATION on file or to be filed with the Utah Department of Commerce.

4. Assessment shall mean and refer to the fees, dues and amounts assessed against a Unit Owner to pay for the expenses incurred in the operation, management, maintenance, repair, replacement, control and regulation of the Project.

5. Association shall mean and refer to the association of Unit Owners at MONTROSE VILLAGE PHASE I.

6. Building shall mean and refer to any of the structures now or hereafter constructed in the Project.

7. Business and Trade shall be construed to have their ordinary, generally accepted meanings, and shall include, without limitation, any occupation, work, or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation, or other form or consideration, regardless of whether such activity is engaged in full- or part-time; such activity is intended to or does generate a profit; or a license is required, therefore.

8. By-Laws shall mean and refer to the By-Laws of the Association, including any amendments thereto.

9. Capital Improvement shall mean and refer to all nonrecurring expenses (as opposed to day-to-day expenses) to repair, maintain or replace significant fixed assets in the Project intended to restore, enhance, improve or ameliorate the utility, value or beauty of the Common Areas or Facilities.

10. Class B Control Period shall mean and refer to the period of time during which the Class B Member is entitled to appoint all or a majority of the members of the Management Committee.

11. Committee shall mean and refer to the Management Committee.

12. Common Areas shall mean and refer to the following items:

- a) The real property and interests in real property submitted hereby, excluding the individual Units.
- b) All Common Areas and Facilities designated as such in the Record of Survey Map or Maps, recorded concurrently herewith.
- c) All utility installations and all equipment connected with or in any way related to the furnishing of utilities to the Project and intended for the common use of all Unit Owners, such as telephone, electricity, gas, water and sewer.

- d) The Project's outdoor grounds, landscaping, street lighting, perimeter and preservation fences, sidewalks, parking spaces and roadways;
- e) All portions of the Project not specifically included within the individual Units; and
- f) All other parts of the Project normally in common use or necessary or convenient to the use, existence, maintenance, safety, operation or management of the Property.
- g) Parting Spaces and Storage Units are designated as Limited Common Areas and may be conveyed by Declarant as appurtenances to the units at its sole discretion.

13. Common Expenses shall mean and refer to the actual and estimated expenses of operating, managing, maintaining, repairing, replacing, controlling and regulating the Project, or any portion thereof, including any reasonable reserve.

14. Community shall mean and refer to the Project.

15. Community Standards shall mean and refer to the standard of conduct, maintenance, or other activity generally prevailing in the Community as determined by the Management Committee from time to time.

16. Declaration shall mean and refer to this Declaration of Covenants, Conditions and Restrictions of MONTROSE VILLAGE, an Expandable Condominium Project, PHASE I, recorded 3-31, 2005 as Entry No. 9338762 in Book 2005P at Page 89 of the official records of the Salt Lake County Recorder.

17. Declarant shall mean and refer to SUNSTONE CORPORATION, a Utah corporation, its successors and assigns.

18. Dwelling Unit or Units shall mean and refer to each of the single-family condominium residential structures constructed in the Project, together with its undivided interest in the common areas and facilities associated with each unit.

19. Eligible Insurer shall mean and refer to an insurer or governmental guarantor of a mortgage or trust deed, which has requested notice in writing of certain matters from the Association in accordance with this Declaration.

20. Eligible Mortgagees shall mean and refer to a mortgagee, beneficiary under a trust deed, or lender who has requested notice in writing of certain matters from the Association in accordance with this Declaration.

21. Eligible Votes shall mean and refer to those votes available to be cast on any issue before the Association or the Committee. A vote, which is for any reason suspended, is not an "eligible vote."

22. Family shall mean and refer to a group of natural persons residing in the same residential structure and maintaining a common household.

23. Guest shall mean and refer to a temporary visitor, invitee or person whose presence within the Project is approved by or is at the request of a particular resident.

24. Improvement shall mean and refer to all existing physical structures and appurtenances to the Property of every kind and type, including but not limited to all buildings, dwelling units, fixtures, plumbing, electrical, heating, air conditioning and utility systems, roads, walkways, driveways, parking areas, fences, walls stairs, landscaping, trees, shrubs, bushes and green space.

25. Land shall mean and refer to all of the real property subject to this Declaration.

26. Unit shall mean and refer to a portion of the Property intended for any type of independent ownership and use, together with its undivided interest in the common areas associated with each unit as may be set out in this Declaration or as shall be shown on any Plat Map pertaining to this Declaration or any amendments thereto. Where the context indicates or requires, the term Unit includes any dwelling unit and improvements constructed as part of the condominium comprising said Unit.

27. Unit Number shall mean and refer to the number, letter or combination thereof designating a particular Unit.

28. Unit Owner shall mean and refer to the person who is the owner of record (in the office of the County Recorder of Salt Lake County, Utah) of a fee or an undivided fee interest in a Unit, including but not limited to both the seller and buyer under an executory sales contract (e.g., uniform real estate, land sales contract, or other similar instrument). The term Unit Owner does not mean or include a mortgagee or a beneficiary or trustee under a deed of trust unless and until such party has acquired title pursuant to foreclosure or any arrangement or proceeding in lieu thereof.

29. Majority shall mean and refer to those eligible votes of Owners or other groups as the context may indicate totaling more than fifty percent (50%) of the total eligible number.

30. Management Committee (sometimes referred to as "Committee") shall mean and refer to those Unit Owners duly elected and qualified to manage, operate and regulate the Association.

31. Manager shall mean and refer to the person or entity appointed or hired to manage and operate the Project.

32. Member shall mean and refer to an Owner, obligated by virtue of ownership, to be in or a part of the Association.

33. Mortgage shall mean and refer exclusively to either a first mortgage or first deed of trust on any Unit, but shall not mean or refer to an executory contract of sale.

34. Notice and Hearing shall mean and refer to the procedure, which gives an Owner or resident due process.

35. Owner shall mean and refer to the Owner of any Unit in the Project. (See Unit Owner above)

36. Person shall mean and refer to a natural person, corporation, partnership, trust, limited liability company, or other legal entity.

37. Plat Map or Map shall mean and refer to any Record of Survey Map or Maps of MONTROSE VILLAGE, an Expandable Condominium Project, PHASE I on file in the office of

the County Recorder of Salt Lake County as they may be amended from time to time. The Plat Map will show the location of the Units, Common Areas and Limited Common Areas.

38. Project shall mean and refer to the MONTROSE VILLAGE PHASE I, located in Salt Lake County, Utah, as more particularly described in Exhibit "A" hereto, including any Additional Land hereafter included by means of a supplemental declaration, modifying or expanding this Declaration.

39. Project Documents shall mean the Declaration, any Declaration, By-Laws, Rules and Regulations, and Articles of Incorporation.

40. Property shall mean and refer to all of the land or real estate, improvements and appurtenances pertaining to and subject to this Declaration, as described in Exhibit "A" hereto.

41. Recreational. Oversized or Commercial Vehicle shall mean and refer to any recreational, commercial or oversized vehicle, motor home, commercial vehicle, tractor, golf cart, mobile home or trailer (either with or without wheels), camper, camper trailer, boat or other watercraft, boat trailer, or any other recreational, oversized or commercial transportation device of any kind.

42. Rules and Regulations shall mean the rules and regulations established by the Management Committee to control, regulate or establish guidelines for the conduct of owners and others on the Project.

43. Single-Family Home or Residence shall mean and refer to both the architectural style of a dwelling unit and the nature of the residential use permitted.

44. Supplemental Declaration shall mean and refer to any Supplemental Declaration of Covenants, Conditions and Restrictions for Montrose Village Phase I.

## II. SUBMISSION

The Land, described with particularity on Exhibit "A", attached hereto and incorporated herein by this reference, is located in Salt Lake County, Utah, is hereby submitted to the terms, covenants and conditions of this Declaration, and is hereby made subject to, and shall be governed and regulated by, this Declaration of restrictive covenants. In addition:

The Land is SUBJECT TO the described easements and rights-of-way, TOGETHER WITH all easements, rights-of-way, and other appurtenances and rights incident to, appurtenant to, or accompanying the above-described parcel of real property, including any easement or right-of-way created by this Declaration.

ALL OF THE FOREGOING IS SUBJECT TO: All liens for current and future taxes, assessments, and charges imposed or levied by governmental or quasi-governmental authorities; all Patent reservations and exclusions; any mineral reservations of record and rights incident thereto; all instruments of record and rights incident thereto; all instruments of record which affect the Tract or any portion thereof, including, without limitation, any mortgage or deed of trust; all visible and necessary easements and rights-of-way; all easements and rights-of-way of record; any easements, rights-of-way, encroachments, or discrepancies shown on or revealed by the Plat Maps or otherwise existing; an easement for each and every Common Areas improvement, equipment, pipes, lines, cables, wires, utility systems, or similar facilities which traverse or partially occupy the above-described Tract; and all easements necessary for servicing,

repairing, ingress to, egress from, maintenance of, and replacement of all such Common Areas improvements, equipment, pipes, lines, cables, wires, utility systems, and similar facilities.

Declarant reserves the right to expand the Project to include Additional Land and/or Units upon the filing of an appropriate amendment to this Declaration and the Map as provided herein without the consent of Unit Owners for a period of 7 years from the date of recording of this instrument.

### III. COVENANTS. CONDITIONS AND RESTRICTIONS

The foregoing submission is made upon and under the following covenants, conditions and restrictions:

1. Phase I Description of Improvements. The significant improvements in Phase I of the Project include, or shall include, twelve (12) Units; Dwelling Units constructed with cement footings and foundations, wood siding, stucco and/or cobblestone rock exteriors, and wood, composite asphalt shingles on the roof; and Common Areas consisting of green space, landscaping, roadways, a common utility system, as well as an entrance to and exit from the Community. The Project will also contain other improvements of a less significant nature. All Dwelling Units and residential structures will be of like kind, color, and quality (in the sole discretion of the Declarant or its successor in interest).

2. Description and Legal Status of the Property. The Units shall be capable of being individually owned, encumbered and conveyed.

3. Membership in the Association. Membership in the Association is appurtenant to the ownership of a Unit, and may not be partitioned therefrom.

4. Conveyancing. Any deed, lease, mortgage, deed of trust, or other instrument conveying or encumbering a Unit shall describe the interest or estate involved substantially as follows: All of Unit No. \_\_\_\_\_ contained within the MONTROSE VILLAGE PHASE I as the same is identified in the Record of Survey Map recorded in Salt Lake County, Utah, as Entry No. 9338267 in Book 2005P at Page 89 (as said Record of Nat Map may have heretofore been amended or supplemented) and in the Declaration of Covenants, Conditions and Restrictions of the MONTROSE VILLAGE PHASE I, recorded in Salt Lake County, Utah, as Entry No. \_\_\_\_\_ in Book \_\_\_\_\_ at Page \_\_\_\_\_ (as said Declaration may have heretofore been amended or supplemented), together with an undivided percentage of ownership interest in and to the common areas and facilities more particularly described in said Declaration and any amendments or supplements thereto.

5. Provisions Binding. Regardless of whether or not the description employed in any such instrument is in the above-specified form, all provisions of this Declaration shall be binding upon and shall inure to the benefit of any party who acquires any interest in a Unit. Neither the membership in the Association, nor the right of nonexclusive use of a Common Areas shall be separated from the Unit to which it appertains; and, even though not specifically mentioned in the instrument of transfer, such mandatory membership in the Association and such right of exclusive use shall automatically accompany the transfer of the Unit to which they relate.

6. Ownership and Use. Each Owner shall be entitled to the exclusive ownership and possession of his Unit and to membership in the Association as set forth herein, subject, however, to the following:

a) Nature and Restrictions on Ownership and Use in General. Each Owner shall have and enjoy the privileges of fee simple ownership of his Unit. There shall be no requirements concerning who may own a Unit, it being intended that they may and shall be owned as any other Property rights by persons. This is a residential Community and as such the Units shall be used only for residential purposes, except as set for below. The Common Areas shall only be used in a manner consistent with the residential nature of the Project.

b) Rights to the Common Areas. Members shall have the right to use all Common Areas (excluding limited common areas that are appurtenant to Units) subject to the payment of the appropriate maintenance expenses pursuant to the terms of this Declaration.

c) Mandatory Association. Each purchaser of a Unit shall automatically become a member of the Association.

d) Member's Easements and Rights-of-Way. Every Member of the Association shall, as an Owner, have the right and nonexclusive easement to use and enjoy the Common Areas. Such right and easement shall be appurtenant to and shall pass with the title to every Unit, subject to the following restrictions:

(1) The right of the Association to limit the number of guests and residents;

(2) The right of the Association to dedicate or transfer all or any part of the Common Areas to any public agency, authority, or utility for the purpose of providing utilities and similar or related purposes. During the Developer's period of development of the Project, any such dedication or transfer shall be effective only if approved in writing by the Declarant.

e) Rules and Regulations. The Management Committee shall have the power and authority to adopt, amend or repeal administrative rules and regulations from time to time.

f) Restrictions and Limitations of Use. The use of the Units, of whatever kind, is subject to the following guidelines, limitations and restrictions:

(1) Parties Bound. The Project Documents shall be binding upon all Owners and residents, their family members, guests and invitees.

(2) Nuisance. It shall be the responsibility of each Owner and resident to prevent the creation or maintenance of a nuisance in, on or about the Project. A "nuisance" includes but is not limited to the following:

a. The development of any unclean, unhealthy, unsightly, or unkempt condition on, in or about a Unit or the Common Areas.

b. The storage of any item, property or thing that will cause any Unit or the Common Areas to appear to be in an unclean or untidy condition or that will be noxious to the senses;

c. The storage of any substance, thing or material upon any Unit or in the Common Areas that will emit any foul, unpleasant or

noxious odors, or that will cause any noise or other condition that will or might disturb the peace, quiet, safety, comfort, or serenity of the other residents at the Project;

d. The creation or maintenance of any noxious or offensive condition or activity in or about any Unit or the Common Areas;

e. Actions or activities tending to cause embarrassment, discomfort, annoyance, distress or a disturbance to any other residents, their guests or invitees, particularly if the police or sheriff must be called to restore order;

f. Maintaining any plants, animals, devices or items, instruments, equipment, machinery, fixtures, or things of any sort whose activities or existence in any way is illegal, noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of the Community by other residents, their guests or invitees.

g. Too much noise in, on or about any Unit or the Common Areas, especially after 10:00 p.m. and before 7:00 a.m.

h. Too much traffic in, on or about any Unit or the Common Areas, especially after 10:00 p.m. and before 7:00 a.m.; and

i. Loitering.

(3) Unsightly Work, Hobbies or Unkempt Conditions. The pursuit of hobbies or other activities, including but not limited to the assembly and disassembly of motor vehicles and other mechanical devices which might tend to cause disorderly, unsightly, or unkempt conditions, shall not be pursued or undertaken on any part of the Project.

(4) Removing Garbage, Dust & Debris. All rubbish, trash, refuse, waste, dust, debris and garbage shall be regularly removed from the Unit and shall not be allowed to accumulate thereon.

(5) Subdivision of a Unit. No Unit shall be subdivided or partitioned.

(6) Firearms, Incendiary Devices and Graffiti. The use of firearms and incendiary devices, or the painting of graffiti within the Project is prohibited. The term "firearms" includes but is not limited to all guns, pistols, handguns, rifles, automatic weapons, semi-automatic weapons, BB guns, pellet guns, sling shots, wrist-rockets, blow-dart guns, and other firearms of all types, regardless of size.

(7) Temporary Structures. No Owner or resident shall place upon any part of the Project any temporary structures including but not limited to tents, trailers, or sheds, without the prior written consent of the Committee. Anything to the contrary notwithstanding and until the occurrence of the Events referred to herein, the Developer may install and use temporary structures in the development of the Project and marketing of the Units.

(8) Trees, Shrubs and Bushes; Maintenance of Proper Sight Distance at Intersections. All property located at or near driveways, entrances, exits,

walkways, paths and street intersections or corners shall be landscaped so as to remove any obstructions and to permit safe sight. No fence, wall, hedge, shrub, bush, tree or monument, real or artificial, shall be planted or placed by any Owner or resident in, on or about the Common Areas without the prior written consent of the Committee. The Management Committee may alter or remove any objects planted or placed in violation hereof.

(9) Swamp Coolers or Evaporative Coolers. No Owner shall place upon any part of the Project, Unit or Common Areas any swamp cooler or evaporative cooler.

(10) Plants. No plants or seeds infected with noxious insects or plant diseases shall be brought upon, grown, or maintained upon the Project.

(11) Clothes Drying. No exterior clotheslines shall be erected or maintained and there shall be no outside drying or laundering of clothes.

(12) Exterior Alteration. No Owner shall make any alterations or modifications to the exterior of any Buildings, fences, railings, or walls situated within the Project without the prior written consent of the Association.

(13) Signs. No signs shall be erected or displayed on the Common Areas or any Unit except signs placed by authority of the Management Committee. Notwithstanding any provision in this Declaration to the contrary, so long as the Declarant retains ownership of any Units, Declarant may erect such signs as it reasonably determines are necessary for the sale or promotion of such Units. No sign other than one (1) sign of customary and reasonable size shall be erected or displayed on any Unit without prior written permission of the Management Committee. The sign must be no larger than 2' X 3', and only displayed in a window. No signs, whatsoever, may be displayed anywhere outside the Unit unless written permission was received by the Management Committee.

(14) Solar Equipment. No Owner may install any solar energy device without the express written consent of the Management Committee.

(15) Business Use. No commercial trade or business may be conducted in or from any Unit unless: a) the existence or operation of the business activity is not apparent or detectable by sight, sound or smell from outside the residence; b) the business activity conforms to all zoning requirements for the Project; c) the business activity does not involve persons coming onto the Project who do not reside in the Project or door-to-door solicitation of residents of the Project; and d) the business activity is consistent with the residential character of the Project and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of the Project, as may be determined in the sole discretion of the Management Committee.

Notwithstanding the above, the leasing of a residence shall not be considered a trade or business.

(16) Storage and Parking of Vehicles. The driving, parking, standing or storing of motor vehicles in, on or about the Project shall be subject to the following:



- a. The parking rules and regulations adopted by the Management Committee from time to time;
- b. No Recreational, Commercial or Oversized vehicle parking is allowed in the Project;
- c. Except for emergency vehicles;
- d. No motor vehicle or trailer, including but not limited to any car, automobile, truck, van, or any other transportation device of any kind may be parked or stationed in such a manner so as to block access to any Unit, building or parking space, or so as to create an obstacle or potentially dangerous condition;
- e. Residents may only park their motor vehicles within their designated parking areas;
- f. No resident shall repair or restore any vehicle of any kind in, on or about any Unit or the Common Areas, except for emergency repairs, and then only to the extent necessary to enable movement thereof to a proper repair facility;
- g. No parking area or garage may be altered in such a manner that the number of motor vehicles which may reasonably be parked therein after the alteration is less than the number of motor vehicles that could have been reasonably parked in the garage as originally designed and constructed.
- h. All parking areas shall be used solely for the parking and storage of vehicles.
- i. The entry gate shall remain closed except when vehicles are entering or exiting the property.
- j. No one may be permitted to park their vehicles on the roadways within the Project, ever. Emergency vehicles must be able to pass by safely.
- k. Vehicles parked in violation of this Declaration may be impounded or towed without further notice, and at the Owner's sole expense.
- l. No boats, personal watercrafts or RVs shall be parked within the Project.

(17) Antennae. One (1) small and inconspicuous satellite dish antenna having a diameter of 18" or less, which is installed on the roof of this building (7386 South 10000 East ) is for the benefit of the entire project. No other satellite dishes shall be permitted upon a Unit. Unless otherwise approved by the Management Committee. All wiring must be concealed. A satellite dish larger than 18" in diameter, or any dish which is not installed on a Unit and integrated with the surrounding landscaping may be approved by the Management Committee on a case-by-case basis. The location and screening of the satellite

dish shall be specified by the Management Committee to ensure that the satellite dish is not visible from the street. Notwithstanding anything to the contrary, any unapproved satellite dish antenna having a diameter of more than 18", and all other microwave dish antennae, satellite dish antennae, exterior radio antennae, television antennae, or other electronic signal receiving or transmitting equipment are prohibited within the Project; provided, however, that to the extent any of the provisions hereof are contrary to any laws, rules or ordinances of any governmental entity that are applicable to the Project, those laws, rules or ordinances shall take precedence.

(18) Windows and Window Coverings. No aluminum foil, newspapers, reflective film coatings, or any other similar materials may be used to cover the exterior windows of any Dwelling Unit. Sun-shades and tinted windows are not allowed. All windows, window panes and window coverings are to be the same color in the Project shall be harmonious, and comparable in size, design and quality, so as not to detract from uniformity in appearance and construction.

(19) Pets. No animals, livestock, or poultry or any kind shall be raised, bred, or kept at the Project, except that no more than one (1) dog, cat weighing less than 50 pounds or other normal household pet may be kept in Units subject to rules and regulations adopted by the Association through its Management Committee, provided that such pets are not kept, bred, or maintained for any commercial purpose.

Notwithstanding the foregoing, no pet enclosures shall be erected, placed or permitted to remain on any portion of the Common Areas, nor shall pets be kept tied to any structure outside the Unit. The keeping of pets and their ingress and egress to the Common Areas shall be subject to such rules and regulations as may be issued by the Management Committee. Pets shall not be walked on the Common Areas, except for the purpose of ingress or egress to the Unit before and after walking the pet outside the boundary of the Project. Pets shall be on a leash at all times when outside a Unit. No pet shall be permitted to urinate or defecate on any portion of the Common Areas, and the owner of such pet shall immediately remove feces left upon the Common Areas by his pet. If the Owner or resident fails to abide by the rules and regulations and/or covenants applicable to pets, the Management Committee may bar such pet from use of or travel upon the Common Areas. The Management Committee may subject ingress, egress, use or travel upon the Common Areas to a user fee, which may be a general fee for all similarly situated persons or a specific fee imposed for failure of an Owner or resident to abide by the rules, regulations, and/or covenants applicable to pets. In addition, any pet which endangers the health or welfare of any Owner or resident or which creates a nuisance (e.g., unreasonable barking, howling, whining or scratching) or an unreasonable disturbance or is not a common household pet, as may be determined in the sole discretion of the Management Committee, must be permanently removed from the Project upon seven (7) days' written notice by the Management Committee.

(20) Insurance. Nothing shall be done or kept in, on or about any Unit or the Common Areas which may result in the cancellation of any insurance on

the Property or an increase in the rate of the insurance on the Common Areas over what the Management Committee, but for such activity, would pay.

(21) Laws. Nothing shall be done or kept in, on or about any Unit or Common Areas, or any part thereof, which would be a violation of any statute, rule, ordinance, regulation, permit or other validly imposed requirement of any governmental body having authority.

(22) Damage or Waste. No damage to, or waste of, the Common Areas shall be committed by any Owner or any invitee of any Owner, and each Owner shall indemnify and hold the Management Committee, Declarant and the other Owners harmless against all loss resulting from any such damage or waste caused by that Owner or an invitee, provided, however, that any invitee of the Declarant shall not under any circumstances be deemed to be an invitee of any other Owner.

(23) Structural Alterations. No structural alterations to the Common Areas are allowed without the prior written consent of the Management Committee and the Planning & Zoning Department.

(24) Mail Boxes. The initial mail box must be the one approved and provided by the Post Master and the Declarant. All replacement mail boxes must be approved in writing by the Management Committee prior to installation and must also be approved for their location by the Planning & zoning department and the Post Master.

7. Leases. Any agreement for the leasing, rental, or occupancy of a Unit (hereinafter in this Section referred to as a "Lease") shall be in writing and a copy thereof shall be delivered to the Association before the term of the Lease commences. Every Lease shall provide that its terms shall be subject in all respects to the provisions of the Project Documents. Said Lease shall further provide that any failure by the resident thereunder to comply with the terms of the foregoing documents shall be a default under the Lease. If any Lease does not contain the foregoing provisions, such provisions shall nevertheless be deemed to be a part of the Lease and binding on the Owner and resident by virtue of their inclusion in this Declaration. No Owner shall be permitted to lease his Unit for transient, hotel, seasonal, rental pool, or corporate executive use or purposes, which shall be deemed to be any rental with an initial term of less than six (6) months. Daily or weekly rentals are prohibited. No Owner may lease individual rooms to separate persons or less than his entire Unit. Any Owner who shall lease his Unit shall be responsible for assuring compliance by the resident with the Project Documents. Failure by an Owner to take legal action, including the institution of a forcible entry and unlawful detainer proceeding against the resident who is in violation of the Project Documents within ten (10) days after receipt of written demand so to do from the Management Committee, shall entitle the Association to take any and all such action including the institution of proceedings in forcible entry and unlawful detainer on behalf of such Owner against his resident. Neither the Association nor any agent retained by the Association to manage the Project shall be liable to the Owner or resident for any eviction under this Section that is made in good faith. Any expenses incurred by the Association, including attorney's fees and costs of suit, shall be repaid to it by such Owner. Failure by such Owner to make such repayment within ten (10) days after receipt of a written demand therefor shall entitle the Association to levy an individual assessment against such Owner and his Unit for all such expenses incurred by the Association. In the event such

assessment is not paid within thirty (30) days of its due date, the Management Committee may resort to all remedies of the Association for the collection thereof. Other than as stated in this Section, there is no restriction on the right of any Owner to lease or otherwise grant occupancy rights to a Unit.

8. Easements; Drainage. Support. Maintenance and Repair. There are hereby reserved and the Association is hereby granted the following easements and rights-of-way:

a) A nonexclusive easement over, across, through, above and under the Units and the Common Areas for the operation, maintenance and regulation of the Common Areas, amenities and facilities; and

b) A reciprocal easement on, over, under, through and across all Units and Common Areas for the drainage of surface waters on, over, under, through and across the Project. The Declarant shall establish a sub drain and storm drainage system designed to serve the entire Project (the "Master Sub Drain and Storm Drain System"). No Unit Owner shall interfere with the Master Sub Drain and Storm Drain System established by the Declarant, or its successors or assigns. Each Unit Owner shall be responsible to develop his Unit in a manner consistent with the Master Sub Drain and Storm Drain System, and so as not to detract therefrom or interfere therewith, or the Established Drainage Pattern on any other Unit in the Project. No changes to the Established Drainage Pattern on any Unit shall be permitted without the prior written consent of the Management Committee. The term "Established Drainage Pattern" is defined as the approved drainage pattern, facilities and improvements in existence at the time such Unit is conveyed to an Owner by the Declarant, its successor or assign. The cost of all improvements, maintenance, repairs and replacements of the Sub Drain or Storm Drainage System located within the boundaries of any Unit shall be the responsibility of the Unit Owner. The cost of all improvements, maintenance, repairs and replacements of the Sub Drain and Storm Drainage System located in the Common Areas shall be the responsibility of the Association

9. Liability of Owners and Residents for Damages. Any Owner or resident shall be liable to the Association or other Owners or residents for damages to person or property in the Project caused by his or her negligence.

10. Encroachments. In the event that any portion of the Common Areas or a Unit encroaches or comes to encroach upon other Common Areas or a Unit as a result of construction, reconstruction, repair, shifting, settling, or movement, an easement for such encroachment is created hereby and shall exist so long as such encroachment exists.

11. Management Committee. The Association shall be managed by a Management Committee which shall be comprised of three (3) members. Until the happening of the Events (described below), the Declarant shall have the exclusive and irrevocable right to appoint all of the members of the Committee and their successors or replacements. At the first Annual Homeowners Meeting after the occurrence of the Events, the members of the Committee shall be elected by the Owners. Two (2) of the members shall be elected for two-year terms and one (1) member shall be elected for a one-year term. Thereafter, all members shall be elected for two-Year terms. This staggering feature will provide continuity in the management of the Association.

a) Qualify. To qualify, a member of the Committee must be an individual Owner, or the legal representative of an organizational Owner.

b) Vacancies. In the event of the resignation or disqualification of any Committee member, his or her replacement shall be selected by the affirmative vote of a majority of the Members of the Association.

c) Dismissal. Any Committee member who fails on three successive occasions to attend Committee Meetings (whether regular or special) or who has failed to attend at least twenty-five percent (25%) of all Committee meetings (whether regular or special) held during any twelve-month period shall automatically forfeit his seat. In such cases, the remaining Committee members shall elect a replacement to sit on the Committee until the next meeting of the Association.

d) Removal of Committee Member/Declarant's Rights. Except for Committee members appointed by the Declarant before the occurrence of the Events, Committee members may be removed at any time by the affirmative vote of a majority of the Members of the Association. A replacement to serve the remainder of the removed member's unexpired term shall be elected at the same meeting.

e) Term. Unless he forfeits or otherwise loses his seat as herein provided, a member shall serve on the Committee until his successor qualifies and is properly elected by the Association.

f) No Compensation. Committee members shall not be compensated for their services but shall be reimbursed for all expenses reasonably incurred in connection with Committee business and approved by the Committee.

12. Committee Officers and Agents. The Committee shall perform its functions through members who are elected as Officers by the Committee and through such agents or employees as the Committee may appoint. There shall be a President, Vice-President and Secretary/Treasurer. Any Committee officer, agent, or employee may at any time be removed, with or without cause, by the vote of a majority of the Committee members. Provided, however, if a member of the Committee is removed as an officer, he shall continue to be a member of the Committee.

13. Committee Meetings. A regular meeting of the Committee shall be held immediately after the adjournment of each annual Owner's meeting or at such other time as the members of the Committee may decide. Other regular meetings shall be held at periodic intervals (no longer than quarterly) at such time and place as the Committee may determine. No notice need be given of regular Committee meetings. Special Committee meetings shall be held whenever called by the President or by any two (2) members of the Committee. Reasonable effort shall be made to give either oral or written notice of a special meeting to each Committee member at least twenty-four (24) hours before the time fixed for the meeting. The propriety of holding any meeting which is attended by all Committee members may not be challenged on grounds of inadequate notice. A quorum for the transaction of business at any Committee meeting shall consist of a majority of all the members then in office.

14. Status and General Authority of Committee. Any instrument executed by the Management Committee that recites facts which, if true, would establish the Committee's power and authority to accomplish through such instrument what is purported to be accomplished

thereby, shall conclusively establish said power and authority in favor of any person who in good faith and for value relies upon said instrument. The Association shall, in connection with its exercise of any of the powers delineated below, constitute a legal entity capable of dealing, in the name of the Committee. The Management Committee shall have, and is hereby granted, the following authority and powers:

a) To Enter. The power and authority to enter into or upon any Unit to make repairs and to do other work reasonably necessary for the proper maintenance and operation of the Project. Except in the case of any emergency, reasonable notice shall be given to the residents.

b) Grant Easements. The authority, without the vote or consent of the Owners, mortgagees, insurers or guarantors of any mortgage, or of any other person, to grant or create, on such terms as it deems advisable, reasonable permits, licenses, and nonexclusive easements over, under, across and through the Common Areas for utilities, roads, and other purposes reasonably necessary or useful for the proper maintenance, operation or regulation of the Project.

c) Execute Documents. The authority to execute and record, on behalf of all Owners, any amendment to this Declaration or Plat Map which has been approved by the vote or consent necessary to authorize such amendment, subject to paragraph 7 hereof below.

d) Standing. The power to sue and be sued.

e) Enter Into Contracts. The authority to enter into contracts which in any way concern the Project, so long as any vote or consent necessitated by the subject matter of the agreement has been obtained.

f) To Purchase. The power and authority to purchase, otherwise acquire, and accept title to, any interest in real property, so long as it has been approved by at least seventy-five percent (75%) of the Members in the Association.

g) To Add Property. The power and authority to add any real property, or interest therein, obtained pursuant to Section 15(f) to the Project, so long as it has been approved by at least seventy-five percent (75%) of the Members of the Association.

h) Promulgate Rules. The authority to promulgate such reasonable administrative guidelines, rules, regulations, and procedures as may be necessary or desirable to aid the Committee in carrying out any of its functions or to ensure that the Project is maintained and used in a manner consistent with this Declaration.

i) Meetings. The authority to establish procedures for the conduct of its meetings, including but not limited to the power to decide what portion of the meeting shall be open or closed to Members of the Association or residents not on the Committee, to retire to executive session, to regulate record keeping, and to allow, control or prohibit the electronic reproduction (video or audio) of Committee Meetings.

j) Assignment of Limited Common Areas for Parking. The authority to assign Parking Spaces is reserved to Declarant, at its sole discretion.

k) All Other Acts. The power and authority to perform any and all other acts, and to enter into any other transactions which may be reasonably necessary for the Management Committee to perform its functions on behalf of the Owners.

15. Delegation of Management Responsibilities. The Committee may delegate some of its management responsibilities to a professional management company, an experienced on-site manager, independent contractors, through service contracts, or any combination thereof. The termination provision of any such contract must not require a termination penalty or any advance notice of more than sixty (60) days, no such contract shall be for a term greater than one (1) year.

16. Owners Meetings. The Association Members shall meet as follows:

a) Annual Meeting. The annual meeting of the Owners' shall be held at 12:00 o'clock noon on the second Saturday in September of each year or at such other suitable date or time as may be designated by the Committee from time to time. Whenever such day is a legal holiday, the meeting shall occur on the first business day thereafter. The place of meeting shall be at such location as the Committee may reasonably select and as specified in the notice of meeting. At least ten (10) but not more than thirty (30) days before the date of the annual meeting, a written notice thereof shall be personally delivered or mailed, postage prepaid, to each person who appears as an Owner, at his or her last known address. The notice shall state the time, place, and general purpose of the meeting.

b) Special Meetings. Special meetings of the Owners may be called by the President, by any two (2) members of the Committee, or by Members holding at least twenty-five percent (25%) of the undivided ownership interest in the Common Areas. At least two (2) but not more than thirty (30) days before the date set for a special meeting, written notice thereof shall be given in the manner described in Section 16(a).

c) Waiver of Notice. No notice of any Owners' meeting shall be required if a waiver of such notice is signed by all of the Owners. Whenever all of the Owners meet in person or by proxy, such meeting may not be challenged on grounds of inadequate notice.

d) Quorum. The presence of a majority of the undivided ownership interest in the Project entitled to cast a vote shall constitute a quorum for the transaction of business at any Owners' meeting.

(1) Quorum Not Present. If a quorum is not present at any Owners' meeting, whether regular or special, the meeting may be adjourned and rescheduled for a time no earlier than forty-eight (48) hours and no later than thirty (30) days, after the time set for the original meeting.

(2) Quorum at Rescheduled Meeting. Those Members present at the rescheduled meeting and entitled to vote shall constitute a quorum at the rescheduled meeting.

(3) Percentage Approval Requirement. Notwithstanding the foregoing, however, in any case in which this Declaration requires the affirmative vote of a certain percentage of ownership interest for authorization or approval of

a matter, their consent, in person, by proxy, or in writing is required for authorization or approval of the item, regardless of the quorum requirements.

17. Classes of Membership and Voting Allocations. The Association shall have two (2) classes of membership— Class A and Class B, described more particularly as follows:

a) Class A. Class A Members shall be all Owners with the exception of the Class B Members, if any. Class A Members shall be entitled to vote on all issues before the Association, subject to the following:

(1) One Vote. Each Unit shall have one (1) vote.

(2) Subject to Assessment. No vote shall be cast or counted for any Unit not subject to assessment.

(3) Multiple Owners. When more than one (1) person or entity holds an interest in a Unit, the vote for such Unit shall be exercised as those persons or entities themselves determine and advise the secretary of the Association prior to any meeting. In the absence of such advice, the vote of the Unit shall be suspended in the event more than one (1) person or entity seeks to exercise it.

(4) Leased Unit. Any Owner of a Unit which has been leased may, in the lease or other written instrument, assign the voting right appurtenant to that Unit to the lessee, provided that a copy of such instrument is furnished to the Secretary at least three (3) days prior to any meeting.

b) Class B. The Class B Member shall be the Declarant and any successor of Declarant who takes title for the purpose of development and sale of Units, and who is designated as such in a recorded instrument executed by Declarant. The Class B Member shall originally be entitled to three (3) votes per Unit owned. The Class B membership and the Class B Control Period shall terminate, and Class B membership shall convert to Class A membership upon the happening of the earlier of the following (which is hereinafter referred to as the "Event" or "Events"):

(1) Units Sold. Twelve (12) months after eighty percent (80%) of the total Units in the Project (now or hereafter constructed upon the Property or Additional Land) have been sold; or

(2) Five Years. Five (5) years from date the Declaration was recorded with the Salt Lake County Recorder; or

(3) Election. When, in its sole discretion, Declarant so determines.

From and after the happening of these Events, whichever occurs earlier, the Class B member shall be deemed to be a Class A member entitled to one (1) vote for each Unit owned. At such time, the Declarant shall call a meeting, in the matter described in the By-Laws of the Association for special meetings, to advise the Member of the termination of Class B status and, if it has not already occurred, to schedule transition of the operation and management of the entire Project to the Association.

18. Lists of Unit Owners, Eligible Mortgagees, and Eligible Insurers or Guarantors. The Committee shall maintain up-to-date records showing: a) the name of each Owner, the address of such person, and the Unit which is owned by him or her; b) the name of each person



or entity who is an Eligible Mortgagee, the address of such person or entity, and the Unit which is encumbered by the Mortgage held by such person or entity; and c) the name of each person or entity who is an Eligible Insurer or guarantor, the address of such person or entity, and the Unit which is encumbered by the Mortgage insured or guaranteed by such person or entity. In the event of any transfer of a fee or undivided fee interest in a Unit, either the transferor or transferee shall furnish the Committee with evidence establishing that the transfer has occurred and that the deed or other instrument accomplishing the transfer is of record in the office of the County Recorder of Salt Lake County, Utah. The Committee may for all purposes act and rely on the information concerning Unit ownership in its records or, at its option, the records of the County Recorder. The address of any Owner shall be deemed to be the address of the Unit owned by such person unless the Committee is otherwise advised in writing.

19. Capital Improvements. The Management Committee shall prepare a table of Capital Improvements, which shall contain a list of foreseeable expenditures for capital improvements within the Area of Common Responsibility. The Table shall be included in every annual budget, and it shall be reviewed and updated at least annually, and reasonable reserve accounts shall be established by the Committee for the replacement of capital assets as they age. Expenditures by the Association for capital improvements to the Project shall be subject to and governed by the following:

a) Committee Discretion/Expenditure Limit. Capital Improvements to the Project which cost ten percent (10%) or less of the total annual operations budget and do not materially alter the nature of the Project, may be authorized by the Management Committee alone.

b) Homeowner Approval/Expenditure Limit. Any Capital Improvement, the cost of which will exceed such amount, must, prior to the commencement of construction, be authorized by at least a majority of the Owners.

c) Homeowner Approval/Changing the Nature of the Project. Any Capital Improvement which would materially alter the nature of the Project must, regardless of its cost and prior to being constructed or accomplished, be authorized by at least sixty-seven (67%) of the undivided ownership interest in the Project.

20. Operation, Maintenance and Alterations. The Units and Common Areas shall be maintained by the Unit Owners and the Association as follows:

a) Area of Common Responsibility. The Association shall maintain, repair and replace, as needed from time to time, the Common Areas, and certain improvements constructed or installed thereon including, but not limited to, all entrances to and exits from the Project, streets, open parking spaces, street lighting, common sidewalks, curbs and gutters, landscaping, green space and sprinkler systems, central utility systems for power, light and water, and all grass edging and mowing as well as the preparation, maintenance and planting of all flower beds. The foregoing items are hereinafter referred to as the "Area of Common Responsibility."

b) Landscaping Restrictions. Unit Owners shall not modify the landscaping, green space, sod, plant and flower beds, sprinkling system, or drainage in, on or about the Common Areas without the prior written consent of the Management Committee.

c) Snow and Ice Accumulations. (Accumulation is considered 2"). The Association shall remove all ice and snow accumulations from the driveways, walkways leading to the Dwelling Unit's main entrance, streets and common walkways. Each Unit Owner shall remove all ice and snow accumulations from all other locations, including but not limited to balconies on the sides Dwelling Unit. Owners may not throw snow onto the entry roadway (south) or the easement access (north).

d) Area of Personal Responsibility. Each Owner shall maintain his Unit and Unit, and all of the improvements constructed or installed thereon. The following items are expressly included in the Area of Personal Responsibility: All individual utility services such as power, light, gas, hot and cold water, heating, refrigeration and air conditioning systems, fixtures, windows, doors, patios, balconies and decks, garage doors, If an item is not included in the Area of Common Responsibility and it is located in, on, under or above a Unit, then it shall be the responsibility of the Unit Owner, unless otherwise determined in writing by the Committee (hereinafter referred to as the "Area of Personal Responsibility"). Decks shall be maintained in a neat and orderly condition.

e) Utilities. The Association shall provide those utility services not separately metered and billed to the individual owners by the provider.

f) Standard of Care/General. The Property shall be maintained in a usable, clean, functional, attractive and good condition, consistent with Community Standards. Aesthetic considerations alone, and matters of taste, are sufficient to enjoin a violation of this Declaration.

g) Standard of Care/Landscaping. All landscaping in the Project shall be maintained and cared for in a manner consistent with Community Standards and the quality of design and construction originally established by Declarant and the Planning Zoning department, no changes are to be made unless written approval is obtained. Specific guidelines and restrictions on landscaping may be established by the Management Committee from time to time. All landscaping shall be maintained in a neat and orderly condition. Any weeds or diseased or dead lawn, trees, ground cover or shrubbery shall be removed and replaced. All lawn areas shall be neatly mowed, and trees, shrubs and bushes shall be properly pruned and trimmed. In a word, all landscaping shall be tasteful, so as not to affect adversely the value or use of any other Unit, or to detract from the uniform design and appearance of the Project. Unless the replacement of landscaping Capital Improvements is made necessary by the negligence of the Association, the cost of replacing or restoring the asset shall be the Unit Owner's responsibility.

h) Neglect. If the Committee determines that any Owner has failed or refused to discharge properly his obligation with regard to the maintenance, repair, or replacement of items for which he is responsible hereunder; or that the need for maintenance, repair, or replacement of the Common Areas is caused through the willful or negligent act of any Owner, his family, guests, lessees, or invitees, and it is not covered or paid by insurance, in whole or in part, then the Association may, but is not obligated to, provide such maintenance, repair or replacement at the Owner's sole cost and expense, subject to the following:

(1) Assessment. Such costs as are incurred by the Association in the performance of an item included in the Area of Personal Responsibility shall be added to and become a part of the assessment to which such Owner and Unit is subject, and shall be secured by a lien against the Unit regardless of whether a notice of lien is filed.

(2) Notice of Intent to Repair. Except in an emergency situation, the Association shall give the Owner written notice of the Association's intent to provide necessary maintenance, repair, or replacement at Owner's cost and expense. The notice shall set forth with reasonable particularity the maintenance, repair or replacement deemed necessary by the Committee. The Owner shall have ten (10) days after receipt of notice within which to complete maintenance or repair, or if the maintenance or repair is not capable of completion within such time period, to commence replacement or repair within ten (10) days.

(3) Emergency Situation. If the Committee determines that an emergency exists, then notice and the opportunity to cure the default is not necessary.

(4) Optional Repairs. The Association may, but is not obligated to, provide any such maintenance, repair, or replacement in the manner described above.

(5) Right of Entry. The Association or its agents or employees shall have a right to enter upon or into any Unit or Common Areas as necessary to perform such work and shall not be liable for trespass for such entry or work.

i) Changes to Areas of Personal or Common Responsibility. The Management Committee may, in its sole discretion, add items to or subtract items from the Areas of Personal or Common Responsibility upon at least thirty (30) days' prior written notice to the Unit Owners.

j) Alterations to the Common Areas. Anything to the contrary notwithstanding and until the occurrence of the Events, the Declarant (with approval from the planning & zoning department) may make changes to the Common Areas without the consent of either the Association or the Management Committee; provided, however, no Owner or resident may make any structural alterations, modifications, changes or improvements to the Common Areas, including but not limited to any additions, extensions, enclosures, fencing, decks, patios, walkways, structures or sheds not shown on the approved plans and specifications, without the prior written consent of the Committee.

21. Common Areas Expenses. Each Owner, upon receipt of a deed to a Unit, shall pay all Assessments subject to and in accordance with the restrictions set forth below; provided, however, anything to the contrary notwithstanding, the Developer shall not be obligated to pay Assessments until such time as any Building or Dwelling Unit is substantially complete and a permanent certificate of occupancy has been issued or, in the alternative, the Developer elects in writing to commence payment, whichever first occurs.

a) Purpose of Common Areas Expenses. The Assessments provided for herein shall be used for the general purpose of operating the Project, promoting the

recreation, health, safety, welfare, common benefit and enjoyment of the Owners and residents, including the maintenance of any real and personal property owned by the Association, and regulating the Community, all as may be more specifically authorized from time to time by the Committee.

b) Creation of Common Areas Assessments. The Assessments shall pay for the common expenses of the Association as may be from time to time specifically authorized by the Management Committee. Each Owner, by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, covenants and agrees to pay to the Association in a timely manner all Assessments assessed.

c) Budget. At least thirty (30) days prior to the Annual Homeowners Meeting, the Management Committee shall prepare and deliver to the Owners a proposed budget which:

(1) Itemization. Shall set forth an itemization of the anticipated Common Expenses for the twelve-month calendar year, commencing with the following January 1.

(2) Basis. Shall be based upon advance estimates of cash requirements by the Management Committee to provide for the payment of all estimated expenses growing out of or connected with the maintenance and operation of the Common Areas, which estimates shall include but are not limited to expenses of management, grounds maintenance, taxes and special assessments, premiums for all insurance which the Committee is required or permitted to maintain, common lighting and heating, water charges, carpeting, painting, repairs and maintenance of the Common Areas and replacement of those elements of the Common Areas that must be replaced on a periodic basis, wages for Management Committee employees, legal and accounting fees, any deficit remaining from a previous period, the creation of a reasonable contingency reserve, surplus or sinking fund, capital improvement reserve, and other expenses and liabilities which may be incurred by the Association for the benefit of the Owners under and by reason of this Declaration.

d) Apportionment. The common profits of the property shall be distributed among, the common expenses shall be charged (and voting rights shall be allocated) to the Unit Owners equally.

e) Approval of Budget and Assessments. The proposed budget and the Assessments shall become effective unless disapproved at the Annual Meeting by a vote of at least a majority of the Owners. Notwithstanding the foregoing, however, if the Members disapprove the proposed budget and Assessments or the Management Committee fails for any reason to establish the budget and Assessments for the succeeding year, then and until such time as a new budget and new Assessment schedule shall have been established, the budget and the Assessments in affect for the then current year shall continue for the succeeding year.

f) Payment of Common Areas Assessments. The Management Committee has the sole authority and discretion to determine how and when the annual Assessments are paid.

g) Personal Obligation of Owner. Owners are liable to pay all Assessments accruing interest, late Assessments and collection costs, including attorney's fees; provided, however, no first Mortgagee (but not the Seller under an executory contract of sale such as a uniform real estate contract, land sales contract, or other similar instrument), who obtains title to a Unit pursuant to the remedies provided in the Mortgage shall be liable for unpaid Assessments which accrued prior to the acquisition of title. The term "Owner" shall mean and refer jointly and severally to: (i) the owner of both the legal and equitable interest in any Unit, (ii) the owner of record in the offices of the County Recorder of Salt Lake County, Utah, and (iii) both the Buyer and Seller under any executory sales contract or other similar instrument.

h) Equitable Changes. If the aggregate of all monthly payments on all of the Units is too large or too small as a result of unanticipated income or expenses, the Committee may from time to time make an equitable change in the amount of said payments. Owners shall be given at least thirty (30) days' written notice of any changes.

i) Reserve Account The Committee shall establish and maintain a reserve account to pay for unexpected operating expenses and capital improvements. The reserve account shall be funded out of regular Assessments.

j) Acceleration. Assessments shall be paid in the manner and on dates fixed by the Committee which may, at its option and in its sole discretion, elect to accelerate the entire annual Assessment for delinquent Owners. If, however, the Assessment is accelerated and an Owner subsequently files bankruptcy or the Committee otherwise decides that acceleration is not in its best interest, the Committee, at its option and in its sole discretion, may elect to decelerate the obligation.

k) Statement of Common Areas Assessments Due. Upon written request, the Committee shall furnish to any Owner a statement of assessments due, if any, on his Unit. Failure to provide the certificate within ten (10) days after a written request shall be deemed conclusive evidence that all Assessments are paid current. The Association may require the advance payment of a processing charge not to exceed \$15.00 for the issuance of such certificate.

l) Superiority of Common Areas Assessments. All Assessments and liens created to secure the obligation to pay Assessments are superior to any homestead exemptions to which an Owner may be entitled.

m) Termination of Utility Service. At the discretion of the Committee, the utility service to any Owner paid for by Assessments may be terminated if the Owner is in arrears on his obligation to pay Assessments and has failed to cure or make satisfactory arrangements to cure the default after reasonable notice of at least ten (10) days.

n) Suspension of Right to Vote for Non-Payment. At the discretion of the Committee, the right of an Owner to vote on issues concerning the Association may be suspended if the Owner is delinquent in the payment of his Assessments, and has failed to cure or make satisfactory arrangements to cure the default after reasonable notice of at least ten (10) days.

o) Failure to Assess. The omission or failure of the Management Committee to fix the Assessment amounts or rates or to deliver or mail to each Owner an Assessment notice shall not be deemed a waiver, modification, or a release of any Owner from the obligation to pay Assessments. In such event, each Owner shall continue to pay annual Assessments on the same basis as for the last year for which an Assessment was made until a new Assessment is made, at which time any shortfalls in collections may be assessed retroactively by the Association.

22. Special Assessments. In addition to the other Assessments authorized herein, the Association may levy special Assessments in any year, subject to the following:

a) Committee-Based Assessment. So long as the special Assessment does not exceed the sum of Five Hundred and 00/100 Dollars (\$500.00), the "Special Assessment Limit" per Unit in any one fiscal year, the Committee may impose the special assessment without any additional approval.

b) Association Approval. Any special Assessment which would exceed the Special Assessment Limit shall be effective only if approved by a majority of the Members of the Association. The Committee in its discretion may allow any special assessment to be paid in installments.

23. Specific Assessments The Management Committee shall also have the power specifically to assess the Owners in a particular area as, in its discretion, it shall deem necessary or appropriate, subject to the following:

a) No Obligation or Waiver. Failure of the Committee to exercise its authority hereunder shall not be grounds for any action against the Association or the Committee and shall not constitute a waiver of the Committee's right to exercise its authority in the future with respect to any expense for which the Committee has not previously exercised its authority under this provision.

b) Enabling Power. The Committee may specifically assess an Owner in a particular area in the manner set forth below; provided, however, the specific assessment is not for any maintenance, repair or replacement ordinarily required by this Declaration and the Owner has the choice to accept or reject the benefit.

(1) Benefit Only to Specific Unit. If the expense benefits less than all of the Units, then those Units benefited may be specifically assessed, and the specific assessment shall be equitably apportioned among those Units according to the benefit received.

(2) Unequal or Disproportionate Benefit. If the expense benefits all Units, but does not provide an equal benefit to all Units, then all Units shall be specifically assessed, but the specific assessment shall be equitably apportioned among all Units according to the benefit received.

24. Individual Assessments. Individual Assessments shall be levied by the Committee against a Unit and its Owner to reimburse the Association for:

- a) Fines levied and costs incurred in enforcing Project Documents;
- b) Costs associated with the maintenance, repair, replacement or reconstruction for which the Unit Owner is responsible;

c) Any other charge, fee, due, expense, or Cost designated as an individual Assessment in the Project Documents; and

d) Attorney's fees, interest, and other charges relating thereto as provided in this Declaration.

25. Collection of Assessments. Assessments must be paid in a timely manner and shall be collected as follows:

a) Time is of the Essence. Time is of the essence and all Assessments shall be paid promptly when due.

b) Delinquent Assessments. Any Assessments which are not paid when due are delinquent and a lien against the Unit affected shall attach automatically, regardless of whether a notice of lien is recorded.

c) Late Assessment and Accruing Interest. Any Assessments delinquent for a period of more than ten (10) days shall incur a late charge of Twenty-five Dollars (\$25.00) or five percent (5%) of the delinquent amount, whichever is greater. Interest at the rate of one and a half percent (1.5%) per month shall accrue on all delinquent accounts. The Committee may, in its sole discretion, change the amount of the late fee or waive late payments and accruing interest but is not required to do so.

d) Notice of Delinquency. The Association shall give a notice of delinquency to any Owner who has not paid the Assessments in a timely manner.

e) Notice of Lien. If any Assessment is unpaid a notice of lien evidencing the unpaid amounts, accruing interest, late charges, attorney's fees, the cost of a foreclosure or abstractor's report, and any other Additional Charges permitted by law may be filed with the County Recorder. The lien provided for herein shall be in favor of the Association and shall be for the benefit of all other Owners; It may be executed by the Association's attorney, manager, Committee member, or other designated agent.

f) Foreclosure of Lien and/or Collection Action. If any Assessment remains unpaid, the Association may, as determined by the Committee, institute suit to collect the amounts due and/or to foreclosure the lien.

g) Personal Obligation. Each Owner, by accepting a deed to a Unit or as a party to any other type of conveyance, vests in the Association or its agents the right and power to bring an action against him or her personally for the collection of the charges as a debt or to foreclose the lien in the same manner as mechanics liens, mortgages, trust deeds or encumbrances may be foreclosed.

h) No Waiver. No Owner may waive or otherwise exempt himself or herself from liability for the Assessments provided for herein, including but not limited to the non-use of Common Areas or the abandonment of his or her Unit.

i) Duty to Pay Independent. No reduction or abatement of Assessments shall be claimed or allowed by reason of any alleged failure of the Association or Committee to take some action or perform some function required to be taken or performed by the Association or Committee under this Declaration or the By-Laws, or for inconvenience or discomfort arising from the making of repairs or improvements which are the responsibility of the Association, or from any action taken to comply with any law,

ordinance, order or directive of any municipal or other governmental authority, the obligation to pay Assessments being a separate and independent covenant on the part of each Owner.

j) Application of Payments. All payments shall be applied as follows: Additional Charges, delinquent Assessments, and current Assessments.

k) Foreclosure of Lien as Mortgage or Trust Deed. The lien for nonpayment of Assessments may be enforced by sale or foreclosure of the Owner's interest therein by the Committee. The sale or foreclosure shall be conducted in the same manner as foreclosures of deeds of trust or mortgages or in any other manner permitted by law. In any foreclosure or sale, the Owner shall pay the costs and expenses of such proceedings, including but not limited to the cost of a foreclosure report, and reasonable attorney's fees. The Committee may bid for the Unit at foreclosure or other sale and hold, lease, mortgage, or convey the same.

l) Appointment of Trustee. If the Committee elects to foreclose the lien in the same manner as foreclosures of deeds of trust, then the Owner by accepting a deed to the Unit hereby irrevocably appoints the attorney of the Association, provided he is a Member of the Utah State Bar, as Trustee, and hereby confers upon said Trustee the power of sale set forth with particularity in Utah Code Annotated, § 57-1-23 (1953), as amended. In addition, the Owner hereby transfers in trust to said Trustee all of his right, title and interest in and to the real property for the purpose of securing his performance of the obligations set forth herein.

m) Attorney-in-Fact. Each Owner by accepting a deed to a Unit hereby irrevocably appoints the Association as his attorney-in-fact to collect rent from any person renting his Unit, if the Unit is rented and the Owner is delinquent in his Assessments. Rent due shall be paid directly to the Association, upon written demand, until such time as the Owner's Assessments are current; and the Owner shall credit the renter, against rent due, for the amount of money paid to the Association.

26. Liability of Management Committee. The Association shall indemnify every officer and member of the Committee against any and all expenses, including but not limited to attorney's fees reasonably incurred by or imposed upon any officer or member of the Committee in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Committee) to which he or she may be a party by reason of being or having been an officer or member of the Committee. The officers and members of the Committee shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct or bad faith. The officers and members of the Committee shall have no personal liability with respect to any contract or commitment made by them, in good faith, on behalf of the Association (except to the extent that such officers or members of the Committee may also be Members of the Association), and the Association shall indemnify and forever hold each such officer and member of the Committee free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall be exclusive of any other rights to which any officer or member of the Committee, or former officer or member of the Committee, may be entitled. The Association shall, as a common expense, maintain adequate



general liability and officers and directors insurance coverage to fund this obligation, if such insurance is reasonably available.

27. Association Insurance. The Management Committee shall at all times purchase, maintain in force, and pay the premiums for, if reasonably available, such insurance as it deems reasonable, including but not limited to, insurance on the Common Areas satisfying at least the following requirements:

a) Liability Insurance. Liability insurance with adequate limits of liability for bodily injury and property damage, consistent with that of similarly situated first-class subdivisions in the county. If possible, the policy should be written on a comprehensive form and shall include not-owned and hired automobile liability protection.

b) Director's and Officer's Insurance. Adequate director's and officer's liability insurance (a.k.a. Errors and Omissions insurance).

c) Fidelity Bond A separate fidelity bond in a reasonable amount to be determined by the Management Committee to cover all non-compensated officers as well as all employees for theft of Association funds, subject to the following:

(1) Agents. Where the Committee or the Association has delegated some or all of the responsibility for the handling of funds to a manager, such bonds are required for the Manager's officers, employees and agents handling or responsible for funds of or administered on behalf of, the Committee or Association.

(2) Amount of Coverage. The total amount of fidelity bond coverage required shall be based upon the Committee's best business judgment, but shall not be less than the estimated maximum amount of funds, including reserve funds, in the custody of the Committee, the Association, or the Manager, as the case may be, at any given time during the term of each bond. Nevertheless, 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.

(3) Quality of Coverage. The bonds required shall meet the following additional requirements:

a. They shall name the Committee, the Association, and the Property Manager as obligee;

b. The premiums on all bonds required herein for the 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 Committee or the Association as part of the Common Expenses; and

c. The bonds shall provide that they may not be canceled or substantially modified, including cancellation or nonpayment of premium, without at least thirty (30) days' prior written notice to the Committee and the Association.

d) Earthquake Insurance shall not be required unless requested by at least seventy- five percent (75%) of the Members of the Association.

e) Miscellaneous Items. The following provisions shall apply to all insurance coverage:

(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 “B-bq” qualified solvency or a “BBB” or better claims-paying ability rating in Standard and Poor’s Insurers Solvency Review, 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 in the Project.

(2) The Insured. The name of the insured under each policy required to be maintained hereby shall be set forth therein substantially as follows: “MONTROSE VILLAGE PHASE I HOMEOWNERS’ ASSOCIATION.”

(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 Trustee, for the use and benefit of the individual Owners.

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

(5) Deductible. The deductible on any claim made against the Association’s property insurance policy shall be paid for by the Association.

(6) Special Endorsements. Each policy shall contain or provide those endorsements commonly purchased by other community associations 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, an Inflation Guard Endorsement when it can be obtained, a Building Ordinance or Law Enforcement 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.

(7) Intent. The foregoing provisions shall not be construed to limit the power or authority of the Association to obtain and maintain insurance coverage, in addition to any insurance coverage required hereunder, in such amounts and in such forms as the Management Committee or Association may deem necessary or appropriate from time to time.

f) Property Insurance. The Management Committee may, but is not required to, purchase blanket property insurance using the standard “Special” or “All-Risk” building form. Loss adjustment shall be based upon replacement cost. For purposes of this subsection, the term “casualty insurance” shall not mean or refer to “earthquake” or

other special risks not included in the standard planned residential development casualty policy. This additional coverage may be added by the Committee as it deems necessary in its best judgment and in its sole discretion.

28. Owner's Insurance. Each Owner and resident shall purchase and maintain adequate liability and property insurance on his Unit, personal property and contents.

a) Primary Coverage. The insurance coverage of an Owner shall be primary. The Association shall not maintain insurance on an Owner's Unit, Dwelling Unit, personal property, or contents.

b) Certificate of Insurance. Each Owner shall annually provide a current certificate of insurance to the Association for the Owner's Unit, Dwelling Unit, personal property and contents.

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

d) Failure to Repair. If the Committee determines that any Owner has failed to promptly discharge his obligation with regard to the repair or reconstruction of the damaged structure, then the Association may, but is not obligated to, provide such repair or reconstruction at the Owner's sole cost and expense subject to the following:

(1) Assessment. Such costs as are incurred by the Association in the repair or reconstruction of an Owner's Unit or Dwelling Unit, shall be secured by a lien against the Unit regardless of whether or not a notice of lien is filed.

(2) Notice of Intent to Repair. Except in an emergency situation, the Association shall give the Owner written notice of the Association's intent to provide repair or reconstruction at the Owner's cost and expense. The Association shall set forth with reasonable particularity the repair or reconstruction deemed necessary by the Committee. The notice shall establish a reasonable time after receipt of notice within which the Owner shall commence and complete such repair or reconstruction.

(3) Optional Repairs. The Association may, but is not obligated to, provide such repair or reconstruction in the manner described above.

(4) Right of Entry. The Association or its agents or employees shall have the right to enter upon or into any Unit or Dwelling Unit as necessary to perform such work and shall not be liable for trespass for such entry or work.

29. Consent in Lieu of Vote. In any case in which this Declaration requires the vote of an Owner for authorization or approval of an act or a transaction, such requirement may be fully satisfied by obtaining, with or without a meeting, consents in writing to such transaction from Owners who collectively hold the required percentages, subject to the following conditions:

a) Ninety-Day Limit. All necessary consents must be obtained prior to the expiration of ninety (90) days from the time the first written consent is obtained.

b) Change in Owners. Any change in Ownership of a Unit which occurs after consent has been obtained from the Owner having an interest therein shall not be considered or taken into account for any purpose.

30. Mortgagee Protection. The lien or claim against a Unit for unpaid Assessments levied by the Management Committee or by the Association pursuant to this Declaration shall be subordinate to any mortgage recorded on or before the date such Assessments become due, subject to the following;

a) Effects of Voluntary and Involuntary Sale. The lien or claims against a Unit for such unpaid Assessments shall not be affected by any sale or transfer of such Unit, except that a sale or transfer pursuant to a foreclosure of the mortgage affecting such Unit or the exercise of a power of sale available thereunder shall extinguish any debt payable prior to such sale or transfer. Nevertheless, any such unpaid Common Areas Assessments which are extinguished in accordance with the foreclosure or power of sale shall not relieve the purchaser or transferee of such Unit from liability for the lien of any Assessments becoming due thereafter.

b) Books and Records Available for Inspection. The Committee or the Association shall make available to the Owners, to Mortgagees, and lenders, and to holders, insurers, or guarantors of any mortgage current copies of this Declaration, By Laws, Articles of Incorporation, and administrative rules and regulations concerning the Project, as well as the books, records, and financial statements of the Committee and the Association. The term "available," as used herein shall mean available for reasonable inspection upon request during normal business hours or under other reasonable circumstances. The Association shall have the right to recover its photocopying and service charges incurred in making the inspection and photocopying available.

c) Right to Financial Statement. The holder, insurer or guarantor of any Mortgage shall be entitled, upon written request, to a financial statement for the immediately preceding fiscal year. Any financial statement requested pursuant hereto shall be furnished to the requesting party within a reasonable time following such request.

d) Eligible Mortgagee. Upon written request to the Committee or the Association by the holder, insurer or guarantor of a Mortgage (which request identifies the name and address of such holder, insurer or guarantor and the Unit number or address of the property encumbered by the Mortgage held or insured by such holder, insurer, or guarantor), such holder, insurer, or guarantor shall be deemed thereafter to be an "Eligible Mortgagee" or "Eligible Insurer" or "Eligible Guarantor", as the case may be, shall be included on the appropriate lists maintained by the Association, and shall be entitled to timely written notice of any of the following:

(1) Condemnation Loss or Award. Any condemnation loss or any casualty loss which affects a material portion of the Project or any Unit on which there is a mortgage held, insured, or guaranteed by such Eligible Insurer or Guarantor.

(2) Delinquency. Any delinquency in the payment of Assessments owed by an Owner of a Unit subject to a Mortgage held, insured or guaranteed by

such Eligible Mortgagee, Insurer or Guarantor, which delinquency remains uncured for a period of sixty (60) days.

(3) Lapse of Insurance. Any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Committee or the Association.

(4) Consent Required. Any proposed action which would require the consent of a specified percentage of Eligible Mortgagees.

e) No Right of First Refusal. The right of an Owner to sell, transfer, or otherwise convey his Unit shall not be subject to any right of first refusal or similar restriction.

31. Amendment. This Declaration may be amended as follows:

a) Consent of the Owners. Subject to the rights of Declarant under paragraph 47 below, the affirmative vote of at least sixty-seven percent (67%) of the Owners shall be required and shall be sufficient to amend this Declaration or the Plat Map. Any amendments so authorized shall be accomplished through the recordation of an instrument executed by the Management Committee. In such instrument the Committee shall certify that the required vote for amendment has occurred, and, if approval of a specified percentage of Eligible Mortgagees is required for such amendment, that such approval has been obtained; and

b) Consent of Eligible Mortgagees. The consent of at least sixty-seven percent (67%) of the Eligible Mortgagees shall be required to any amendment which would terminate the legal status of the Project; and the consent of Eligible Mortgagees holding at least fifty-one percent (51%) of the undivided ownership interest in the Common Areas shall be required to add to or amend any material provision of this Declaration or the Plat Map which establishes, provides for, governs, or regulates any of the following: (1) voting rights; (2) increases in assessments that raise the previously assessed amount by more than 25%, assessment liens, or the priority of assessment liens; (3) reductions in reserves for maintenance, repair, and replacement of the Common Areas; (4) insurance or fidelity bonds; (5) limitations and restrictions on the right to use the Common Areas; (6) responsibility for maintenance and repairs; (7) expansion or contraction of the Project or the addition, annexation or withdrawal of property to or from the Project; (8) the boundaries of any Unit; (9) the percentages of ownership interest in the Common Areas; (10) convertibility of a Unit into Common Areas or Common Areas into a Unit; (11) the imposition of any right of first refusal or similar restriction on the right of an Owner to sell, transfer, or otherwise convey his Unit; (12) express benefits or rights of Mortgagees, Eligible Mortgagees, or Eligible Insurers or Guarantors; and (13) the requirement that the Project be professionally managed rather than self-managed. Any addition or amendment shall not be considered material if it is for clarification only or to correct a clerical error. Notice of any proposed amendment to any Eligible Mortgagee to whom a written request to approve an addition or amendment to this Declaration or the Plat Map is required shall be mailed, postage prepaid, to the address for such Mortgagee shown on the list maintained by the Association. Any Eligible Mortgagee who does not deliver to the Committee or Association a negative response to the notice of the proposed

amendment within thirty (30) days from the date of such mailing shall be deemed to have approved the proposal.

32. Notice and Hearing. If a Unit Owner or resident is charged with a material violation of the Project Documents, then:

a) Notice. Written notice specifying the nature of the violation (and providing any other appropriate information) and stating the time, date and place that the Member will have an opportunity to be heard shall be provided by the Management Committee. Written notice shall be given at least fifteen (15) days prior to the date set for the hearing and may be delivered either personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered seventy-two (72) hours after it has been deposited in the United States Mail, first-class postage prepaid, addressed to the Member at the address given by the Member to the Management Committee or to the address of the Member's Unit if no other address has been provided. Any address may be changed from time to time by giving written notice to the Management Committee.

b) Owner's Request. Any Owner charged with a non-material violation of the Project Documents may request a hearing by the Management Committee within five (5) days of receipt of a ticket or other notice of any such violation.

c) Costs and Assessments. At any hearing, the Management Committee shall (1) determine whether a violation has occurred and, if so, may assess costs, impose a fine and/or issue sanctions; or (2) take such other action as may be appropriate. The Management Committee may impose an appropriate late fee if any assessment on fine is not promptly paid. All such assessments, fines and fees shall constitute a lien on the Owner's Unit and shall be subject to interest, notice, collection and foreclosure pursuant to Section 25 hereof.

d) Final Determination. The determination of the Management Committee shall be final. However, nothing herein shall be construed to prevent the Management Committee from making any emergency repairs or taking any other emergency action it deems necessary and subsequently providing Notice and Hearing.

33. Declarant's Sales Program. Notwithstanding anything to the contrary, until Declarant has sold all the Units owned by it in the Project, including any possible expansion thereof, or the expiration of three (3) years after the date on which the last Unit is completed, whichever occurs last, neither the Owners, Association, Committee, or any member thereof shall interfere with the completion of improvements or Declarant's sales program, and Declarant shall have the following rights in furtherance of any sales, promotions or other activities conducted on the Project.

a) Sales Office and Model Units. Declarant shall have the right to maintain one (1) or more sales offices and one (1) or more model Units at any one time. Such office and/or models may be one or more of the Units owned by it, or one or more of any separate structures or facilities placed on the Property for the purpose of aiding Declarant's sales effort, or any combination of the foregoing;

b) Promotional. Declarant shall have the right to maintain a reasonable number of promotional, advertising and/or directional signs, banners, flags or similar devices at any place or places on the Property.

c) Common Areas Use. Declarant shall have the right to use the Common Areas of the Project to facilitate sales.

d) Relocation and Removal. Declarant shall have the right from time to time to locate or relocate any of its sales offices, models, or signs, banners or similar devices, but in connection with each such location or relocation shall observe the limitations imposed herein. Within a reasonable period of time after the conclusion of Declarant's sales program, Declarant shall have the right to remove from the Project any signs, banners, flags or similar devices and any separate structure or facility which was placed on the Property for the purpose of aiding Declarant's sales effort.

34. Limitation on Improvements by Association. Until the occurrence of the Events described above, neither the Association nor the Committee shall, without the written consent of Declarant, make any improvement to or alteration in any of the Common Areas created or constructed by Declarant, other than such repairs, replacements, or similar matters as may be necessary to properly maintain the Common Areas as originally created or constructed by Declarant.

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

36. Working Capital Fund. A working capital fund shall be established by the Declarant to meet unforeseen expenditures or to purchase any additional equipment or services. The initial working capital fund shall be in an amount equal to two (2) months' of estimated Common Areas Assessments for each Unit. Each Unit's share of the working capital fund shall be collected either at the time the sale of any Unit is closed or when control of the Project is transferred to the Unit Owners, whichever first occurs. Any amounts paid into the working capital fund shall not be considered as advance payments of regular monthly assessments. 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 Unit Owners. The Declarant is prohibited from using 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.

When a Unit is sold, however, the Declarant may reimburse itself for monies it has paid the Association for an unsold Unit's share of the working capital fund by using funds collected at closing when the Unit is sold.

37. Transfer of Management. Anything to the contrary notwithstanding, Declarant may at any time elect to relinquish its reserved right to select Members of the Committee and transfer Management of the Project to the Association. If and when Declarant elects to do so, Declarant shall send written notification to each Owner of the effective date of the transfer (the "Transfer or Transition Date") at least forty-five (45) days prior thereto. Thereupon, the Owners shall call a meeting to elect the Members of their own Management Committee to take office as of the Transfer Date. Declarant covenants to cooperate with the Owners in effecting an orderly transition of management. Moreover, Declarant shall cause all obligations for Common Areas

expenses of the Committee incurred prior to the Transfer Date to be paid in full on or before such date.

38. Certain Provisions Applicable to Declarant. Notwithstanding any other provision herein contained, the following provisions shall be deemed to be in full force and effect, none of which shall be construed so as to relieve the Declarant from any obligation of an Owner to pay Assessments, except as herein otherwise provided, as to each Unit owned by Declarant in accordance with the Declaration.

a) Declarant specifically disclaims any intent to have made any warranty or representation in connection with the Project or Declaration except as specifically set forth herein or in any agreement for sale of a Unit, and no person shall rely upon any warranty or representation not so specifically made therein.

b) No amendment may be made to this Declaration without the written consent of Declarant so long as Declarant retains the ownership of four (4) or more Units in the Project; provided, however, that the obligation to acquire said written consent of Declarant shall cease on the occurrence of the Events.

39. Interpretation. To the extent Utah Law is consistent with the Project Documents, such provisions shall supplement the terms hereof and are incorporated herein. The captions which precede the Articles and Sections of the Project Documents are for convenience only and shall in no way affect the manner in which any provision hereof is construed. Whenever the context so requires, the singular shall include the plural, the plural shall include the singular, the whole shall include any part thereof, and any gender shall include both other genders. The unenforceability or invalidity of any portion of the Project Documents shall not affect the validity or enforceability of the remainder hereof.

40. Covenants to Run with Land. This Declaration and all the provisions hereof shall constitute covenants to run with the land or equitable servitude, as the case may be, and shall be binding upon and shall inure to the benefit of the Association, all other signatories hereto, all parties who hereafter acquire any interest in a Unit or in the Project, and their respective grantees, transferees, heirs, devisees, personal representatives, successors, and assigns. Each Owner or resident of a Unit shall comply with, and all interests in all Units shall be subject to, the terms of the Project Documents and the provisions of any rules, regulations, agreements, instruments, supplements, amendments, and determinations contemplated by this Declaration. By acquiring any interest in a Unit in the Project, the party acquiring such interest consents to, and agrees to be bound by, every provision of the Project Documents.

41. Enforcement and Right to Recover Attorney's Assessments. The Association, Management Committee, or any Unit Owner may take action, at law or in equity, to enforce the terms, covenants or conditions of the Project Documents. Should the Association, Management Committee or Unit Owner be required to take action to enforce the Project Documents, or to pursue any remedy provided hereunder or by applicable law, whether such remedy is pursued by filing suit or otherwise, they may recover all Additional Charges, including a reasonable attorney's fee, which may arise or accrue.

42. Security. The Association may, but shall not be obligated to, maintain or support any systems, programs or activities within the Project designed to make the Project safer than it otherwise might be. Neither the Association nor the Committee shall in any way be considered



insurers or guarantors of security within the Project, nor shall they be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken. All Owners and residents, as well as their guests and invitees, where applicable, acknowledge by taking occupancy of a Unit or entering the Project that neither the Association nor the Committee represent or warrant that any security measures undertaken will ensure their safety, and further acknowledge that neither the Association nor the Committee are insurers or guarantors of their safety, and they hereby expressly assume all risks for loss or damage to their person or property, and they further acknowledge that neither the Association nor the Committee have made any representations or warranties, nor have they relied upon any representations or warranties, expressed or implied, including any warranty or merchantability.

43. Mechanics Liens. Mechanics liens shall be filed in the office of the County Recorder as follows:

a) Association/Goods or Services. Mechanics liens for labor, materials or supplies purchased by the Association shall be filed against all Unit Owners in the Project and their appurtenant interest in the Common Areas, and shall be indexed in the public records under the name of the Association. If the Association has encumbered the Common Areas and thereafter defaults on its obligations, the lien holder must exercise its rights against the Common Areas before it may proceed against any Unit. Any Owner wishing to release that lien as to his Unit may pay the pro rata share of the total amount of the lien and that shall be sufficient to release the lien against his Unit.

b) Unit Owner/Goods or Services. Mechanics liens filed for labor, materials or supplies benefiting a particular Unit shall be filed against that Unit and its appurtenant interest in the Common Areas.

c) Constructive Consent. Any person or entity who elects to perform labor or provide materials at the Project agrees to be bound by and subject to the terms hereof.

44. Dispute Resolution. The Management Committee may, but shall not be obligated to, exercise jurisdiction over and act as an arbiter with respect to any dispute between or among Unit Owners or residents. In such instance, the parties shall divide the expense equally, and consent to and sign an arbitration agreement prepared by the Association's legal counsel and the decision of the Committee shall be binding and final.

45. Agent for Service of Process. After the occurrence of the Events, the President of the Association shall be the person designated as the agent to receive service of process. The initial Registered Agent shall be Stephen E. Brendle and the initial office of the Registered Agent shall be 1192 East Draper Pky, #101 Draper, Utah.

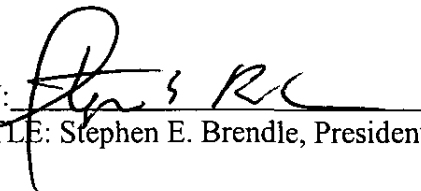
46. Expansion. Some Additional Land may be annexed to the Project only by the Declarant and/or its successors and assigns and, together with the additional condominium units constructed thereon, shall thereafter automatically become subject to this Declaration, subject to the jurisdiction of the Association, without the assent of the Association or its Members, on condition that a supplemental Declaration shall be recorded in the office of the Salt Lake County Recorder. The supplemental Declaration shall incorporate this Declaration and any amendments thereto by reference and may contain such complimentary additions and modifications of the Covenants and Restrictions contained in this Declaration as may be necessary to reflect the different character, if any, of the added property, and as are not inconsistent with the scheme of

this Declaration. Notwithstanding any other provision of this Declaration, Declarant may upon such terms and conditions as are appropriate, grant an easement over the roadways of the Project or the right to use the Common Area's in order to facilitate the expansion of the Project or the development by Declarant of property proximate to the Project.

47. Effective Date. This Declaration, any amendment or supplement hereto, and any amendment or supplement to the Plat Map shall take effect upon its being filed for record in the office of the County Recorder of Salt Lake County, Utah.

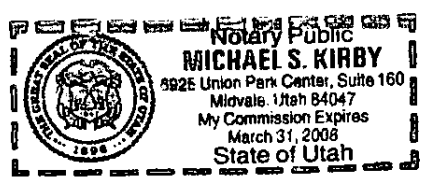
EXECUTED the day and year first above written.

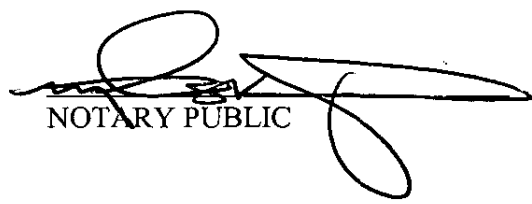
DECLARANT:  
SUNSTONE CORPORATION, a Utah  
corporation

BY:   
TITLE: Stephen E. Brendle, President

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

On the 31<sup>ST</sup> day of March, 2005, personally appeared before me STEPHEN E. BRENDLE, who by me being duly sworn, did say that he is the President of Sunstone Corporation, a Utah corporation, and that the within and foregoing instrument was signed in behalf of said company pursuant to its By-Laws, and by authority of a resolution of its Board of Directors, and said Stephen E. Brendle duly acknowledged to me that Sunstone Corporation executed the same.



  
NOTARY PUBLIC

**EXHIBIT "A"**

**LEGAL DESCRIPTION OF MONTROSE VILLAGE PHASE I**

BEGINNING AT A POINT ON THE WEST RIGHT-OF-WAY LINE OF 1000 EAST STREET, SAID POINT BEING WEST 33.00 FEET FROM THE SOUTHEAST CORNER OF THE NORTHWEST QUARTER OF SECTION 29, TOWNSHIP 2 SOUTH, RANGE 1 EAST, SALT LAKE BASE AND MERIDIAN; THENCE WEST 130.00 FEET; THENCE N00°04'01"E 15.00 FEET; THENCE WEST 22.00 FEET; THENCE N00°04'01"E 67.00 FEET; THENCE EAST 22.00 FEET; THENCE N00°04'01"E 107.35 FEET; TO THE SOUTH LINE OF THE HILL CREEK CONDOMINIUM PLAT AS RECORDED IN THE OFFICE OF THE SALT LAKE COUNTY RECORDER; THENCE EAST ALONG SAID SOUTH LINE 130.00 FEET TO THE WEST RIGHT-OF-WAY LINE OF 1000 EAST STREET; THENCE S00°04'01"W ALONG SAID WEST RIGHT-OF-WAY LINE 189.35 FEET TO THE POINT OF BEGINNING.

PARCEL IDENTIFICATION NOS. 22-29-179-021 AND 22-29-179-030.

**EXHIBIT "B"**

**LEGAL DESCRIPTION OF COMMON AREA CONTAINED WITHIN THE  
MONTROSE VILLAGE PHASE I**

BEGINNING AT A POINT ON THE WEST RIGHT-OF-WAY LINE OF 1000 EAST STREET, SAID POINT BEING WEST 33.00 FEET FROM THE SOUTHEAST CORNER OF THE NORTHWEST QUARTER OF SECTION 29, TOWNSHIP 2 SOUTH, RANGE 1 EAST, SALT LAKE BASE AND MERIDIAN; THENCE WEST 130.00 FEET; THENCE N00°04'01"E 15.00 FEET; THENCE WEST 22.00 FEET; THENCE N00°04'01"E 67.00 FEET; THENCE EAST 22.00 FEET; THENCE N00°04'01"E 107.35 FEET; TO THE SOUTH LINE OF THE HILL CREEK CONDOMINIUM PLAT AS RECORDED IN THE OFFICE OF THE SALT LAKE COUNTY RECORDER; THENCE EAST ALONG SAID SOUTH LINE 130.00 FEET TO THE WEST RIGHT-OF-WAY LINE OF 1000 EAST STREET; THENCE S00°04'01"W ALONG SAID WEST RIGHT-OF-WAY LINE 189.35 FEET TO THE POINT OF BEGINNING.

LESS AND ACCEPTING the condominium units more particularly described as: 101,102,103,104,201,202,203,204,301,302,303 & 304, contained within the MONTROSE VILLAGE PHASE I as the same is identified in the Record of Survey Map recorded in Salt Lake County, Utah, as Entry No. \_\_\_\_\_ in Book \_\_\_\_\_ at Page \_\_\_\_\_ of official records.

PARCEL IDENTIFICATION NOS. 22-29-179-021 AND 22-29-179-030.

**EXHIBIT "C"**

**LEGAL DESCRIPTION OF ADDITIONAL LAND THAT MAY BE ANNEXED TO THE  
MONTROSE VILLAGE CONDOMINIUM PROJECT**

**PARCEL 1:**

Beginning 164.65 feet West from the Southeast corner of the Northwest quarter of Section 29, Township 2 South, Range 1 East, Salt Lake Meridian; North 82 feet; West 145.575 feet; North 26 feet; West 145 feet; South 108 feet; East 290.575 feet to beginning.

Less and Excepting therefrom the following:

Beginning at a point 164.65 feet West and 15 feet North from the Southeast corner of the Northwest Quarter of Section 29, Township 2 South, Range 1 East, Salt Lake Base and Meridian; thence West 22 feet; thence North 67 feet; thence East 22 feet; thence South 67 feet to the point of beginning.

Parcel Identification No. 22-29-179-029.

**PARCEL 2:**

Beginning 455.225 feet West from the Southeast corner of the Northwest Quarter of Section 29, Township 2 South, Range 1 East, Salt Lake Base and Meridian; thence North 94.675 feet; thence West 23.02 feet; thence South 94.675 feet; thence East 23.02 feet to beginning.

Parcel Identification No. 22-29-179-017.

**PARCEL 3:**

Beginning at a point 164.65 feet West and 92 feet North of the Southeast corner of the Northwest quarter of Section 29, Township 2 South, Range 1 East, Salt Lake Base and Meridian, North 97.35 feet, West 290.575 feet, South 81.35 feet, East 145 feet, South 16 feet, East 145.575 feet to the beginning.

Parcel Identification No. 22-29-179-018.

**PARCEL 4:**

Beginning at a point 164.65 feet West and 92 feet North of the Southeast Corner of Northwest one quarter, Section 29, Township 2 South, Range 1 East, Salt Lake Base and Meridian, and running thence West 145.575 feet; thence South 10.65 feet; thence East 145.575 feet; thence North 10.65 feet to the point of beginning.

Parcel Identification No. 22-29-179-019.

PARCEL 5:

Beginning at a point 455.225 feet West and 94.675 feet North of the Southeast Corner of the Northwest quarter, Section 29, Township 2 South, Range 1 East, Salt Lake Base and Meridian and running thence North 94.675 feet; thence West 23.02 feet; thence South 94.675 feet; thence East 23.02 feet to the point of beginning, subject to a 16 foot right-of-way along the North boundary of said property as recorded prior hereto.

Parcel Identification No. 22-29-179-016.

PARCEL 6:

Beginning 745.80 feet West and 189.35 feet North from the Southeast corner of the Northwest quarter of Section 29, Township 2 South, Range 1 East, Salt Lake Meridian; thence North 144.775 feet; thence East 219.45 feet; thence South 144.775 feet; thence West 219.45 feet to the point of beginning.

Parcel Identification No. 22-29-179-013.

PARCEL 7:

Beginning 478.245 feet West and 94.675 feet North from the Southeast Corner of the Northwest quarter of Section 29, Township 2 South, Range 1 East, Salt Lake Meridian; thence North 94.675 feet; thence West 267.555 feet; thence South 94.675 feet; East 267.55 feet to beginning.

Parcel Identification No. 22-29-179-014.

PARCEL 8:

Beginning at a point 478.245 feet West of the Southeast corner of the Northwest quarter, of Section 29, Township 2 South, Range 1 East, Salt Lake Base and Meridian, North 94.675 feet; West 267.555 feet; thence South 94.675 feet; East 267.555 feet to the beginning.

Parcel Identification No. 22-29-179-015.

**EXHIBIT "D"**

**FRACTIONAL UNDIVED OWNERSHIP IN THE COMMON AREA IN THE MONTROSE VILLAGE CONDOMINIUM PROJECT (Not including the Parking Spaces and Storage Units)**

<u>Phase</u>	<u>Unit No.</u>	<u>Fractional Undivided Ownership Interest</u>
1	101	1/12
1	102	1/12
1	103	1/12
1	104	1/12
1	201	1/12
1	202	1/12
1	203	1/12
1	204	1/12
1	301	1/12
1	302	1/12
1	303	1/12
1	304	1/12