

9764005  
06/26/2006 11:42 AM \$155.00  
Book - 9313 Pg - 1441-1512  
GARY W. DTT  
RECORDER, SALT LAKE COUNTY, UTAH  
RAY A PATTERSON  
2758 S BLAIR ST  
SLC UT 84115  
BY: ZJM, DEPUTY - WI 72 P.

**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS**  
**OF**  
**BLAIR STREET CONDOMINIUMS**  
**A RESIDENTIAL CONDOMINIUMS PROJECT**  
**AMMENDING THE HOMEFIELD PLAT "B" SUBDIVISION**

**All of Lot 34, Block 2, Homefield Plat "B". According to the Official Plat thereof. More particularly described as beginning at a point. Which is the Northeast Corner of Lot 34, Homefield Plat "B" which is 421.00 feet South 0'14'00" West from the Northeast Corner of Lot 29, Block 31, Ten Acre Plat A, Big Field Survey. Thence going South 0'14'00" West 64.00 feet; Thence South 89'49'32" West 227.39 feet; Thence North 0'16'41" East 64.00 feet; Thence North 89'49'32" East 227.34 feet to the point of beginning. Containing 0.334 acres.**

**TAX PARCEL NO. 16-19-456-010**

**Subject to easements, covenants, restrictions, rights of way and reservations appearing of record and taxes for the year 1994 and thereafter.**



TABLE OF CONTENTS

	Page
<i>RECITALS</i> .....	1
<i>ARTICLE 1 DEFINITIONS</i> .....	1
1.1 Act .....	1
1.2 Allocated Interest .....	1
1.3 Articles .....	2
1.4 Assessments .....	2
1.5 Association .....	2
1.6 Association Rules .....	2
1.7 Board .....	2
1.8 Bylaws .....	2
1.9 Common Areas and Facilities .....	2
1.10 Common Expenses .....	2
1.11 Condominium .....	3
1.12 Declarant .....	3
1.13 Declaration .....	3
1.14 Lender .....	3
1.15 Limited Common Area and Facility .....	3
1.16 Occupant .....	3
1.17 Owner .....	3
1.18 Parcel .....	3
1.19 Person .....	3
1.20 Plat .....	4
1.21 Property .....	4
1.22 Restrictions .....	4
1.23 Special Declarant Rights .....	4
1.24 Supplemental Declaration .....	4
1.25 Turnover Date .....	4
1.26 Unit .....	4
1.27 Unit Number .....	5
<i>ARTICLE 2 CREATION OF THE CONDOMINIUM</i> .....	5
2.1 Submission .....	5
2.2 Name and Location .....	5
2.3 Interpretation of Declaration and Applicability of the Act.....	5
2.4 Agent for Service of Process .....	5

<b>ARTICLE 3</b>	<b>DESCRIPTION OF THE UNITS, LIMITED COMMON AREAS AND FACILITIES, COMMON AREAS AND FACILITIES, ALLOCATED INTERESTS AND PLAT</b>	<b>5</b>
3.1	Description of Boundaries of Each Unit and Unit Number	5
3.2	Description of Common Limited Parking Stalls	6
3.3	Description of Common Limited Areas and Facilities for Patios and Storage Units	6
3.4	Description of Common Areas and Facilities	6
3.5	Allocated Interest of Each Unit in the Common Areas and Facilities	6
3.6	Allocated Interest of Each Unit in the Votes of the Association	6
3.7	Allocated Interest of Each Unit in the Common Expenses of the Condominium	7
3.8	Plat	7
<b>ARTICLE 4</b>	<b>MAINTENANCE AND UTILITIES</b>	<b>7</b>
4.1	Maintenance of Units and Common Limited Areas and Facilities	7
4.2	Maintenance of Common Areas and Facilities and Common Limited Areas and Facilities	8
4.3	Owner Default in Maintenance	9
4.4	Utilities	9
<b>ARTICLE 5</b>	<b>MANAGEMENT</b>	<b>9</b>
5.1	Association	9
5.2	Membership	10
5.3	Voting	10
5.4	Board of Directors	11
5.5	Qualifications of Directors	11
5.6	Action by Owners	11
5.7	Annual Meeting	12
5.8	Right of Association to Enter Units	12
5.9	Association Rules	12
5.10	Reserve Fund	12
5.11	Availability of Condominium Documents	12
5.12	Managing Agent	12
<b>ARTICLE 6</b>	<b>COVENANT FOR ASSESSMENTS</b>	<b>12</b>
6.1	Creation of Lien and Personal Obligation for Assessments	13
6.2	Purpose of Assessments	13
6.3	Regular Assessments	13
6.4	Capital Improvement Assessments	14
6.5	Percentage Assessments	14
6.6	Rules Regarding Billing and Collection Procedures	14

6.7	Certificate of Payment .....	14
6.8	Special Assessments .....	14
6.9	Date of Commencement of Assessments .....	15
6.10	Application of Excess Assessments .....	15
6.11	No Offsets .....	15
6.12	Homestead Waiver .....	15
 <b>ARTICLE 7 EFFECT OF NON-PAYMENT OF ASSESSMENTS AND REMEDIES</b>		
7.1	Due Date and Delinquency .....	16
7.2	Collection Charge .....	16
7.3	Interest .....	16
7.4	Action at Law .....	16
7.5	Foreclosure sale .....	16
7.6	Suspension of Votes .....	16
 <b>ARTICLE 8 EASEMENTS .....</b>		
8.1	General Easements to Common Areas and Facilities and Units .....	17
8.2	Public Utilities .....	17
8.3	Easements for Encroachments .....	18
8.4	Development Easements for Declarant .....	18
 <b>ARTICLE 9 USE RESTRICTIONS .....</b>		
9.1	Signs .....	19
9.2	Nuisance .....	19
9.3	Parking and Use of Covered Parking/Visitor Parking .....	19
9.4	External Fixtures .....	20
9.5	Window Covers .....	20
9.6	External Laundering .....	20
9.7	Outside Speakers and Amplifiers .....	20
9.8	Repairs .....	20
9.9	Unsightly Items .....	21
9.10	Animals .....	21
9.11	Rental Restrictions and Leases .....	21
9.12	Landscape Maintenance .....	23
9.13	Floor Load/No Waterbeds .....	23
9.14	Single Family Occupancy .....	23
9.15	No Subdivision of Units or Further Restriction ..	23
9.16	Architectural Control .....	24
9.17	Lighting .....	24
9.18	Association Rules .....	24
9.19	Variances .....	25

<b>ARTICLE 10</b>	<b>INSURANCE</b>	25
10.1	Authority to Purchase	25
10.2	Hazard Insurance	25
10.3	Comprehensive Public Liability Insurance	25
10.4	Workmen's Compensation Insurance	26
10.5	Fidelity Insurance	26
10.6	Premiums	26
10.7	Policy Provisions	26
10.8	Supplemental Insurance	28
10.9	Annual Insurance Report	28
10.10	Insurance Obtained by Owners	29
<b>ARTICLE 11</b>	<b>DESTRUCTION OF IMPROVEMENTS</b>	29
11.1	Automatic Reconstruction	29
11.2	Reconstruction by Vote	31
11.3	Procedure for Minor Reconstruction	31
11.4	Procedure for Major Reconstruction	31
11.5	Determination Not to Reconstruct Without Termination	32
11.6	Negotiations With Insurer	32
11.7	Repair of Units	32
11.8	Priority	33
<b>ARTICLE 12</b>	<b>EMINENT DOMAIN</b>	33
12.1	Total Taking of a Unit	33
12.2	Partial Taking of a Unit	33
12.3	Taking of a Common Limited Area and Facility	33
12.4	Taking of the Common Areas and Facilities	34
12.5	Taking of Entire Condominium	34
12.6	Priority and Power of Attorney	34
<b>ARTICLE 13</b>	<b>RIGHTS OF LENDERS</b>	34
13.1	Notices of Lenders	34
13.2	Priority of Lenders	35
13.3	Relationship with Assessment Liens	35
13.4	Required Lender Approval	36
13.5	Other Rights of Lenders	37
13.6	Notices of Action	38
<b>ARTICLE 14</b>	<b>LIMITATIONS UPON OWNERSHIP, PARTITION AND SEVERANCE</b>	38
14.1	No Partition	38
14.2	No Severance	39
14.3	Proceeds of Partition Sale	39
14.4	Limitation on Number of Units Owned	39

<i>ARTICLE 15</i>	<i>GENERAL PROVISIONS</i>	39
15.1	Enforcement	39
15.2	No Waiver	39
15.3	Cumulative Remedies	40
15.4	Severability	40
15.5	Covenants to Run With The Land; Term	40
15.6	Allocation Upon Termination	40
15.7	Construction	41
15.8	Gender and Number	41
15.9	Nuisance	41
15.10	Attorney's Fees	41
15.11	Notices	41
15.12	Effect of Declaration	42
15.13	Personal Covenant	42
15.14	Nonliability of Officials	43
15.15	Use of Funds Collected by the Association	43
15.16	Notification of Sale and Transfer Fee	43
15.17	Owner Liability and Indemnification	44
15.18	Conflicting Provisions	44
<i>ARTICLE 16</i>	<i>AMENDMENTS</i>	44
16.1	Amendments by Declarant Prior to First Sale	44
16.2	Amendments by Declarant After First Sale	44
16.3	General Amendment Requirements	45
16.4	Protection of Declarant's Rights	45
16.5	Execution of Amendments	45
16.6	Lender Approval	45

THIS DECLARATION is made as of the date hereinafter set forth by RAY A. PATTERSON, (hereinafter referred to as "Declarant").

#### RECITALS

A. Declarant is the fee owner of that certain real property situated in South Salt Lake City, Salt Lake County, Utah, described on Exhibit A, attached hereto and hereby incorporated by reference (the "Parcel");

B. Declarant desire to submit the Parcel, together with all buildings and improvements now or hereafter constructed on the Parcel, and all easements and rights appurtenant thereto (the "Property") to a condominium project originally consisting of two (2) building containing a total of four (4) Units and related Common Areas and Facilities pursuant to Utah Code Ann. Sections 57-8-1 et seq. (the "Condominium");

C. Declarant desires to establish for its own benefit and for the mutual benefit of all future Owners or Occupants of the Condominium, certain covenants, conditions, restrictions, easements, rights, privileges, assessments, and liens as set forth herein (hereinafter collectively referred to as the "Restrictions") which shall run with and be a burden upon the Property;

D. Declarant intends that the Owners, Occupants, Lenders, and all other persons hereafter acquiring any interest in the Property shall at all times enjoy the benefits of, and shall hold their interest subject to, this Declaration, which is recorded in furtherance of establishing a general plan of condominium ownership for the Property; and for establishing rules for the use; occupancy, management, and enjoyment thereof, all for the purpose of enhancing and protecting the value, desirability, and attractiveness of the Condominium and the quality of life therein.

NOW, THEREFORE, Declarant, as owner of the Parcel and for the purposes above set forth, declares as follows:

#### **ARTICLE 1. DEFINITIONS**

As used herein, unless the context otherwise requires:

1.1 "Act" shall mean the Condominium Ownership Act, codified at Sections 57-8-1 through 57-8-36, Utah Code Annotated, pertaining to the creation, ownership and management of a condominium in the State of Utah.

1.2 "Allocated Interest" shall mean the undivided interest (expressed as a fraction or percentage in this Declaration) in the Common Areas and Facilities, the Common Expense liability,



and votes in the Association allocated to each Unit.

1.3 "Articles" shall mean the Articles of Incorporation by which the Association is formed under the nonprofit corporation law of the State of Utah.

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

1.5 "Association" shall refer to Blair Street Condominiums' Owners Association, whose membership shall include each Owner of a Unit in the Condominium, as required by the Act. The Association will be incorporated as a Utah nonprofit corporation prior to the conveyance of the first Unit in the Condominium by Declarant.

1.6 "Association Rules" shall mean and refer to the rules and regulations adopted by the Association pursuant to this Declaration and in furtherance of the Bylaws and Section 57-8-8 of the Act.

1.7 "Board" shall mean the Board of Directors of the Association elected pursuant to the Bylaws and serving as the management body of the Association.

1.8 "ByLaws" shall mean the ByLaws adopted by the Association pursuant to Section 57-8-16 of the Act for the purpose of regulating the affairs of the Association, as the same may be amended from time to time. A copy of the initial ByLaws are attached hereto as Exhibit D.

1.9 "Common Areas and Facilities" shall mean the entire Condominium (including all items listed in Section 57-8-3(3) of the Act, if applicable), excluding the Units.

1.10 "Common Expenses" shall mean the actual and estimated costs for: (a) maintenance, management, operation, repair and replacement of the Common Areas and Facilities which are maintained by the Association; (b) deficiencies arising by reason of unpaid Assessments; (c) management and administration of the Association, including, but not limited to, compensation paid by the Association to managers, accountants, attorneys and employees; (d) utilities (other than separately metered utilities for the Units), trash pickup and disposal, extermination, security, gardening, and other related services; (e) insurance and bonds required by this Declaration or any additional insurance and bonds obtained by the Board in its discretion; (f) the establishment of reasonable reserves as the

Board shall deem appropriate in its discretion for the periodic maintenance, repair, and replacement of the Common Areas and Facilities, which shall in no event be less than two (2) months of the estimated Assessments for each Unit; and (g) other miscellaneous charges incurred by the Association or the Board pursuant to this Declaration, the ByLaws or Association rules in furtherance of the purposes of the Association or in discharge of the duties and powers of the Association.

1.11 "Condominium" means this real estate condominium project wherein fee simple title to single units in a multi-unit project, together with an undivided interest in the Common Areas and Facilities of the property, are owned separately.

1.12 "Declarant" shall mean RAY A. PATTERSON, and the successors and assigns of Declarant's rights hereunder.

1.13 "Declaration" shall mean this Declaration including all exhibits attached hereto, which are hereby incorporated by reference, and any and all amendments hereof and supplements hereto.

1.14 "Lender" shall mean a holder of a first mortgage or first deed of trust on a Unit.

1.15 "Limited Common Area and Facility" means a portion of the Common Areas and Facilities specifically designed as a Limited Common Area and Facility in this Declaration or the Plat and allocated by this Declaration or the Plat for the exclusive use of one or more but fewer than all of the Units.

1.16 "Occupant" shall mean a Person or Persons, other than an Owner, in possession of, or using a Unit, including, without limitation, family members, tenants, guests, or invitees.

1.17 "Owner" shall mean the Person or Persons who are vested with record title of a Unit, and whose interest in the Unit is held in fee simple, according to the records of the County Recorder of Salt Lake County, Utah; however, Owner shall not include a person who holds an interest in a Unit merely as security for the performance of an obligation. Declarant shall be considered the record Owner of any Unit prior to its initial conveyance by Declarant.

1.18 "Parcel" shall mean the real property legally described on Exhibit A, and all the buildings, improvements and permanent fixtures located thereon, and all easements and rights appurtenant thereto.

1.19 "Person" shall mean a natural individual, corporation, estate, partnership, trustee, association, joint venture, government, government subdivision or agency or other legal

entity capable of holding title to real property.

1.20 "Plat" means the record of survey map of the Parcel submitted with respect to this Condominium and showing thereon Four (4) Units, each of which is identified by a Unit Number. A copy of the Plat is included as Exhibit B, attached hereto and hereby incorporated by reference. The original Plat is recorded in Book \_\_\_\_\_, beginning at Page \_\_\_\_\_, in the records of the County Recorder of Salt Lake County, Utah. "Plat" shall also refer to any additional plat which may be recorded with any Supplemental Declaration.

1.21 "Property" shall mean the Parcel, together with all the buildings, improvements, and permanent fixtures located thereon, and all easements and rights appurtenant thereto.

1.22 "Restrictions" shall mean the covenants, conditions, assessments, easements, liens and restrictions set forth in this Declaration.

1.23 "Special Declarant Rights" shall mean the rights granted to Declarant in this Declaration to do any of the following:

- (a) Construction any improvements provided for in this Declaration;
- (b) Maintain sales offices, models and signs advertising the Condominium;
- (c) Use easements upon the Common Areas and Facilities for the purpose of making improvements or marketing units within the Parcel; and
- (d) Appoint or remove any Officer or Board Member of the Association prior to the Turnover Date.

1.24 "Supplemental Declaration" shall mean a written instrument recorded in the records of the County Recorder of Salt Lake County, Utah, which refers to this Declaration and which amends, modifies, or supplements this Declaration in accordance with its terms.

1.25 "Turnover Date" shall have the meaning set forth in Section 5.3 below.

1.26 "Unit" shall mean part of the Condominium, including attached garage and one or more rooms situated in a building comprising part of the Condominium, designed or intended for independent ownership and occupancy as a dwelling unit. The respective Allocated Interest in the Common Areas and Facilities is appurtenant to the Unit.

1.27 "Unit Number" shall mean the number, symbol, or address that identifies one Unit in the Condominium.

**ARTICLE 2. CREATION OF THE CONDOMINIUM**

2.1 Submission. Declarant hereby submits and subjects the Parcel to a Condominium pursuant to the Act, and in furtherance thereof, makes and declares the Restrictions contained in this Declaration, and Declarant hereby declares and agrees that the Condominium and all of the Units shall be held, conveyed, transferred, sold, leased, mortgaged, encumbered occupied, used, and improved subject to the Restrictions, which Restrictions shall constitute covenants and conditions running with the land and shall be binding upon and inure to the benefit of Declarant, the Association, and each Owner, including their respective heirs, executors, administrators, personal representatives, successors and assign.

2.2 Name and Location. The Condominium shall be named and known as Blair Street Condominiums. The Condominium is located in Salt Lake County, Utah, and the legal description of the real estate included in the Condominium is the Parcel set forth on Exhibit A. The name of the Association is Blair Street Condominiums' Owners Association.

2.3 Interpretation of Declaration and Applicability of the Act. Declarant intends that the Condominium shall be governed by the Act, except where (in compliance with the Act) Declarant has included specific provisions in this Declaration which legally vary, supersede, or supplement the Act, in which event such specific provisions of this Declaration which are contrary to the Act shall govern the Condominium.

2.4 Agent for Service of Process. Ray A. Patterson, 2758 South Blair Street, Salt Lake City, Utah 84115, shall be the person to receive service of process for the Condominium pursuant to Section 57-8-10(2) (d) (iii) of the Act, until such time as the Board shall duly appoint a new agent and file a supplement hereto.

**ARTICLE 3. DESCRIPTION OF THE UNITS, LIMITED COMMON AREAS AND FACILITIES, COMMON AREAS AND FACILITIES, ALLOCATED INTERESTS AND PLAT**

3.1 Description of Boundaries of Each Unit and Unit Number. The cubic content space and Unit Number of each of the Units, including attached garage, within the Condominium are set forth on the Plat. The horizontal boundaries of each Unit, including attached garage, shall be the underside of the finished but undecorated ceiling and the top of the finished but

undecorated floor of the Unit as shown on the Plat. The vertical boundaries of each Unit shall be the interiors of the finished but undecorated walls located on the perimeter lines of the respective Units as shown on the Plat. All lath, furring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, finished flooring and other materials constituting any part of the finished surfaces are part of the Unit, and all other and structural portions of the walls, floors, columns, or ceilings are part of the Common Areas and Facilities. If any pipes, wires, conduits, chutes, flues, ducts, shafts, public utility, water, or sewer lines, or any other similar fixtures lie partially within and partially outside the designated boundaries of a Unit, any portion serving only that Unit is a Limited Common Area and Facility allocated solely to that Unit and any portion serving more than one Unit or any portion of the Common Areas and Facilities is part of the Common Areas and Facilities. Subject to the preceding sentence, each Unit shall consist of the space enclosed and bounded by the horizontal and vertical planes as shown on the Plat, and all interior partitions and other fixtures and improvements within such boundaries shall be part of the Unit. Conveyance of a Unit includes the use of the Limited Common Areas and Facilities appurtenant to said Unit.

3.2 Description of Limited Common Parking Stalls. The parking space set forth on the Plat and designated for the respective Unit by corresponding number shall be an exclusive Limited Common Parking Stall for the Unit and such Owner. Such Limited Common Parking Stall shall be appurtenant to the respective Unit and may not be severed from the ownership of the Unit.

3.3 Description of Limited Common Areas and Facilities for Patios and Storage Units. Patios adjacent to a respective Unit as set forth and depicted on the Plat shall be the exclusive Limited Common Areas and Facilities for the Unit. Each Unit shall be assigned a Storage Unit, which shall be the exclusive Limited Common Areas and Facilities for such Unit. These Limited Common Areas and Facilities shall be appurtenant to each respective Unit where so identified and may not be severed from the ownership of the Unit.

3.4 Description of Common Areas and Facilities. The Common Areas and Facilities shall consist of the entire Condominium, excluding the Units and any Limited Common Areas and Facilities appurtenant thereto.

3.5 Allocated Interest of Each Unit in the Common Areas and Facilities. The designation of the Allocated Interest which each Unit has in the Common Areas and Facilities is set forth in Exhibit B.

3.6 Allocated Interest of Each Unit in the Votes of the

Association. The designation of the Allocated Interest which each Unit has in the votes of the Association is set forth in Exhibit C.

3.7 Allocated Interest of Each Unit in the Common Expenses of the Condominium. The designation of the Allocated Interest which each Unit bears in the Common Expenses of the Condominium is set forth in Exhibit B.

3.8 Plat. The Plat is hereby incorporated into, and made an integral part of, this Declaration and all requirements and specifications set forth on the Plat and which are required by the Act are deemed included in this Declaration.

#### **ARTICLE 4. MAINTENANCE AND UTILITIES**

4.1 Maintenance of Units and Exclusive Limited Common Areas and Facilities. Each owner shall furnish and be responsible for, at his own expense, all of the maintenance, repairs, and replacements within his own Unit. Such obligation shall include, without limitation: (a) the repair and maintenance of all interior and exterior doors, including thresholds and door jams, all lath, furring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, finished flooring, fireboxes of fireplaces, and any other materials constituting the finished surfaces of floors, ceilings, or interior walls (all other portions of the walls, floors, or ceilings are part of the Common Areas and Facilities); (b) repair and replacement of all window, skylights, and door glass or equivalent materials and the interior and exterior cleaning of such window and door glass; (c) the maintenance of, in an open and unobstructed condition, all sewer and drainage pipes, water and other utility lines serving an Owner's respective Unit between the points at which the same enter the respective Unit and the points where the same join the utility lines serving other Units; (d) maintenance, replacement, repair and restoration of all of the following which service an Owner's Unit exclusively: lighting fixtures (except exterior building mounted lights and walkway lights which are not located within patios), fans, plumbing fixtures, stoves, refrigerators, hot water heaters, swamp coolers, air conditioning units (including compressors, condensers and forced air units), furnaces, intercoms, security systems, and other such appliances, fixtures, and decorations as an Owner may install; (e) the maintenance of the Unit and all exclusive Limited Common Areas and Facilities, such as patios and balconies (including all materials above or upon the support structure, railings and posts), exterior screens, shutters, and chimney flues, that are within his exclusive control in a clean and sanitary condition, free of pests and rodents, and in good order and repair, except that the maintenance of all lawn areas, and the sweeping and maintenance

of any parking spaces and driveways that are designated as Limited Common Areas and Facilities hereunder, shall be the responsibility of the Association. An Owner may make non-structural alterations within his Unit, but an Owner shall not make any structural or exterior alterations of the Common Areas and Facilities or the Limited Common Areas and Facilities without the prior written approval of the Board.

4.2 Maintenance of Common Areas and Facilities and Limited Common Areas and Facilities. The Association, or its duly delegated representative, shall:

- (a) Maintain and otherwise manage the Common Areas and Facilities and specified Limited Common Areas and Facilities, including, but not limited to, the lawns, landscaping, parking areas (excluding attached garages), streets and recreational facilities, if any, located thereon and maintain all parking areas and exterior building mounted lights not within patios), walkway and landscape area lights (located outside patios), the structural support components of patios and roofs and flashings and other materials on patios and roofs that were installed to exclusively function as a roof, however, excluding skylights;
- (b) Replace injured and diseased trees or other vegetation in any Common Areas and Facilities, and plant trees, shrubs and ground cover to the extent the Board deems necessary for the conservation of water and soil or for aesthetic purposes;
- (c) Place and maintain upon any Common Areas and Facilities, such signs, markers and lights as the Board may deem appropriate for the proper identification, use and regulation thereof, subject to the approval of the Board;
- (d) Pay all electrical, water, gas and other utility charges or fees for services furnished to the Common Areas and Facilities as the same become due and payable.
- (e) Do all such other and further acts which the Board deems necessary to preserve .

and protect the Common Areas and Facilities and the beauty thereof, in accordance with the general purposes specified in this Declaration.

The Board shall determine, in its sole discretion, the appropriate maintenance of the Common Areas and Facilities. If the need for maintenance or repair is caused through the willful or negligent act of an Owner, his family, guests, licensees, lessees or invitees, the cost of such maintenance or repair shall be paid by such Owner, upon demand, to the Association, and the Association may enforce collection of such amounts as provided hereinbelow for the collection of Assessments.

4.3 Owner Default in Maintenance. If an Owner fails to so maintain his Unit or make repairs thereto in such a manner as may be deemed reasonably necessary in the judgment of the Board to preserve and protect the attractive appearance and value of the Condominium, or if an Owner shall fail to observe any covenant or restriction imposed on such Owner by the terms of the Declaration, then the Board or its authorized representative shall give written notice to such Owner stating with particularity the nature of the default and the corrective action which the Board determines to be required and requesting that the same be carried out within a period of fourteen (14) days after the giving of such written notice. If such Owner fails to carry out such action within the period specified by the notice, the Board may cause such action to be taken and may levy a special Assessment for the cost thereof on such Owner, such special Assessment to be due and payable within thirty (30) days after the Board gives written notice thereof and to be secured by the Assessment lien created in Section 6.1 of this Declaration.

4.4 Utilities. All utilities for individual Units (except those utility costs which are metered collectively and paid for by the Association as a Common Expense Item) will be metered separately to each Unit, and such utility charges shall be the responsibility of the respective Owners. The Owner of each respective Unit shall also be responsible to pay the electric utility charges for all exterior lighting of each Unit and lighting of walkways and landscaping areas adjacent to the Unit, if applicable.

#### **ARTICLE 5. MANAGEMENT**

5.1 Association. The Association will be organized no later than the date the first Unit in the condominium is conveyed to an Owner other than Declarant to serve as the governing body for all Owners and shall make provisions for the maintenance, repair, replacement, administration and operation of the Common Areas and Facilities, assessment of expenses, payment of losses,



division of profits, acquisition of hazard insurance and disposition of such hazard insurance proceeds, and other matters as provided in the Act, the Declaration and ByLaws. The Association shall have all rights and powers granted to it under the Act and in this Declaration, the Articles and ByLaws, including, without limitation, the right to assign its future income. The Association shall not be deemed to be conducting a business of any kind, and all funds received by the Association shall be held and applied by it for the Owners in accordance with the Declaration, the Articles and the ByLaws.

5.2 Membership. Membership in the Association shall at all times consist exclusively of the Unit Owners, and each Owner shall be a member of the Association so long as he shall be an owner, and such membership shall automatically terminate when he ceases to be an Owner. Upon the transfer of an ownership interest in a Unit, the new Owner succeeding to such ownership interest shall likewise succeed to such membership in the Association.

5.3 Voting. The Association shall have two (2) classes of voting membership:

Class A. Class A Members shall be all Unit Owners with the exception of the Declarant until the ("Turnover Date"). Each Unit Owner shall be entitled to a percentage vote that is equal to the Allocated Interest for each Unit owned, as set forth in Article 3.6 of the Declaration. When more than one (1) Person holds an interest in any Unit, all such Persons shall be members. The vote for such Unit shall be exercised as they among themselves determine, but in no event shall more than the percentage vote equal to the Allocated Interest for such Unit be cast with respect to any Unit. There shall be Four shares of Class A stock.

Class B. The Class B Member shall be the Declarant and shall be entitled to a percentage vote equal to three (3) times the Allocated Interest for each Unit owned by Declarant, as set forth in Article 3.6 of the Declaration. There shall be one (1) share of Class B stock. The Class B member (Declarant) shall have the exclusive right to control the Association through the exercise of it's voting rights provided herein until the "Turnover Date" provided. The Class B membership shall cease and be converted to Class A membership on the happening of the earliest of the following to occur (the "Turnover Date"):

- (a) Immediately after Declarant has conveyed to Owners, (other than Declarant or an affiliate of Declarant) Units to which three-fourths of the undivided interest in the Common Areas and Facilities appertain; or

- (b) The date which is the third (3rd) anniversary of the first conveyance of a Unit by Declarant to an Owner other than Declarant.

Upon the Turnover Date, Declarant shall retain the voting rights of a Class A Member even though the special voting and control rights of the Class B Member have ceased and terminated. Declarant may voluntarily surrender the right to elect, appoint and remove the members of the Board and the officers prior to the Turnover Date, but, in that event, Declarant may require that specified actions of the Association or the Board taken prior to the Turnover Date, as described in a recorded instrument executed by Declarant, be approved by Declarant before they become effective. Upon the Turnover Date, the process of transferring control of the Association from the Declarant to the Owners shall commence and be completed within a reasonable period of time. This process shall include the Owners' election of the Board of Directors and shall be considered completed on the date of initial meeting of the Board of Directors elected by the Owners. The Owners' election of the initial Board of Directors may be conducted at a regular or special meeting of the Association or by a mailed balloting procedure, within thirty (30) days following the Turnover Date.

5.4 Board of Directors. The governing body of the Association shall be the Board of Directors elected pursuant to the ByLaws. Cumulative voting shall apply for the purpose of electing members of the Board. The Board shall consist of not less than three (3) members and not more than four (4) members. Except as otherwise provided in this Declaration, ByLaws, or Association Rules, the Board may act in all instances on behalf of the Association. The Board shall act to adopt the ByLaws as required by the Act at the time the Association is organized, and the Board may, as it deems appropriate, adopt, amend and repeal Association Rules.

5.5 Qualification of Directors. Except for Board members elected or appointed by Declarant, each Director shall be an Owner or the spouse of an Owner (or if an Owner is a corporation, partnership, limited liability company, or trust, a Director may be an officer, partner, member, manager, trustee or beneficiary of such Owner). If a Director shall cease to meet such qualifications during his term, he will thereupon cease to be a Director and his place on the Board shall be deemed vacant.

5.6 Action By Owners. Except as specifically provided herein, the Board may not act on behalf of the Association to amend or terminate this Declaration, to elect members of the Board, except in filling vacancies in its membership for the unexpired portion of any term, or to determine the qualifications, powers and duties or terms of the members of the

Board of Directors.

5.7 Annual Meeting. The Association shall hold an annual meeting as provided in the By-Laws.

5.8 Right of Association to Enter Units. The Association acting through the Board or its duly authorized agent shall have the right at all times upon reasonable notice (and at any time in case of an emergency) to enter upon or in any Unit to abate any infractions, to make repairs, or correct any violation of any of the Restrictions herein set forth, and in connection therewith shall have the further right to assess all costs incurred against the Owner, such assessment to be secured by the lien provided in Section 6.1.

5.9 Association Rules. The Board may adopt and administer Association Rules in furtherance of the ByLaws for the regulation and operation of the Condominium.

5.10 Reserve Fund. The Association shall maintain an adequate reserve fund for maintenance, repair and replacement of those Common Areas and Facilities that must be replaced on a periodic basis, and such reserve shall be funded as part of monthly Assessments. To the extent the Board deems necessary, surplus monies of the Association may be retained as additional reserves rather than being paid to Unit Owners or being credited to future assessments.

5.11 Availability of Condominium Documents. The Association will maintain current copies of this Declaration, the Articles and ByLaws, and Association Rules concerning the Condominium and the Association's own books, records, and financial statements available for inspection, upon request, during normal business hours by any Owner or Lender (or any insurer or guarantor of a Lender).

5.12 Managing Agent. The Board may contract with a professional management agent to assist the Board in the management and operation of the Condominium and may delegate such of its powers and duties to the management agent as it deems appropriate; provided, however, that only the Board shall have the right to approve Association budgets, to impose a special Assessment and to authorize foreclosure of an Assessment lien. Further, any agreement for the professional management of the Condominium Project, or any other contract providing for the services of the developer, sponsor or builder, may not exceed three years. Any such agreement must provide for termination by either party without cause and without payment of a termination fee on 90 days or less written notice.

**ARTICLE 6. COVENANT FOR ASSESSMENTS**

6.1 Creation of Lien and Personal Obligation for Assessments. Each Owner, including Declarant to the extent Declarant is an Owner as defined herein, of any Unit, by acceptance of a deed or other instrument creating in such Owner the interest required to be deemed an Owner, whether or not it shall be so expressed in any such deed or other instrument, is deemed to covenant and agree to pay to the Association such Assessments to be fixed, established and collected from time to time as provided in this Declaration. The Assessments, together with interest thereon, collection charges, attorneys' fees, court costs and other costs of collection as hereinafter provided, shall be secured by a continuing lien upon the Unit against which each such Assessment is made in favor of the Association. Each such Assessment, together with such interest, collection charges, costs and attorneys' fees, shall also be the personal obligation of the Owner of such Unit at the time the Assessment becomes due. The personal obligation shall not pass to successor in title of an Owner unless expressly assumed by such successor.

6.2 Purpose of Assessments. The Assessment levied by the Association shall be used exclusively for the purposes of promoting the health, safety and welfare of the Owners, the management, maintenance, care, preservation and protection of the Condominium, enhancing the quality of life in the Condominium and the value of the Condominium including, without limitation, the improvement and maintenance of the services and facilities devoted to this purpose and related to the use and enjoyment of the Common Areas and Facilities, or in furtherance of any other duty or power of the Association.

6.3 Regular Assessments. The Board is expressly authorized to adopt and amend budgets from time to time. Not later than thirty (30) days prior to the beginning of each fiscal year, the Board shall adopt a pro forma operating statement or budget for the upcoming fiscal year which shall, among other things, estimate the total Common Expenses to be incurred for such fiscal year. The Board may, but is not required to, send a written summary of the budget to all Owners within thirty (30) days after the adoption of the proposed budget. The Board shall at that time determine the amount of the regular Assessment to be paid by each Owner. Each Owner shall thereafter pay to the Association his regular Assessment in equal monthly installments on the first day of each month. In the event the Board shall determine that the estimate of total charges for the current year is, or will become, inadequate to meet all Common Expenses for any reason, it shall then immediately determine the approximate amount of such inadequacy and issue a supplemental estimate of the Common Expenses and determine the revised amount of the regular Assessment against each Owner, and the date or dates when due. The Owners shall have no right to ratify any budget, or amendment thereof, adopted by the Board.

6.4 Capital Improvement Assessments. In addition to regular Assessments, the Board may levy in any fiscal year a capital improvement Assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction or replacement (other than due to destruction) of a described capital improvement upon the Common Areas and Facilities, including the necessary fixtures and personal property related thereto.

6.5 Percentage Assessments. Except as otherwise provided herein, all Assessments (other than special Assessments) shall be an amount based on the percentage interest for each Unit as set forth in Article 3.7.

6.6 Rules Regarding Billing and Collection Procedures. The Board shall have the right and responsibility to adopt rules and regulations setting forth procedures for the purpose of making the Assessments provided herein and for the billing and collection of regular and special Assessments, provided that said procedures are not inconsistent with the provisions hereof. The failure of the Association to send a bill to an Owner shall not relieve any Owner of his liability for any Assessment or charge under this Declaration, but the Assessment lien therefor shall not be foreclosed or otherwise enforced until the Owner has been given not less than thirty (30) days' written notice prior to such foreclosure or enforcement, at the address of the Owner on the records of the Association, that the Assessment or any installment thereof is or will be due and of the amount owing. Such notice may be given at any time prior to or after delinquency of such payment.

6.7 Certificate of Payment. The Association shall, within ten (10) business days after written demand, furnish to any Owner liable for Assessments a recordable written statement or certificate signed by an officer or authorized agent of the Association setting forth whether the Assessments relating to a specified Unit have been paid and the amount of delinquency, if any. To the extent permitted by law, a reasonable charge may be collected by the Board for the issuance of each such certificate. Each certificate shall be conclusive evidence of payment of any Assessment therein stated to have been paid.

6.8 Special Assessments. Special Assessments shall be levied by the Board against a Unit and its Owner to reimburse the Association for:

- (a) Costs incurred in bringing an Owner and his Unit into compliance with the provisions of this Declaration, the Articles, the ByLaws or Association Rules;

- (b) Costs associated with the maintenance, repair or replacement of a Limited Common Area and Facility assigned to such Unit;
- (c) Any other charge designated as a special Assessment in this Declaration, the Articles, the ByLaws or Association Rules; and
- (d) Attorneys' fees, interest and other charges relating thereto as provided in this Declaration.

In the event the Association undertakes to provide materials or services which benefit individual Units and which can be accepted or not by individual Owners, such Owners, in accepting such materials or services, agree that the costs thereof shall be a Assessment.

6.9 Date of Commencement of Assessments. Regular and other Assessments as to Units within the Condominium for which construction has been substantially completed shall commence as to all such substantially completed Units on the first day of the month following the conveyance of the first Unit by Declarant to an Owner. Until the Association makes an Assessment, the Declarant shall pay all Common Expenses of the Association.

6.10 Application of Excess Assessments. In the event the amount budgeted to meet Common Expenses for a particular fiscal year proves to be excessive in light of the actual Common Expenses, the Board in its discretion may apply the excess to reserves, credit the excess against future Assessments, or pay the excess to the Owners in proportion to the Allocated Interests of each Unit in the Common Expenses of the Condominium, as the Board deems appropriate. The decision of the Board shall be binding and conclusive. In addition, the Association shall not be obligated to reduce the amount of Assessments in succeeding years if an excess exists for a prior year.

6.11 No Offsets. All Assessments shall be payable in the amount specified by the Assessment and no offsets against such amount shall be permitted for any reason, including, without limitation, a claim that the Association is not properly exercising its duties and powers as provided in this Declaration.

6.12 Homestead Waiver. Each Owner, to the extent permitted by law, does hereby waive, to the extent of any liens created pursuant to this Declaration, whether such liens are now in existence or are created at any time in the future, the benefit of any homestead or exemption laws of the State of Utah now in effect, or in effect from time to time hereafter.

**ARTICLE 7. EFFECT OF NON-PAYMENT OF ASSESSMENTS AND REMEDIES**

7.1 Due Date and Delinquency. The first day of each month shall be the Assessment due date for that month. Any Assessment which is not paid within ten (10) days after it becomes due shall be delinquent. Whenever an Assessment is delinquent, the Board may at its option invoke any or all of the sanctions provided for herein.

7.2 Collection Charge. If any Assessment is delinquent, the Owner shall be obligated to pay the collection charge then provided for in the ByLaws. The amount of such collection charge until paid shall constitute part of the Assessment lien as provided for in Section 6.1 of this Declaration.

7.3 Interest. If any Assessment is delinquent, interest at the rate set forth in the ByLaws at the time may be assessed on the amount owing from the date due until such time as it is paid.

7.4 Action at Law. The Association may bring an action to recover a delinquent Assessment either personally against the Owner obligated to pay same or foreclose the Assessment lien; provided, however, that the Association's choice of one remedy shall not prejudice or constitute a waiver of the Association's right to exercise the other. The costs of preparing and filing the complaint shall be assessed against the delinquent Owner and his Unit, and reasonable attorneys' fees and court costs will thereafter be added to the amount in delinquency (plus interest and/or collection charges, if appropriate) in the event that a judgment is obtained by the Association. Each Owner vests in the Association or its assigns the right and power to bring actions at law and/or lien foreclosures against such Owner or Owners for the collection of delinquent assets.

7.5 Foreclosure Sale. Any foreclosure sale provided for in this Declaration is to be conducted in accordance with applicable provisions relating to the foreclosure of realty mortgages or deeds of trust in the State of Utah. The Association, upon approval by a majority of the Allocated Interests in the votes of the Association, may through its duly authorized agents have and exercise the power to bid on the Unit at the foreclosure sale and to acquire, hold, lease, mortgage and convey such Unit.

7.6 Suspension of Votes. The Board may suspend the obligated Owner's right to vote on any matter at regular or special meetings of the Association and the Owner's right to use all or any portion of the Common Areas and Facilities (exclusive of the Limited Common Areas and Facilities appurtenant to the Owner's Unit) for the entire period during which an Assessment or

other amount due under any of the provisions of the Declaration remains delinquent.

**ARTICLE 8. EASEMENTS**

8.1 General Easements to Common Areas and Facilities and Units. Subject to this Declaration and the Association Rules, non-exclusive perpetual reciprocal easements are hereby reserved and created for the purpose of support, ingress and egress to each Unit, access, use and enjoyment in favor of Each Owner, upon, across, over, under and through the Common Areas and Facilities (exclusive of the Limited Common Areas and Facilities), including the use of pipes, wires, ducts, cables, conduits, and public utility lines, which easements shall be appurtenant to each Unit. The Association, acting through the Board or its authorized agent, and public utility companies providing service to the Condominium, shall have non-exclusive easements with the right of access to each Unit to make inspections, to remove violations, to maintain, repair, replace or effectuate the restoration of the Common Areas and Facilities accessible from such Unit; provided, however, such rights shall be exercised in a reasonable manner and at reasonable times without prior notification, unless emergency situations demand immediate access. The Association, acting through the Board, or its authorized agent, shall have non-exclusive right to grant permits, licenses and easements upon, across, over, under and through the Common Areas and Facilities for purposes necessary for the proper operation of the Condominium; provided, however, such rights shall be exercised in a reasonable manner and at reasonable times with prior notification, unless emergency situations demand immediate access.

8.2 Public Utilities. Easements and rights over the Condominium for the installation and maintenance of electricity lines, telephone lines, cable television, water lines, gas lines, sanitary sewer lines, drainage facilities, and such other public utilities needed to serve the Condominium are hereby reserved by Declarant and, after the Turnover Date, to the Association, together with the right to grant and transfer the same; provided, however, such easements and rights shall not unreasonably interfere with the use of the Common Areas and Facilities and the Units by the Owners or Occupants. Declarant or the Association shall have the power to grant and convey, in the name of all of the Owners as their attorney-in-fact, to any other person easements and rights-of-way in, on, over or under the Common Areas and Facilities for the purpose of constructing, erecting, operating or maintaining lines, cables, wires, conduits, or other devices for electricity, cable television, power, telephone, public sewers, storm water drains and pipes, water systems, sprinkling systems, water heating and gas lines or pipes, and any similar public or quasi-public improvements or facility, and each



Owner in accepting the deed to a Unit expressly consents to such easements and rights-of-way and authorizes and appoints the Association and Declarant (as long as Declarant owns one or more Units in the Condominium) as attorney-in-fact of such Owner to execute any and all instruments conveying or creating such easements or rights-of-way. However, no such easement can be granted if it would permanently interfere with the use, occupancy, or enjoyment by any Owner or such Owner's Unit. Provided however, see Exhibit A, regarding a canal easement in favor of Salt Lake City Corporation.

8.3 Easements for Encroachments. If any portion of the Common Areas and Facilities now encroaches upon any Unit, or if any Unit now encroaches upon any other Unit or the Common Areas and Facilities, or if any such encroachment shall occur hereafter as result of the manner in which the buildings have been constructed or due to settling, shifting, alteration, replacement, repair, or restoration by Declarant or the Association, a valid easement for encroachment, and maintenance of such encroachment, shall exist so long as the buildings stand.

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

#### **ARTICLE 9. USE RESTRICTIONS**

9.1 Signs. No signs whatsoever (including, but not limited to, commercial, political, sale or rental and similar signs) shall be erected or maintained on the Property whether in a window or otherwise, except:

- (a) Such signs as may be required by legal proceeding;
- (b) One house number identification as originally placed by the Declarant with a face area of seventy-two (72) square inches or less;

- (c) Such signs, the nature, number, and location of which have been approved by the Board in advance; and
- (d) Street identification and traffic directional signs erected on or adjacent to Condominium by Salt Lake County, or any other municipal entity, which signs shall not require prior approval from the Board.

Nothing included herein shall prevent Declarant and its agents and assigns from utilizing reasonable signs, flags, markers, and sales devices in furtherance of sales activities until all units have been sold by Declarant.

9.2 Nuisance. No noxious or offensive activity shall be carried on upon the Condominium, nor shall any activity which might be or become an annoyance or nuisance to Owners or Occupants be permitted to interfere with their rights of quiet enjoyment or increase the rate of any insurance or decrease the value of the Units. No Owner or Occupant shall engage in activity within the Condominium in violation of any law, ordinance, statute, rule or regulation of any local, county, state or federal body. Nothing included herein shall be construed to prevent Declarant and its agents from engaging in all forms of construction and sales activities until all Units have been sold by Declarant.

9.3 Parking and Use of Parking/Visitor Parking. Unless otherwise permitted by the Association, and except for "customary parking" and "temporary parking", as permitted by this Section 9.3, no automobiles or other vehicles of any type (including, without limitation, motorcycles, trailers, campers, vans, recreational vehicles or boats) shall be parked, stored, or located within any portion of the Condominium, including any Unit, Limited Common Parking Stalls, or Common Areas and Facilities. "Customary parking" shall mean the parking of operable automobiles, motorcycles, small trucks, and vans (each of which must not be used for commercial purposes and each of which must not exceed 3/4 ton in size and/or seven (7) feet in height measured from ground level and eighteen (18) feet in length) within the parking spaces designated as an exclusive Limited Common Parking Stall for each respective Unit. "Temporary Parking" shall mean the use of designated parking areas within the Condominium for parking of operable vehicles belonging to invitees of Owners and Occupants, including the parking of delivery trucks, service vehicles, and other commercial vehicles being used in the furnishing of goods and services to the Owners and Occupants as well as parking of vehicles belonging to or being used by Owners, Occupants and invitees during social engagements and for loading and unloading

purposes. The Association may adopt Association Rules relating to the admission and temporary parking of vehicles within the Condominium and the use of the visitor parking spaces identified on the Plat, including, without limitation, the right to lease or license the visitor parking spaces in the discretion of the Association, the right to remove or cause to be removed any vehicles that are improperly parked, restrictions on the time visitor spaces may be used, and the assessment of charges to Owners and Occupants who violate, or whose invitees violate, such rules. Any charges so assessed shall be special Assessments. Nothing included herein shall be construed to prevent Declarant from using temporary structures or trailers for construction and/or sales purposes or engaging in all forms of construction and sales activities within the Condominium.

9.4 External Fixtures. No external items such as, but not limited to, television and radio antennas, satellite dishes, flag poles, clotheslines, wiring, insulation, air conditioning equipment, water softening equipment, fences, awnings, ornamental screens, screen doors, porch or patio or balcony enclosures, sunshades, lighting fixtures, walls, landscaping and planting, other than those provided in connection with the original construction of the Condominium, and any replacements thereof, and other than those approved by the Board, and any replacements thereof, shall be constructed, erected or maintained on the Condominium. The foregoing notwithstanding, nothing included herein shall be construed as preventing Declarant and its agents and assigns from engaging in all forms of construction and sales activities within the Condominium.

9.5 Window Covers. Each Unit shall have window covers. Only curtains, drapes, shades, shutters, and blinds may be installed as window covers, and all such window covers shall be approved in advance by the Board. No window shall be covered by paint, foil, sheets or similar items. The Board may adopt Association Rules regulating the type, color and design of the external surface of window covers. The Board may also require use of a uniform color and fabric for draperies, under-draperies and drapery linings to the extent that such are visible for outside a Unit.

9.6 External Laundering. Unless otherwise permitted by the Board, external laundering and drying of clothing and other items is prohibited.

9.7 Outside Speakers and Amplifiers. No radio, stereo, broadcast or loudspeaker units, and no amplifiers of any kind shall be placed upon or outside, or be directed to the outside of, any Unit without the prior written approval of the Board.

9.8 Repairs. No repairs of any detached machinery, equipment or fixtures, including, without limitation, motor

vehicles, shall be made upon the Condominium.

9.9 Unightly Items. All rubbish, debris or unsightly materials or objects of any kind shall be regularly removed from Units and shall not be allowed to accumulate therein or thereon. Refuse containers and machinery and equipment not a part of the Units, shall be prohibited upon any Unit unless obscured from view of adjoining Units and Common Areas and Facilities. Trash and garbage not disposed of by equipment contained within the Units shall be placed in containers by Owners and Occupants for removal from the Condominium in accordance with Association Rules applicable thereto adopted by the Board. The Board may adopt rules applicable to the provisions of this Section and their enforcement, including the assessment of charges to Owners and Occupants who violate, or whose invitees violate, such rules. Any charges so assessed shall be special Assessments. The foregoing notwithstanding, nothing herein shall be construed as preventing Declarant and its agents and assigns from engaging in all forms of construction and sales activities within the Condominium.

9.10 Animals. No animals, livestock, birds, reptiles, or poultry of any kind shall be raised, bred or kept in any Unit or upon the Condominium, except that one (1) dog under 30 pounds, two (2) domestic cats, or other household pets approved by the Board may be kept by Owners within a Unit, provided such pets are not raised, bred, kept, or maintained for any commercial purpose. Notwithstanding the foregoing, no animal or fowl may be kept within a Unit which, in the good faith judgment of the Board, results in an annoyance or is obnoxious to Owners or Occupants within the Condominium, and the Board may exercise this judgment for specific pets even though others are permitted to remain. All animals permitted to be kept by this Section shall be kept on a leash, except within a Unit, and all fecal matter shall be immediately cleaned up when on any portion of the Condominium. The Board may adopt Association Rules applicable to the provisions of this section and to the keeping of pets within the Condominium, and their enforcement, including the assessment of charges to Owners and Occupants who violate such rules. Any charges so assessed shall be special Assessments.

9.11 Rental Restrictions and Leases.

(a) The Association may regulate, limit, or prohibit rentals of Condominium Units;

(b) The Association may require the rental of Condominium Units to be conducted through the Association or a designated management company, and may require that all lease agreements be reviewed and approved by the Association or the management company, that any Tenants be screened and approved by the Association or the management company prior to renting the

Condominium, and that the approval of the Homeowner's Association or the management company shall not be unreasonably withheld.

(c) Prior to renting any Condominium Unit, the Condominium Owner and the Tenant shall execute a written lease agreement which shall include the following provisions:

(1) The Tenant shall agree to comply with all of the terms and conditions of the Condominium Declaration, ByLaws and Association Rules. Any failure of Tenant to comply with the foregoing shall be a default under the Lease.

(2) The Tenant shall agree not to allow or commit any nuisance, waste, unlawful or illegal act upon the premises; and

(3) The Owner and the Tenant shall acknowledge that the Association is an intended third party beneficiary of the lease agreement, that the Association shall have the right to enforce compliance with the Condominium Declaration and By-Laws and to abate any nuisance, waste, unlawful or illegal activity upon the premises; and that the Association shall be entitled to exercise all of the Owner's rights and remedies under the lease agreement to do so.

(d) Prior to a Tenant's occupancy of a Condominium Unit, the Condominium Owner must provide to the Association the name, address and telephone number of the Tenant and a copy of the written lease agreement.

(e) The Association shall have the right and the obligation to enforce compliance with the Condominium Declaration and By-Laws against any Owner and/or Occupant of any Condominium Unit, and shall have all rights and remedies available under state or local law, in addition to its rights and remedies as a third party beneficiary under any lease agreement, to enforce such compliance.

(f) Any Owner who shall lease his Unit shall be responsible for assuring compliance by the Tenant with this Declaration, the ByLaws and the Association Rules. Failure by an Owner to take legal action, including the institution of a forcible entry and detainer proceeding against his Tenant who is in violation of this Declaration, the ByLaws or the Association rules within ten (10) days after receipt of written demand to do so from the Board, shall entitle the Association, through the Board, to take any and all such action, including the institution of proceedings in forcible entry and detainer on behalf of such Owner against his Tenant. Neither the Association nor any agent retained by the Association to manage the Condominium shall be

liable to the Owner or Tenant for any eviction under this Section that is made in good faith. Any expenses incurred by the Association, including attorneys' fees and costs of suit, shall be repaid to it by such Owner. Failure by such Owner to make such repayment within ten (10) days after receipt of a written demand therefor shall entitle the Board to levy a special Assessment against such Owner and his Unit for all such expenses incurred by the Association. In the event such special Assessment is not paid within thirty (30) days of its due date, the Board may resort to all remedies of the Association for the collection thereof.

9.12 Landscape Maintenance. The Declarant and the Association shall have the right to maintain all landscaping in the Common Areas and Facilities and Limited Areas and Facilities as specified in Article 4 hereof. The Declarant and the Association shall have the right of access to all areas of the Condominium which are necessary for landscape maintenance.

9.13 Floor Load and No Waterbeds. There shall be no floor load in excess of the weight for which the Unit or balcony was designed, unless special arrangements are made, and an engineering determination of floor load capacity in the area of the heavy use is approved in writing by the Association.

9.14 Single Family Occupancy. The use of each Unit is restricted to single family occupancy and accessory uses as permitted herein. Except for those activities conducted as part of the marketing and development program for the Condominium by Declarant, no industry, business, trade, or commercial activities (other than home professional pursuits without employees, public visits, or nonresidential storage and mail), or other use of the Unit, shall be conducted, maintained, or permitted in any part of a Unit, nor shall any Unit be used or rented for transient, hotel, or motel purposes. Single family occupancy is defined as a single housekeeping unit, operated on a nonprofit, noncommercial basis between its occupants, cooking and eating with a common kitchen and dining area, where all residents are members of a family related by blood, adoption, or marriage, except that up to one (1) additional person per bedroom not so related may reside in a Unit.

9.15 No Subdivision of Units or Further Restriction. No Unit shall be split, subdivided, or separated into two or more Units, and no Owner of a Unit shall sell or lease less than all of the Unit. An owner of two (2) or more adjacent Units may, however, combine those units to make a single Unit and then separate the single Unit into the original Units for purposes of selling one or more of the Units; provided, however, that no such combination or subsequent separation shall be allowed until the Board has approved such combination or separation. No subdivision plat or further covenants, conditions, or

restrictions shall be recorded by any Owner or other Person with respect to any Unit unless the Board has first approved the plat or the proposed covenants, conditions, or restrictions, such approval to be evidenced by the Associations, signature on the final recorded plat or instrument imposing the covenants, conditions or restrictions. Any plat or covenants, conditions or restrictions recorded in violation of this Section shall be absolutely null and void. The Board's review shall be for the purpose of assuring, in the sole and absolute discretion of the Board, that the plat or covenants, conditions and restrictions are consistent and compatible with the overall plan of development of the Property. However, in no event shall the approval of the Board of any plat or covenant, condition, or restriction be deemed an abandonment or waiver of any provision of this Declaration. The provisions of this Declaration shall be and remain superior to any such plat or covenant, conditions, or restriction.

9.16 Architectural Control. No exterior changes whatsoever shall be commenced, erected, maintained, made or done without the prior written approval of the Board or any committee established by the Board for that purpose. By way of illustration but not of limitation the following are considered exterior changes: Painting, landscaping, repairs, excavation, patio covers, screens, doors, evaporative coolers, fireplaces, skylights, storage buildings, solar collectors, shade screens, awnings, window coating or tinting, decorative alterations or other work which in any alters the exterior appearance of the Property. The Board, or committee established by the Board for that purpose, may designate the design, style, model and manufacturer of any exterior improvement or alteration which is acceptable to the Board. Such designations shall be for the purpose of achieving uniformity of appearance and preservation of property values. No interior structural changes whatsoever shall be commenced, erected, maintained, made or done without the prior written approval of the Board, or any committee established by the Board for that purpose. By way of illustration but not of limitation, the following are considered interior structural changes: moving, removing, adding or altering walls, doorways, and the like.

9.17 Lighting. Exterior lighting fixtures and walkway and landscaping lights shall be required for each Unit and must be illuminated from dusk to dawn each day as determined by the Board. Exterior lighting of Limited Common Areas and Facilities shall be allowed only to the extent approved by the Board.

9.18 Association Rules. The Association shall have the power to make and adopt reasonable Association Rules with respect to activities which may be conducted on any part of the Condominium. The Board's determination as to whether a particular activity being conducted or to be conducted violates or will violate such Association rules shall be conclusive

unless, at a regular or special meeting of the Association, Owners representing a majority of the Allocated Interests in the votes of the Association vote to the contrary.

9.19 Variances. The Board may, at its option and in extenuating circumstances, grant variances from the Restrictions set forth in Article 9 of this Declaration if the Board determines in its discretion (a) either (i) that a Restriction would create an unreasonable hardship or burden on an Owner or Occupant, or (ii) that a change of circumstances since the recordation of this Declaration has rendered such Restriction obsolete and (b) that the activity permitted under the variance will not have any substantial adverse effect on the Owners of Occupants of the Condominium and is consistent with the high quality of life intended for residents of the Condominium.

#### **ARTICLE 10. INSURANCE**

10.1 Authority to Purchase. Commencing not later than the date a Unit is conveyed to a Person other than Declarant, the Association shall have the authority to and shall obtain and maintain, to the extent reasonably available, the insurance specified in this Article; provided, however, that the Association shall always comply with the insurance requirements of the Act.

10.2 Hazard Insurance. To the extent available, the Board shall obtain a master or blanket policy of property insurance on the entire Condominium, including the Units and the Common Areas and Facilities (excluding land and personal property) insuring the Condominium against loss or damage by fire, and other hazards covered by the standard extended coverage endorsement, and against loss or damage by sprinkler leakage, debris removal, cost of demolition, vandalism, malicious mischief, windstorm, and water damage not resulting from poor design of workmanship, or lack of routine maintenance. Such master policy of property insurance shall be in a total amount of insurance equal to the greater of (i) eighty (80%) percent of the actual cash value of the insured property at the time insurance is purchased and at each renewal date or (ii) one hundred (100%) of the current replacement cost, exclusive of land, excavations, foundations and other items normally excluded from such property policies. Such master policy of property insurance shall contain an Agreed Amount Endorsement or its equivalent, if available, or an Inflation Guard Endorsement, together with such endorsements as the Association deems appropriate to protect the Association and the Owners.

10.3 Comprehensive Commercial Liability Insurance. To the extent available, the Association shall obtain comprehensive general liability insurance insuring the Association, the



Declarant, the agents and employees of the Association and the Declarant, the Owners and Occupants and the respective family members, guests and invitees of the Owners and Occupants, against liability incident to the use, ownership, or maintenance of the Common Areas and Facilities or membership in the Association. The limits of such insurance shall not be less than \$1,000,000.00 covering all claims for death or injury to any one person and/or property damage in any single occurrence. Such insurance shall contain a Severability of Interest Endorsement or equivalent coverage which would preclude the insurer from denying the claim of an Owner because of the negligent acts of the Association or another Owner or Occupant. Such insurance shall also include protection against water damage liability, liability for non-owned and hired automobiles, and liability for the property of others. Such insurance must provide that, despite any provisions giving the carrier the right to elect to restore damage in lieu of a cash settlement, such option shall not be exercisable without the approval of the Association. The Board shall adjust the amount of the insurance carried under this Section from time to time.

10.4 Workmen's Compensation Insurance. The Board shall purchase and maintain in effect workmen's compensation insurance for all employees of the Association to the extent that such insurance is required by law.

10.5 Fidelity Insurance. The Board shall obtain fidelity coverage against dishonest acts on the part of directors, officers, employees or volunteers who handle or who are responsible for handling the funds of the Association. Such fidelity bonds shall name the Association as obligee and shall be written in an amount equal to one hundred fifty (150%) percent of the estimated current annual Common Expenses of the Association, including reserves, and shall contain waivers of any defense based on the exclusion of persons who serve without compensation from any definition of "employee" or similar expression.

10.6 Premiums. Premiums upon insurance policies purchased by the Board on behalf of the Association shall be paid by the Association as part of the Common Expenses.

10.7 Policy Provisions.

- (a) Any insurer that has issued an insurance policy to the Association under this Article shall also issue a certificate of memoranda of insurance to the Association and, upon request, to any Owner or Lender.
- (b) The named insured under any policy of insurance shall be the Association, as

trustee for the Owners, or its authorized representative, including any trustee with which the Association may enter into any Insurance Trust Agreement, or any successor trustee, each of which shall be referred to as the "Insurance Trustee" who shall have exclusive authority to negotiate losses under the policies. The policy shall provide that each Owner shall be an insured person under the policy with respect to liability arising out of his or her interest in the Common Areas and Facilities or membership in the Association. Each Owner hereby appoints the Association, or any Insurance Trustee, as attorney-in-fact for the purpose of purchasing and maintaining insurance required by this Article, and adjustment of all losses related thereto, including: the collection and appropriate disposition of all insurance proceeds, the negotiation of all losses and execution of releases of liability, the execution of all documents and the performance of all other acts necessary to administer such insurance. The Association shall receive, hold, or otherwise properly dispose of any proceeds of insurance in trust for the Owners and their Lenders, as their interests may appear. This power-of-attorney is coupled with an interest, shall be irrevocable, and shall be binding on any heirs, personal representatives, successors or assigns of an Owner.

- (c) The Association's insurance shall contain the "Special Condominium Endorsement" or its equivalent. Insurance coverage obtained by the Association shall be primary insurance and may not be brought into contribution with insurance purchased by the Owners.
- (d) Coverage must not be limited by (i) any act or neglect by Owners or Occupants which is not within control of the Association; or (ii) any failure of the Association to comply with any warranty or condition regarding any portion of

the Condominium over which the Association has no control.

- (e) Coverage may not be canceled or substantially modified (including cancellation for nonpayment of premiums) and the insurer may not refuse to renew the policy without at least thirty (30) days prior written notice to the Association and all Lenders, and to any Owner to whom a certificate has been issued.
- (f) All policies must contain a waiver of subrogation by the insurer as to any and all claims against the Association, Owners, Occupants and their respective agents and employees, and any defenses based on co-insurance or on invalidity arising from acts of the insured.

10.8 Supplemental Insurance. The Board may obtain such other policies of insurance in the name of the Association as the Board deems appropriate to protect the Association and Owners. The Board shall obtain director's and officer's liability insurance for officers and directors of the Association in accordance with the Articles. Notwithstanding any other provisions herein, the Association shall continuously maintain in effect such casualty, flood, and liability insurance and a fidelity bond meeting the insurance and fidelity bond requirements for condominium projects established by Federal National Mortgage Association and Government National Mortgage Association, so long as either is a mortgagee or Owner of a Unit, except to the extent such coverage is not available or has been waived in writing by Federal National Mortgage Association or Government National Mortgage Association.

10.9 Annual Insurance Report. Not later than sixty (60) days prior to the beginning of each fiscal year, the Board may obtain a written report by a reputable independent insurance broker or consultant setting forth the existing insurance obtained pursuant to this Article and stating whether, in the opinion of such broker or consultant, the insurance complies with the requirements of this Article and the Act. Such report may also set forth recommendations regarding current policy provisions and for additional insurance reasonably required for the protection of the Owners and Lenders in light of the insurance then available and the prevailing practice with respect to other similar Condominium projects. The Board shall be fully protected in relying on the written report furnished pursuant to this Section provided reasonable care and prudence were exercised in selecting such independent insurance broker or consultant.

10.10 Insurance Obtained by Owners. Notwithstanding the above, and pursuant to Section 57-8-29 of the Act, an Owner or Occupant shall be permitted to insure his own Unit for his own benefit.

**ARTICLE 11. DESTRUCTION OF IMPROVEMENTS**

11.1 Automatic Reconstruction. In the event of partial or total destruction of a building or buildings or any portion of the Common Areas and Facilities within the Condominium, the Board shall promptly take the following action:

- (a) The Board shall ascertain the cost of reconstruction by obtaining fixed price bids from at least two (2) reputable contractors, including the obligation to obtain performance and lien payment bonds.
- (b) The Board shall determine the amount of insurance proceeds, if any, by contacting the appropriate representative of the insurer carrying the policy covering the Condominium.
- (c) Pursuant to Section 57-8-30 of the Act, if the insurance proceeds are sufficient to reconstruct the building, said proceeds shall be applied to such reconstruction.
- (d) If the Board determines: (i) the insurance proceeds will cover eighty-five (85%) percent or more, but not all, of the estimated cost of reconstruction, or (ii) that available insurance proceeds together with available reserves and/or a special Assessment equal to twenty-five (25%) percent or less of the then aggregate annual regular Assessments for all Units will completely cover the estimated cost of reconstruction, then the Board shall cause notice to be sent to all Owners and to all Lenders encumbering Units within the Condominium setting forth such findings and informing said Owners and Lenders that the Board intends to commence reconstruction pursuant to this Declaration. In the event that Owners representing at least twenty (20%)

percent of the Allocated Interests in the votes of the Association object in writing to such reconstruction as indicated in such notice, the Board shall call a special meeting of the Owners pursuant to Section 11.2. In the event that the foregoing requirements are satisfied and the requisite number of Owners do not object in writing to such reconstruction, the Board shall cause reconstruction to take place as promptly as practicable thereafter. In connection with such reconstruction, the Board shall levy a uniform special Assessment against each Owner at such time and in such amount as the Board shall determine is necessary to cover the costs of reconstruction in excess of insurance proceeds and available reserves.

- (e) If the Board in good faith determines that none of the bids submitted under this Section reasonably reflects the anticipated reconstruction costs, the Board shall continue to attempt to obtain an additional bid which it determines reasonably reflects such costs. Such determination shall be made by the Board as soon as possible. However, if such determination cannot be

made within ninety (90) days after the date of such destruction because of the unavailability or unacceptableness of an insurance estimate or reconstruction bid, or otherwise, the Board shall immediately call a meeting of affected Owners and all Lenders pursuant to Section 11.2.

- (f) If the Board determines that any Unit has become uninhabitable by reason of its total or partial destruction, Assessments may abate against the Owner thereof until the Board determines that habitability has been restored. However, if the Board determines that such abatement would adversely and substantially affect the management, maintenance and operation of the Condominium, it may elect to disallow such abatement.

11.2 Reconstruction by Vote. If reconstruction is not to take place pursuant to 11.1, as soon as practicable after the same has been determined the Board shall call a special meeting of the Owners by mailing a notice of such meeting to each such Owner. Such meeting shall be held not less than ten (10) days and not more than sixty (60) days after the date of such notice. Unless the Owners, by a vote at such meeting or by the written consent of not less than eighty (80%) percent of the Allocated Interests in the votes of the Association (including every Owner of a Unit or an allocated Limited Common Area and Facility which will not be rebuilt) determine not to proceed with such reconstruction, reconstruction must take place and the Board shall levy a uniform special Assessment against each Owner at such time and in such amount as the Board shall determine is necessary to cover the costs of reconstruction in excess of insurance proceeds and available reserves.

11.3 Procedure for Minor Reconstruction. If the cost of reconstruction is equal to or less than ten (10%) percent of the estimated fair market value of all of the Units in the Condominium, then the Board shall contract with a licensed contractor or contractors to rebuild or repair such damaged or destroyed portions of the Condominium in conformance with the original plans and specifications, or if the Board determines that adherence to such original plans and specification is impracticable or is not in conformance with applicable laws, ordinances, building codes, or other governmental rules or regulations then in effect, then such repairs or rebuilding shall be of a kind and quality substantially equivalent to the original reconstruction of such improvements.

11.4 Procedure for Major Reconstruction. If the cost of reconstruction is greater than ten (10%) of the estimated fair market value of all of the Units in the Condominium, all insurance proceeds, together with such amounts from available reserves or special Assessments as are needed to complete the cost of reconstruction, shall be paid directly to a bank or savings and loan association located in Salt Lake County, Utah, whose accounts are insured by the Federal Deposit Insurance Corporation, or the successor to such agency, as designated by the Board, as trustee (hereinafter called the "Insurance Trustee") for all Owners and Lenders. Such proceeds shall be received, held and administered by the Insurance Trustee subject to the provisions of an insurance trust agreement which shall be consistent with the provisions of this Declaration and which shall be entered into between the Insurance Trustee and the Board. Disbursement of such funds shall be made only upon the signatures of two members of the Board and upon the terms and conditions provided in this Section. As soon as practicable after notification of the receipt of insurance proceeds by the Insurance Trustee, the Board shall enter into a contract with a licensed contractor or contractors for the repair or rebuilding

of all of the damaged or destroyed Units and Common Areas and Facilities according to the original plans and specifications of said improvements, or, if the Board determines that adherence to such original plans and specifications is impracticable or not in conformity with applicable statutes, ordinances, building codes, or other governmental rules and regulations then in effect, then of a quality and kind substantially equivalent to the original construction of such improvements. The contract with such licensed contractor or contractors shall provide for payment to the contractor or contractors of a specified sum for performance and execution of the work therein described, and shall have provisions for periodic disbursement of funds by the Insurance Trustee, which shall be consistent with procedures then followed by prudent lending institutions doing business in Salt Lake County, Utah. Such periodic disbursements of funds shall be for specific dollar amounts and shall not be paid until the contractor who is engaged by the Board shall also furnish to the Board before the commencement of construction a full performance and lien payment bond written by a good and responsible corporate surety. Disbursements to the contractor shall be made subject to the prior presentation of an architect's certificate or other documentation containing such provisions as may be appropriate in the circumstances and deemed suitable by the Board. The Board may employ a licensed architect to supervise the repair and rebuilding to insure that all work, services and supplies are in conformity with the construction contract.

11.5 Determination Not to Reconstruct Without Termination. If Owners of not less than seventy-five (75%) of the Allocated Interests in the votes of the Association (including every Owner of a Unit or an allocated Limited Common Area and Facility which will not be rebuilt after a casualty) vote not to rebuild and the entire Condominium is not repaired or replaced, and the Condominium is not terminated in accordance with the Act, the insurance proceeds shall be distributed as provided by the Act and the Allocated Interests are automatically reallocated as provided by the Act. In such event the Association shall promptly prepare, execute, and record an amendment to the Declaration reflecting the reallocations.

11.6 Negotiations with Insurer. The Association shall have full authority to negotiate in good faith with representatives of the insurer of any totally or partially destroyed building or any other portion of the Common Areas and Facilities, and to make settlements with the insurer for less than full insurance coverage on the damage to such building or any other portion of the Common Areas and Facilities. Any settlement made by the Association in good faith shall be binding upon all Owners and Lenders.

11.7 Repair of Units. Installation of improvements to, and repair of any damage to, the interior of a Unit shall be made by

and at the individual expense of the Owner of that Unit and, in the event of a determination to reconstruct after partial or total destruction, shall be completed as promptly as practicable and in a lawful and workmanlike manner.

11.8 Priority. Nothing contained in this Article shall entitle an Owner to priority over any Lender under a lien encumbering his Unit as to any portion of insurance proceeds allocated to such Unit.

## **ARTICLE 12. EMINENT DOMAIN**

12.1 Total Taking of a Unit. If a Unit is taken by eminent domain, or sold under threat thereof, or if part of a Unit is taken by eminent domain, or sold under threat thereof, leaving the Owner with a remnant which may not be practically or lawfully used for any purpose permitted by this Declaration, the award must compensate the Owner for his Unit and Allocated Interest in the Common Areas and Facilities, regardless of whether any Common Areas and Facilities are taken. Upon such a taking, unless the decree otherwise provides, that Unit's Allocated Interest in the Common Areas and Facilities shall automatically be reallocated to the remaining Units in proportion to their respective interests immediately before the taking. Upon such a taking, the Association shall prepare, execute, and record an amendment to the Declaration in compliance with the Act. Any remnant of a Unit remaining after part of a Unit is taken becomes a Common Area and Facility.

12.2 Partial Taking of a Unit. Except as provided in Section 12.1, if part of a Unit is taken by eminent domain, or sold under threat thereof, so that such Unit may still be practically and lawfully used under this Declaration, the award must compensate the Owner for the reduction in the value of his Unit and Allocated Interest in the Common Areas and Facilities, regardless of whether any Common Areas and Facilities are taken. Upon such a taking, unless the decree otherwise provides, that Unit's Allocated Interest in the Common Areas and Facilities shall remain the same, but if the decree provides for a reduction of the Allocated Interest for such Unit, the reduced amount shall automatically be reallocated to that Unit and the remaining Units in proportion to their respective Allocated Interests immediately before the taking, with the partially acquired Unit participating in the reallocation on the basis of its reduced Allocated Interest.

12.3 Taking of a Limited Common Area and Facility. If the portion of the Condominium taken by eminent domain, or sold under threat thereof, is comprised of or includes any Limited Common Area and Facility or portion thereof, the portion of the award attributable to the Limited Common Area and Facility so taken



shall be divided among the Owners of the Units to which such Limited Common Area and Facility was allocated at the time of the acquisition.

12.4 Taking of the Common Areas and Facilities. If the portion of the Condominium taken by eminent domain, or sold under threat thereof, shall not be comprised of, or include, any Unit or Limited Common Area and Facility, the Board shall, as soon as practicable, cause the award to be utilized for the purpose of repairing or restoring the portion of the Condominium so taken, and the portion of the award not used for restoration shall be divided among the Owners in proportion to their Allocated Interest in the Common Areas and Facilities before the taking.

12.5 Taking of Entire Condominium. In the event the Condominium in its entirety is taken by eminent domain, or sold under threat thereof, the Condominium is terminated and the provisions of the Act apply.

12.6 Priority and Power of Attorney. Nothing contained in this Article shall entitle an Owner to priority over any Lender under a lien encumbering his Unit as to any portion of any condemnation award allocated to such Unit. Each Owner hereby appoints the Association as attorney-in-fact for the purpose of negotiations and settlement with the condemning authority for the acquisition of the Common Areas and Facilities, or any part thereof. In the event the taking involves all or part of any Unit or the Common Areas and Facilities or Limited Common Areas and Facilities, the award or proceeds shall be payable to the Association for the use and benefits of the Owners and their Lenders as their interests may appear. This power-of-attorney is coupled with an interest, shall be irrevocable, and shall be binding on any heirs, personal representatives, successors or assigns of an Owner.

#### **ARTICLE 13. RIGHTS OF LENDERS**

13.1 Notices of Lenders. A Lender shall not be entitled to receive any notice which this Declaration requires the Association to deliver to Lenders for notice, approval or consent regarding a proposed action or otherwise, unless and until such Lender, or its mortgage servicing contractor, has delivered to the Association a written notice stating that such Lender is the holder of a loan encumbering a Unit within the Condominium and setting forth the information described in Section 13.6. Notwithstanding the foregoing, if any right of a Lender under this Declaration is conditioned on a specific written request to the Association, in addition to having delivered the notice provided in this Section, a Lender must also make such request in writing delivered to the Association. Except as provided in this Section, a Lender's rights pursuant to this Declaration,

including, without limitation, the priority of any mortgage lien over the lien of Assessments levied by the Association hereunder shall not be affected by the failure to deliver a notice or request to the Association.

13.2 Priority of Lenders. No breach of the Restrictions herein contained, nor the enforcement of any lien provision herein, shall affect, impair, defeat or render invalid the lien or charge of any Lender made in good faith and for value encumbering any Unit, but all of said Restrictions shall be binding upon and effective against any Owner whose title to a Unit is derived through foreclosure or trustee's sale, or otherwise.

13.3 Relationship With Assessment Liens.

- (a) The lien provided for in Article 6 for the payment of Assessments shall be subordinate to the lien of any Lender which was recorded prior to the date any such Assessment becomes due.
- (b) If any Unit which is subject to a monetary lien created by this Declaration is also subject to the lien of a Lender, then (i) the foreclosure of any lien created by this Declaration shall not operate to affect or impair the lien of such Lender; and (ii) the foreclosure of the lien of a Lender or the sale under a power of sale included in a mortgage or deed of trust shall not operate to affect or impair the lien hereof, except that any Person who obtains an interest thereafter shall take title free of any lien created by this Declaration for any Assessments which became due after the recordation of the mortgage or deed of trust, or any personal obligation for such charges, but such Person shall remain subject to the lien hereof for all charges that shall accrue subsequent to such foreclosure.
- (c) Without limiting the provisions of subsection (b) of this Section, any Lender who obtains title to a Unit by a reason of foreclosure, or deed or assignment in lieu of foreclosure, or any Person who obtains title at a

private or judicial foreclosure sale, shall take title to such Unit free of any lien or claim for unpaid Assessments against such Unit which accrued prior to the time such Lender or purchaser takes title to such Unit, except for liens or claims for a share of such Assessments resulting from a pro rata reallocation of such Assessments to all Units within the Condominium.

- (d) Nothing in this Section shall be construed as releasing any Person from his personal obligation to pay for any Assessments levied pursuant to this Declaration during the period such Person is an Owner.

13.4 Required Lender Approval. Except upon the prior written approval of seventy-five percent (75%) of all Lenders which have provided notice to the Association as described in Section 13.1 and Section 13.6 based on one vote for each Unit encumbered by a loan, neither the Association nor the Board shall be entitled by action or inaction to do any of the following:

- (a) Abandon or terminate by any act or omission the legal status of the Condominium, except for abandonment or termination provided by the Act and/or this Declaration in the case of substantial destruction by fire or other casualty or in the case of a taking by eminent domain; or
- (b) Except as specifically provided by this Declaration, amend any provisions governing the following:
  - (i) voting rights;
  - (ii) increases in Assessments that raise the previously assessed amount by more than twenty-five (25%) percent, Assessment liens, or the priority of Assessment liens;
  - (iii) reductions in reserves for maintenance, repair and replacement of Common Areas and Facilities;

- (iv) responsibility for maintenance and repairs;
- (v) reallocation of interests in the Common Areas and Facilities or Limited Common Area and Facilities, or rights to their use;
- (vi) redefinition of any Unit boundaries;
- (vii) convertibility of Units into Common Areas and Facilities or vice versa;
- (viii) expansion or contraction of the Condominium, or the addition, annexation or withdrawal of property to or from the Condominium;
- (ix) hazard or fidelity insurance requirements;
- (x) imposition of any restrictions on the leasing of Units;
- (xi) imposition of any restrictions on an Owner's right to sell or transfer his or her Unit;
- (xii) restoration or repair of the Condominium (after damage or partial condemnation) in a manner other than that specified in the Declaration, Articles of Incorporation or ByLaws; or
- (xiii) any provision that expressly benefits Lenders (including their insurers or guarantors).

Any Lender who receives, by certified or registered mail, a written request, with a return receipt requested, to approve a change and who does not return a negative response within thirty (30) days shall be deemed to have approved such request.

13.5 Other Right of Lenders. Any Lender (and such Lender's insurer or guarantor) shall, upon written request to the Association, be entitled:

- (a) To inspect current copies of this Declaration (and any amendments), the Association's Articles, ByLaws, Association Rules, and other books and records of the Association during normal business hours; and
- (b) To receive an audited annual financial statement of the Association within ninety (90) days following the end the Association's fiscal year.

13.6 Notices of Action. Upon written request to the Association identifying the name and address of the Lender (and the name and address of the Lender's insurer or guarantor, if desired) and the Unit Number or address, any such Lender (or any such insurer or guarantor) will be entitled to timely written notice of:

- (a) Any condemnation of casualty loss which affects a material portion of the Condominium or any Unit on which there is a first lien held by such Lender;
- (b) Any delinquency in the payment of Assessment or charges owed by an Owner of a Unit subject to the lien of a Lender, which remains uncured for a period of sixty (60) days;
- (c) Any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association; and
- (d) Any proposed action by the Owners of the Association which would amount to a material change in the Declaration as identified in Section 13.4 hereof.

**ARTICLE 14. LIMITATIONS UPON PARTITION AND SEVERANCE**

14.1 No Partition. The right to partition the Condominium is hereby suspended, except that the right to partition shall revive and the Condominium may be sold as whole when the conditions for such action set forth in Article 11 dealing with Destruction of Improvements, and Article 12 dealing with Eminent Domain have been met; provided, however, nothing contained in this Section shall be construed as limiting partition by joint Owners, upon the prior written approval of an applicable Lender,

of one or more Units as to individual ownership of such Units provided the Condominium is not terminated.

14.2 No Severance. The elements of a Unit and other rights appurtenant to the ownership of a Unit, including interest in Common Areas and Facilities and Limited Common Areas and Facilities, if any, are inseparable, and each Owner agrees that he shall not, while this Declaration is in effect, make any conveyance of less than an entire Unit and such appurtenances. Any conveyance made in contravention of this Section, including under any conveyance, encumbrance, judicial sale or other transfer (whether voluntary or involuntary) shall be void.

14.3 Proceeds of Partition Sale. If an action is brought for the partition of the Condominium by sale, whether upon the occurrence of an event of destruction and a decision not to reconstruct or the taking of all or a portion of the Condominium by eminent domain, Owners shall share in the proceeds of such sale in the same proportion as their Allocated Interest in the Common Areas and Facilities (or as otherwise provided by the Act), but in such event, the liens and provisions of all Lenders or Assessment liens encumbering Units within the Condominium so encumbered shall extend to each applicable Owner's interest in the proceeds of such partition and sale. The interest of an Owner in such proceeds shall not be distributed to such Owner except upon the prior payment in full of any Assessment lien or lien of a Lender encumbering such proceeds.

14.4 Limitation on Number of Units Owned. No person (as person is defined in Paragraph 1.19 of this Declaration) shall be permitted to own, whether solely in such person's name or jointly with any other person, more than three (3) units within the complex.

#### **ARTICLE 15. GENERAL PROVISIONS**

15.1 Enforcement. The Association or any Owner shall have the right to enforce, by proceedings at law or in equity, all Restrictions and other provisions now or hereafter imposed by this Declaration, or any amendments thereto, including the right to prevent the violation of any such Restrictions, and the right to recover damages and other sums for such violation. The Association or any Owner shall also have the right to enforce by proceedings at law or in equity the provisions of the ByLaws and Association Rules and any respective amendments thereto.

15.2 No Waiver. Failure by the Association or by any Owner to enforce any Restriction or provision herein contained, or contained in the ByLaws or Association Rules, in any certain instance or on any particular occasion shall not be deemed a waiver of such right of enforcement as to any such future breach

of the same or any other Restriction or provision.

15.3 Cumulative Remedies. All rights, options and remedies of Declarant, the Association, the Owners or the Lenders under this Declaration are cumulative, and no one of them shall be exclusive of any other, and Declarant, the Association, the Owners and the Lenders shall have the right to pursue any one or all of such rights, options and remedies or any other remedy or relief which may be provided by law, whether or not stated in this Declaration.

15.4 Severability. Invalidation of any one or a portion of the Restrictions or provisions set forth in this Declaration or in the ByLaws or Association Rules by judgment or court order shall in no way affect any other Restrictions or provisions contained herein or therein which shall remain in full force and effect.

15.5 Covenants to Run with the Land: Term. The Restrictions and other provisions of this Declaration shall run with and bind the Condominium as equitable servitudes and also as covenants running with the land and shall inure to the benefit of and be enforceable by the Association or any Owner, their respective legal representatives, heirs, successors and assigns, for a term of forty(40)years from the date this Declaration is recorded, after which time the Restrictions and other provisions shall be automatically extended for successive periods of ten (10) years, unless an instrument, signed and acknowledged by Owners of not less than seventy-five percent (75%) of the Allocated Interests in the votes of the Association and their Lenders, has been recorded prior to the end of any such period agreeing to change or revoke the Restrictions and other provisions of this Declaration in whole or in part.

15.6 Allocation Upon Termination. Unless provided otherwise herein, upon any liquidation or termination of all or part of the Condominium, the Association shall represent the Owners in any proceedings, negotiations, settlements or agreements related thereto. Each Owner hereby appoints the Association as attorney-in-fact for such purpose, including the allocation of any losses, awards or proceeds resulting from such termination or liquidation. Any proceeds generated by such a termination or liquidation shall be made payable to the Association, who will hold such proceeds for the benefit of the Owners and their Lenders. Owners shall share in the proceeds of such termination or liquidation in the same proportion as their Allocated Interest in the Common Areas and Facilities (or as otherwise provided by the Act), but in such event, the liens and provisions of all Lenders or Assessment liens encumbering Units within the Condominium so encumbered shall extend to each applicable Owner's interest in such proceeds. The interest of an Owner in such proceeds shall not be distributed to such Owner

except upon the prior payment in full of any Assessment lien or lien of a Lender encumbering such proceeds.

15.7 Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a plan for the development of a residential condominium community and for the maintenance of the Condominium. The Article and Section headings have been inserted for convenience only, and shall not be considered or referred to in resolving questions of interpretation or construction.

15.8 Gender and Number. Whenever the context of this Declaration requires, the singular shall include the plural, and vice versa, and the masculine shall include the feminine and the neuter, and vice versa.

15.9 Nuisance. The result of every act or omission whereby any provision or Restriction contained in this Declaration or any provision contained in the ByLaws or Association Rules is

violated in whole or in part is hereby declared to be and shall constitute a nuisance, and every remedy allowed at law or in equity against a nuisance, either public or private, shall be applicable with respect to the abatement thereof and may be exercised by the Association or any Owner. Such remedy shall be deemed cumulative to all other remedies set forth in this Declaration and shall not be deemed exclusive.

15.10 Attorneys' Fees. In the event any action is instituted to enforce any of the provisions contained in this Declaration, the ByLaws or Association Rules, the party prevailing in such action shall be entitled to recover from the other party thereto as part of the judgment reasonable attorneys' fees and costs of suit.

15.11 Notices. Any notice to be given to an Owner, a Lender or the Association under the provisions of this Declaration shall be in writing and shall be delivered as follows:

- (a) Notice to an Owner shall be delivered personally or placed in the first class United States mail, postage prepaid, to the most recent address furnished by such Owner in writing to the Association for the purpose of giving notice, or if no such address shall have been furnished, then to the street addressed of such Owner's Unit. Any notice so deposited in the mail shall be deemed delivered seventy-two (72) hours after such deposit. In the case of co-Owners,



any such notice may be delivered or sent to any one of the co-Owners on behalf of all co-Owners and shall be deemed delivered to all such co-Owners.

- (b) Notice to a Lender shall be delivered by first class United States mail, postage prepaid, to the most recent address furnished by such Lender in writing to the Association for the purpose of notice or, if no such address shall have been furnished, to any office of the Lender in Salt Lake County, Utah, or if no such office is located in Salt Lake County, to any office of such Lender. Any notice so deposited in the mail shall be deemed delivered seventy-two (72) hours after such deposit.
- (c) The declaration of an officer of authorized agent of the Association declaring under penalty of perjury that a notice has been mailed to any Owner or Owners, or to any Lender or Lenders, to the address or addresses for the giving of notice pursuant to this Section, shall be deemed conclusive proof of such mailing.
- (d) Notice to the Association shall be delivered by registered or certified United States mail, postage prepaid, addressed to the office of the statutory agent of the Association.

Any notice so deposited in the mail shall be deemed delivered upon the date of receipt.

15.12 Effect of Declaration. This Declaration is made for the purposes set forth in the recitals in this Declaration, and Declarant makes no warranties or representations, express or implied, as to the binding effect or enforceability of all or any portion of this Declaration, or as to the compliance of any of these provisions with public laws, ordinances, regulations and the like applicable thereto. Declarant shall have no liability whatsoever if any of the provisions of this Declaration, the ByLaws or Association Rules are determined to be unenforceable in whole or in part or under certain circumstances.

15.13 Personal Covenant. To the extent the acceptance of a conveyance of a Unit creates a personal covenant between the

Owner of such Unit and Declarant, other Owners or the Association, such personal covenant shall terminate and be of no further force or effect from and after the date when a Person ceases to be an owner except to the extent this Declaration provides for personal liability with respect to the Assessments incurred during the period a person is an Owner.

15.14 Nonliability of Officials. To the fullest extent permitted by law, neither the Board nor any officer of the Association shall be liable to any Owner or the Association for any damage, loss or prejudice suffered or claimed on account of any decision, approval or disapproval, course of action, act, omission, error or negligence if such Board member or officer acted in good faith within the scope of his or her duties.

15.15 Use of funds Collected by the Association. All funds collected by the Association, including Assessments and contributions to the Association paid by Owners, if any, shall be held by the Association in a fiduciary capacity to be expended in their entirety for non-profit purposes of the Association in managing, maintaining, caring for and preserving the Common Areas and Facilities and for other permitted purposes as set forth in this Declaration. No part of said funds shall inure to the benefit of any Owner (other than as a result of the Association managing, maintaining, caring for and preserving the Common Areas and Facilities and other than as a result of expenditures made for other permitted purposes as set forth in this Declaration).

15.16 Notification of Sale and Transfer Fee. Concurrently with the consummation of the sale or other transfer of any Unit, or within fourteen (14) days after the date of such transfer, the transferee shall notify the Association in writing of such transfer and shall accompany such written notice with any nonrefundable transfer fee payable pursuant to the Association Rules, to cover Association documentation and processing. The Board may establish a transfer fee, from time to time, which shall be no more than the amount of the then current regular monthly assessment. The written notice shall set forth the name of the transferee and his transferor, the street address of the Unit purchased or acquired by the transferee, the transferee's mailing address, the date of the sale or transfer and the name and address of the transferee's Lender, if any. Prior to the receipt of such written notice, all notices required or permitted to be given by the Association to the Owner shall be deemed to be duly made or given to the transferee if duly and timely made and given to the transferee's predecessor in interest. The transfer fee shall be the personal obligation of the new Owner and shall be secured by the lien in Section 6.1 hereof. Notwithstanding the other provisions hereof, this Section shall not apply to a Lender who becomes an Owner by a foreclosure proceeding or any deed or assignment in lieu of foreclosure.

15.17 Owner Liability and Indemnification. Each Owner shall be liable to the remaining Owners and to the Association for any damage to the Common Areas and Facilities that may be sustained by reason of the negligence of that Owner or such Owner's family members, tenants, guests or invitees, but only to the extent that any such damage is not covered by casualty insurance in favor of the Association. Each Owner, by acceptance of a deed for a Unit, agrees personally and for family members, tenants, guests and invitees to indemnify each and every other Owner, and to hold such other Owners harmless from, and to defend such Owners against, any claim of any person for personal injury or property damage occurring within the Unit of that particular Owner, including any Limited Common Areas and Facilities, if any, except to the extent (a) that such injury or damage is covered by liability insurance in favor of the Association or any other Owner, or (b) the injury or damage occurred by reason of the willful or negligent act or omission of the Association or other Owner or other person temporarily visiting such Unit.

15.18 Conflicting Provisions. In the case of any conflict between this Declaration and the ByLaws, or Association Rules, this Declaration shall control. In the case of any conflict between this Declaration and the Act, to the extent the Act does not legally allow the Declaration to contain provisions contrary to the Act, the Act shall control and this Declaration shall be deemed modified accordingly. Notwithstanding the above, this Declaration shall be deemed modified and amended only to the extent necessary to come into compliance with the Act.

#### **ARTICLE 16. AMENDMENTS**

16.1 Amendments by Declarant Prior to First Sale. Except as provided elsewhere in this Declaration, prior to the conveyance of the first Unit to an Owner other than a Declarant, this Declaration and any amendments thereto may be amended or revoked by the execution by Declarant of an instrument amending or revoking the same.

16.2 Amendments by Declarant After First Sale. Except as provided elsewhere in this Declaration, Declarant (without obtaining the approval of Owners, the Association, or existing Lenders) may unilaterally amend or modify this Declaration in the exercise of its rights set forth in this Declaration. Also, notwithstanding anything herein to the contrary, Declarant shall have the unilateral right (without obtaining the approval of the Owners, the Association or existing Lenders) to amend this Declaration until the Turnover Date (as defined in Section 5.3 of the Declaration), if such amendment is required solely: (i) to comply with applicable law or to correct any error or inconsistency of the Declaration and if such amendment does not adversely affect the rights of any Owner or Lender, or (ii) to

comply with the rules or guidelines, in effect from time to time, of any governmental or quasi-governmental entity or federal corporation guaranteeing or insuring mortgage loans or governing transactions involving mortgage instruments (including, without limitation, the Veterans Administration, Federal Housing Administration, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, or any similar agency). If such amendment bears recitation that it is recorded based on such technical error or the requirements of any of the foregoing agencies, such amendment shall not require approval of any Owners or Lenders.

16.3 General Amendment Requirements. Except as permitted by Article 3, Section 16.1, Section 16.2, or as otherwise permitted or required by the Act, this Declaration may be amended only by vote or agreement of Owners of Units to which at least sixty-seven (67%) of the votes in the Association are allocated. Prior to the Turnover Date, this Declaration shall not be amended without Declarant's prior written consent.

16.4 Protection of Declarant Rights. An amendment shall not terminate or decrease any unexpired Development Right, Special Declarant Right, or period of Declarant control unless the Declarant approves or consents in writing.

16.5 Execution of Amendments. An amendment or revocation which only requires the execution of an instrument by Declarant as hereinabove provided shall be effective when executed by Declarant and when recorded in the office of the County Recorder of Salt Lake County, Utah. An amendment which requires the affirmative written assent or vote of the Owners as hereinabove provided shall be effective when executed by the President and Secretary of the Association who shall certify that the amendment has been so approved and the Declarant if the Declarant's consent is also required, and when the amendment has been recorded in the office of the County Recorder of Salt Lake County, Utah.

16.6 Lender Approval. Subject to the foregoing, any provision of this Declaration which expressly requires the approval of a specified percentage of the Lenders for action to be taken under said provision can only be amended with the affirmative written assent or vote of not less than the same percentage of the Lenders; provided that in the event approval is requested in writing from a Lender with respect to a proposed amendment and a negative response is not returned within thirty (30) days following the Lender's receipt of the request, by certified or registered mail, with a return receipt requested, the Lender shall be deemed to have approved the proposed amendment.

IN WITNESS WHEREOF, Declarant has executed this Declaration as of this 23 day of Feb, 2006.

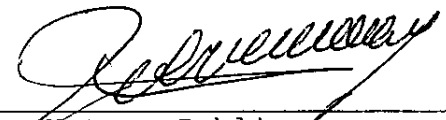
DECLARANT

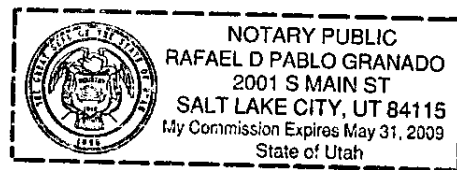
RAY A. PATTERSON

  
Ray A. Patterson

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

In this 23 day of Feb, 2006, before me personally appeared Ray A. Patterson, who acknowledged himself to be the Declarant, executed the foregoing instrument for the purposes therein contained and in the capacity therein stated.

  
\_\_\_\_\_  
Notary Public  
Residing at Salt Lake County,  
State of Utah



**BY LAWS**  
**OF**  
**BLAIR STREET CONDOMINIUMS OWNERS' ASSOCIATION**

A Utah Non-Profit Corporation

The administration of BLAIR STREET CONDOMINIUMS Project and BLAIR STREET CONDOMINIUMS Owners' Association shall be governed by its Articles of Incorporation, these ByLaws, and the Condominium Ownership Act, Utah Code Annotated Sections 57-8-1 et seq., as amended (the "Act"), and by the Declaration and Declaration of Covenants, Conditions and Restrictions for the BLAIR STREET CONDOMINIUMS, a copy of which is attached hereto. The definition of terms set forth in Article 1 of the Declaration shall govern these ByLaws, except where expressly provided otherwise.

**ARTICLE 1**  
**ByLaws For the BLAIR STREET CONDOMINIUMS Owners' Association**

The BLAIR STREET CONDOMINIUMS Owners' Association (the "Association") is a nonprofit corporation organized under the provisions of the Utah Non-Profit Corporation and Cooperative Association Act, Section 16-6-18, et seq., Utah Code Annotated, as amended. The name in which contracts shall be entered into, title to property shall be acquired, held, dealt in, and disposed of, bank accounts shall be opened, and suits shall be brought and defended by the officers thereof on behalf of and as agents for the Unit Owners in the manner specified by the Act, the Declaration, or these ByLaws, is: "BLAIR STREET CONDOMINIUMS Owners' Association."

The initial office of the Association and Board of Directors provided hereunder shall be 2758 South Blair Street, Salt Lake City, Utah 84115.

**ARTICLE 2**  
**Unit Owners Bound by ByLaws**

All present and future Unit Owners, Mortgagees, lessees and occupants of Units and their employees, and any other persons who may use the facilities of the Property in any manner are subject to the terms of and shall abide by the Declaration, the Articles of Incorporation, these ByLaws, and all rules made pursuant hereto and any amendment thereof. The Acceptance of a deed of conveyance or the entering into of a lease or the act of occupancy of a Unit shall

constitute an agreement that the provisions of the Declaration, the Articles of Incorporation, and these ByLaws (any rules and regulations made pursuant thereto), as they may be amended from time to time, are accepted, ratified, and will be complied with.

### ARTICLE 3

#### Unit Owners

**Section 3.01 Annual Meeting.** There shall be an annual meeting of the Unit Owners on the \_\_\_\_\_ (unless such day is a legal holiday, in which event the meeting shall be held on the next succeeding business day) at 2758 South Blair Street, Salt Lake City, Utah 84115, or at such other reasonable place or time (not more than sixty (60) days before or after such date) as may be designated by written notice by the Management Committee delivered to the Unit Owners not less than ten (10) days prior to the day fixed for said meeting. At such annual meeting of Unit Owners, the Unit Owners shall elect the appropriate number of member of the Management Committee prescribed in Article 4 and shall undertake such other business which the presiding officer may deem appropriate. At or prior to the annual meeting, the Management Committee shall furnish to the Unit Owners: (i) the annual operating budget for the coming fiscal year that shall itemize the estimated Common Area Maintenance and Service Assessments for the coming fiscal year with estimated Unit Owners' proportionate share thereof, and (ii) a statement of the Common Area Maintenance and Service Assessments itemizing receipts and disbursements for the previous and current fiscal year. Within ten (10) days after the annual meeting, the budget statement shall be delivered to the Unit Owners who were not present at the annual meeting.

**Section 3.02 Special Meetings** Special meetings of the Association may be held at any time at 2758 South Blair Street, Salt Lake City, Utah 84115 or at such other reasonable place, to consider matters which, by the terms of the Declaration or the Articles of Incorporation, require the approval of all or some of the Unit Owners, or for any other reasonable purpose. Special meetings shall be called by written notice, signed by a majority of the Management Committee, or by the Unit Owners representing at least one-third (1/3) ownership interest in the Project and delivered to all Unit Owners not less than fifteen (15) days prior to the date fixed for said meeting. The notices shall specify the date, time and place of the meeting and the matter to be considered.

**Section 3.03 Quorum** The presense in person or by proxy at any meeting of the Unit Owners holding at least fifty percent (50%) ownership interest in the Project in response to notice of all Unit Owners of record properly given, as provided above, shall constitute a quorum. In the event that Unit Owners holding at least fifty percent (50%) in ownership interest in the Project are not present in person or by proxy, the meeting shall be adjourned for twenty-four (24) hours, at which time it shall reconvene, and any number of the Unit Owners present at such subsequent meeting will constitute a quorum. Unless otherwise provided in the Declaration or the Articles of Incorporation, any action may be taken at any meeting of the Unit Owners upon a majority vote of the Unit Owners who are present in person or by proxy and who are voting.

**Section 3.04 Proxies** At all meetings of Unit Owners, a Unit Owner may vote by proxy executed in writing by the Unit Owner or by his duly authorized attorney in fact. Such proxy shall be filed with the Secretary of the Association before or at the time of the meeting.

**Section 3.05 Voting** The members of the Association shall be fee owners of the Units. The Management Committee shall maintain a list of owners which shall be updated on a regular basis. Disputes over the membership list shall be resolved by reference to the Official Records of the Salt Lake County Recorder's Office. At any meeting of the Association of Unit Owners, each Unit Owner, either in person or by proxy, shall be entitled to a percentage vote based upon an Owner's Allocated Interest in the Unit owned as set forth in Article 3.6 of the Declaration. If there is more than one Unit Owner with respect to a particular Unit, any or all of such Unit Owners may attend any meeting of the Association, but it is necessary for all such Unit Owners present to act unanimously in order to cast the percentage vote pertaining to their Unit. All votes may be cast either in person or by proxy.

## ARTICLE 4

### **Management Committee**

**Section 4.01 General Powers and Responsibilities** The management and maintenance of the Property and the business, property, and affairs of the Association shall be managed by a Management Committee consisting of not less than three (3) nor more than nine (9) committee members as the number may be established from time to time by resolution of the members, who must be Unit Owners or a spouse of a Unit Owner. The initial Management Committee shall consist of three (3) committee members, each of whom shall be employees, agents or officers of the Declarant but none of whom are required to be Unit Owners, and who shall serve only until their successors are duly elected and qualified at the first annual meeting. Each member of the Management Committee shall serve for a term of two (2) years from the date elected and qualify; except that at the first annual meeting two (2) of the Management Committee shall be elected for an initial term of one (1) year and one (1) shall be elected for a regular term of two (2) years. The Management Committee members shall thereafter be elected by the Unit Owners at the annual meeting of Unit Owners as provided in Section 3.01 hereof, but if any annual meeting is not held, or the appropriate number of Management Committee members are not elected thereat, the Management Committee members may be elected at any special meeting of Unit Owners held for that purpose.

The Management Committee shall have all the powers, duties, and responsibilities as are or may hereafter be provided by the Act, the Declaration, the Articles of Incorporation, and these ByLaws, including, but not limited to, the following:

a. To adopt and amend from time to time by affirmative vote of 2/3 of the members of the Management Committee appropriate rules and regulations of the Association covering the use, maintenance and operation of the Common Areas and Facilities including the



right to grant, permits, licenses and easements on, over, under, through and across the Common Areas and Facilities for any reasonable purpose, and to make such other rules as permitted by the Declaration including, without limitation, provision and restrictions upon pets, charges and interest to be collected on delinquent assessment accounts and to enforce such rules by action authorized by the Declaration, these ByLaws, and Utah law.

b. To engage the services of a manager or manager company, accountants, attorneys, or other employees or agents and to pay to said persons a reasonable compensation therefor.

c. To operate, maintain, repair, improve and replace the Common Areas and Facilities, to determine and pay the common expenses, to prepare an annual operating budget, and to assess and collect the proportionate share of common expenses from the Unit Owners.

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

e. To open bank accounts on behalf of the Association, and to designate the signatures therefor.

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

g. To borrow funds and enter into promissory notes and to approve and sign checks and issue payment vouchers.

h. To obtain insurance for the Project with respect to the Units and the Common Areas and Facilities and for the Association, as required by the Declaration and these ByLaws, and such other insurance deemed proper.

i. To do all other acts incident to the discharge of the duties imposed on the Management Committee under the Declaration, the ByLaws and the Act and necessary for the operation and maintenance of the Property, including the maintenance and repair of any Unit if the same is necessary to protect or preserve the Property; provided, however, that the Management Committee shall operate no other business for profit.

j. In general to do and perform such act and things and to transact such business in connection with the foregoing objects and purposes as may be necessary and to do any and all things which a natural person could do or which now or hereafter may be authorized by law.

**Section 4.02 Management Agreement** The Management Committee may delegate to a manager or managing company all of its foregoing powers, duties, and responsibilities referred to in Paragraph 4.01 above except: the final determination of common expenses, annual operating budgets and assessments based thereon, the promulgation of rules and regulations of the

Association, the opening of bank accounts or the power to purchase hold, seal, convey, mortgage or lease any Units in the name of the Association.

**Section 4.03 No Liability** Members of the Management Committee, the officers and any assistant officers, agents, and employees of the Association (i) shall not be liable to the Unit Owners as a result of their activities as such for any mistake of judgment, negligence or otherwise, except for their own willful misconduct or gross negligence; (ii) shall have no personal liability in contract to a Unit Owner or any other person or entity under any agreement, instrument, or transaction entered into by them on behalf of the Association in their capacity as such; (iii) shall have no personal liability in tort to any Unit Owner or any person or entity, direct or imputed, by virtue of acts performed by them, or acts performed for them in their capacity as such; and (iv) shall have no personal liability arising out of the use, misuse, or condition of the Property, which might in any way be assessed against or imputed to them as a result or by virtue of their capacity as such.

**Section 4.04 Indemnification** The Unit Owners shall indemnify and hold harmless, any person, his heirs and personal representatives, from and against all personal liability and all expenses including counsel fees, incurred or imposed, or arising out of or in settlement of any threatened, pending or completed action, suit or proceedings, whether civil, criminal, administrative or investigative instituted by any one or more Unit Owners, or any other persons or entities, to which he shall be or shall be threatened to be made a party by reason of the fact that he is or was a member of the Management Committee or an officer or assistant officer, agent or employee of the Association, other than to the extent, if any, that such liability or expense shall be attributable to his willful misconduct or bad faith. This Section 4.04 shall be subject to and interpreted in harmony with Articles 9 and 10 of the Articles of Incorporation.

**Section 4.05 Regular Meetings** A regular meeting of the Management Committee shall be held without other notice than this Bylaw immediately after, and at the same place as the annual meeting of the Unit Owners. They shall further meet at least once during each quarter of the calendar year as a regular meeting. the Management Committee may provide, by resolution, the time and place for the holding of additional regular meetings without other notice than such resolution.

**Section 4.06 Special Meetings** Special meetings of the Management Committee may be called by or at the request of the President or any two (2) members of the Management Committee. The person or persons authorized to call special meetings of the Management Committee may fix the place for holding any special meeting called by them. Notice of any special meeting shall be given at least five (5) days previously thereto by written notice delivered personally, or by telegram or telephone or mailed to each member of the Management Committee at his residence address. The attendance of a member of the Management Committee at a meeting shall constitute a waiver of notice of such meeting, except where said member attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

**Section 4.07 Quorum** At any meeting of the Management Committee, a majority of the then existing members of the Management Committee shall constitute a quorum for the transaction of business, but if less than said number is present, those present may adjourn the meeting from time to time without further notice. The act of the majority of the members present at a meeting at which a quorum is present shall be the act of the Management Committee.

**Section 4.08 Removal of Member** Any of all the member of the Management Committee may be removed for cause by majority vote of the Unit Owners or by action of the Management Committee.

**Section 4.09 Resignation** A member may resign at any time by giving written notice to the Management Committee, the President or the Secretary of the Association. Unless otherwise specified in the notice, the resignation shall take effect upon receipt thereof by the Management Committee or such officer, and the acceptance of the resignation shall not be necessary to make it effective.

**Section 4.10 Compensation** No compensation shall be paid to the members of the Management Committee, as such, for their services, but by resolution of the Unit Owners.

## ARTICLE 5

### Officers

**Section 5.01 Designation of Officers Appointment** The officers of the Association shall be the same officers as the officers of the Management Committee. The officers shall be a President, Vice President, Secretary, and Treasurer. The Management Committee may appoint other assistant officers as the Management Committee may deem necessary. The offices of President and Secretary may not be held by the same person. No officer shall receive compensation for serving as such. An officer may hold an office for as many terms as the Management Committee may determine. The Management Committee may, in its discretion, require that officers (and other employees of the Association) be subject to fidelity bond coverage. Resignation of any officer shall be in writing directed to the Management Committee which shall act promptly thereon.

**Section 5.02 President** The President shall be the chief executive of the Management Committee and, when present, shall preside at all meetings of the Unit Owners and of the Management Committee, and may exercise the powers ordinarily assigned to and exercised by the presiding officers of an association, including the appointment of committees. The President shall exercise general supervision over the property and its affairs. He shall sign on behalf of the Association all conveyances, mortgages, and contracts of material importance to its business. He shall do and perform all acts which the Management Committee may prescribe from time to time.

**Section 5.03 Vice President** In the absence of the President, or in the event of his death, inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting, shall have all of the powers of and be subject to all the restrictions upon the President. The Vice President shall perform such other duties as from time to time may be assigned to him by the President or by the Management Committee.

**Section 5.04 Secretary** The Secretary shall keep minutes of all proceedings of the Management Committee and of the meetings of the Association and shall keep such books and records as may be necessary and appropriate for the records of the Unit Owners and the Management Committee. In the absence or inability of the President and Vice President, the Secretary shall perform such additional acts which the Management Committee may prescribe. If the Management Committee so approves, the Secretary may delegate the daily functions of the Secretary to a "Manager".

**Section 5.05 Treasurer** The Treasurer shall be responsible for the fiscal affairs of the Association, and in general perform all of the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the President or by the Management Committee. If the Management Committee so approves, the Treasurer may delegate the daily handling of funds and the keeping of the records to a "Manager". If required by the Management Committee, the Treasurer shall give a bond, at the expense of the Association, for the faithful discharge of his duties in such sum and with such surety as the Management Committee shall determine.

## ARTICLE 6

### **Common Area Maintenance and Service Assessments**

**Section 6.01 Assessment** The Management Committee shall prepare at least annually, a budget for the Association, determine the amount of the common charges and capital contributions required to meet the expenses for the maintenance and upkeep of the Common Areas and Facilities, including working capital and operating reserves, and allocate and assess such common expenses and capital contributions against the Unit Owners in accordance with Article VI and VII of the Declaration. (In the event the Management Committee fails to prepare a budget for the current year, the most recent budget for the Association shall control, and assessment shall be made on that basis.)

**Section 6.02 Payment of Assessments.** The Unit Owners shall be obligated to pay the Assessments (actual or estimated) assessed by the Management Committee in advance in equal monthly installments as prescribed in Section 6.3 of the Declaration and these ByLaws. No Unit Owner may exempt himself from liability for said common expenses by waiver of the use or enjoyment of any of the Common Areas and Facilities or by abandonment of his Unit. The funds so collected shall be expended by the Management Committee only in accordance with the

provisions of the Act, the Declaration and these ByLaws.

If a Unit Owner shall fail to pay any installment within ten (10) days of the time when the same becomes due the Management Committee may declare due and payable the total outstanding balance of the assessment for the budget year. After default, the Unit Owner shall pay interest thereon at the rate determined by the Management Committee from the due date thereof, together with all costs and expenses, including attorneys' fees incurred in any proceedings brought to collect such unpaid common expenses.

It is understood that in the event the Management Committee at any time determines that any budgeted assessment shall have been either excessive or deficient based on actual costs, then the Management Committee shall notify each Unit Owner of such excess or deficiency, and, at the election of the Management Committee as specified in its said notice:

(i) The amount of such excess shall be returned by Management Committee or the amount of such deficiency shall be paid by each Unit Owner (as the case may be) on or before the next succeeding monthly payment date;

(ii) The monthly installments to be paid by each Unit Owner shall, until such excess or deficiency is eliminated thereby, be decreased or increased (whichever is applicable) by a proportionate amount of such excess or deficiency.

Payments received from Unit Owners will be applied to charges against the Unit Owners in the following order.

1. Legal fees and costs of collections including interest incurred by the Management Committee to enforce this Declaration and these ByLaws against the defaulting Unit Owner.
2. Late Fees.
3. Special Assessments.
4. Unpaid balance of Common Area Maintenance and Service Assessments.

It is specifically understood and agreed that the aggregate of the Common Area Maintenance and Service Assessments assessed by the Management Committee is intended to cover and fully reimburse the Management Committee for all expenses which the Management Committee may incur in the performance of its responsibilities and functions as set forth in the Declaration and these ByLaws. It is further specifically understood and agreed that the Management Committee's allocation in good faith of its costs shall be binding upon all parties concerned.

**Section 6.03 Personal Obligation and Lien** The Common Area Maintenance and Service Assessments, including without limitation any charge for maintenance of Limited Common Areas and Facilities performed by or on behalf the Association, shall be a charge on and

shall be a continuing lien upon the Unit against which each such assessment is made or cost relates. Each such assessment shall be the personal obligation of the person who is the Unit Owner at the time when the assessment is delinquent and/or when the cost is incurred, but such personal obligation of the Unit Owner shall not be deemed to limit or discharge the charge on the land and continuing lien upon the Unit, which shall run with and attach to the Unit and be a burden on the Unit. See Articles 6 and 7 of the Declaration for further provisions governing the obligation and lien.

**Section 6.04 Enforcement** If the Unit Owner fails to pay a monthly installment of an assessment pertaining to the Unit before delinquent or fails to reimburse the Management Committee upon demand for costs incurred by the Management Committee in performing its responsibilities and functions under the Declaration and these ByLaws to the extent the costs relate to a particular Unit and are payable or reimbursable to the Management Committee by the Unit Owner, the Management Committee may immediately declare due and payable the total outstanding balance of the assessment pertaining to the Unit for the balance of the budget year and may enforce the payment of the total assessment (together with interest and costs) or enforce the lien against the Unit by taking either or both of the following actions concurrently or separately (and by exercising either of the remedies hereinafter set forth, the Management Committee does not prejudice or waive its rights to exercise the other remedy):

a. Bring an action at law against the Unit Owner personally obligated to pay the assessments and/or costs; or

b. Foreclose the lien against the Unit by power of sale or foreclosure applicable to deeds of trust or mortgages, or in accordance with the then prevailing Utah law relating to the foreclosure of realty mortgages (including any right to recover any deficiency). The Management Committee shall have the power to bid on any Unit at the foreclosure sale and thereupon to acquire, hold, sell, lease, mortgage and convey the Unit. In the event of foreclosure, the Unit Owner shall be required to pay a reasonable rental for the Unit and the plaintiff in the foreclosure action shall be entitled to the appointment of a receiver to collect the rental without regard to the value of the mortgage security. As stated above, the Management Committee shall have the power to bid on the Unit at foreclosure or other sale and to hold, lease, mortgage and convey the Unit. In any foreclosure or sale, the Unit Owner shall be required to pay the costs and expenses of such proceedings, including reasonable attorneys' fees.

If any Unit Owner shall at any time let or sublet his Unit and shall default for a period of one month in the payment of any assessments, the Management Committee may, at its option, so long as such default shall continue, demand and receive from any tenant or subtenant of the Unit Owner occupying the Unit the rent due or becoming due and payment of such rent to the Management Committee shall be sufficient payment and discharge of such tenant or subtenant and the Unit Owner to the extent of the amount so paid.

Anything hereinabove to the contrary notwithstanding, the remedies above set forth for the Management Committee are not exclusive and the Management Committee may take any and

all other remedies available to it at law or in equity.

**Section 6.05 Release of Lien** Upon payment or other satisfaction of delinquent assessments concerning which a notice of assessment has been recorded, the Management Committee shall cause to be recorded in the same manner as the notice of assessment a further notice stating the satisfaction and release of the lien for the delinquency.

**Section 6.06 Reassessment** In all cases where all or part of any assessment for common expenses and for any expenses of and advances by the Management Committee cannot be promptly collected from the persons or entities liable therefor under the Act, the Declaration, the Articles of Incorporation, or these ByLaws, the Management Committee shall reassess the same as a common expense, without prejudice to its rights of collection against such persons or entities.

## ARTICLE 7

### **Special Committees**

The Management Committee by resolution may designate one or more special committees, each committee to consist of two (2) or more Unit Owners which, to the extent provided in said resolution, shall have and may exercise the powers set forth in said resolution. Such special committees shall have such name or names as may be determined from time to time by the Management Committee when required. The members of such special committee or committees designated shall be appointed by the Management Committee or the President. The Management Committee or the President may appoint Unit Owners to fill vacancies on each of said special committee occasioned by death, resignation, removal, or inability to act for any extended period of time.

## ARTICLE 8

### **Notices, Waiver of Notice**

Except as expressly provided to the contrary in the Declaration or any amendment thereto, any notice permitted or required to be delivered as provided herein may be delivered either personally or by mail. If delivery is made by mail, it shall be deemed to be delivered upon being deposited in the United States mails, postage prepaid. Notice to Unit Owners shall be addressed to each Unit Owner at the address given by such Unit Owner to the Management Committee for the purpose of service of such notice or to the Unit of such Unit Owner if no such address is given to the Management Committee. Such address may be changed from time to time by notice in writing to the Management Committee. Notice to the Management Committee shall be addressed to its current presiding officer. Any Unit Owner may at any time waive any notice required to be given under these ByLaws, or by statute or otherwise. the presence of a Unit Owner in person at any meeting of the Unit Owners shall be deemed such waiver.

**ARTICLE 9**

**Miscellaneous**

**Section 9.01 No Waiver** The failure of the Management Committee, or its agents or designees, to insist, in one or more instances, upon the strict performance of any of the terms, covenants, conditions, or restrictions of the Declaration or ByLaws, or to exercise any right or option herein contained, or to serve any notice or to institute any action shall not be construed as a waiver or relinquishment, for the future, of such term, covenant, condition, or restriction; but such term, covenant, condition or restriction shall remain in full force and effect. The receipt and acceptance by the Management Committee or its agents or designees of the payment of any assessment from a Unit Owner, with knowledge of the breach of any covenant hereof shall not be deemed a waiver of such breach, and no waiver by the Management Committee of any provision hereof shall be deemed to have been made unless expressed in writing and signed by the Management Committee.

**Section 9.02 Amendment of ByLaws** These ByLaws may be amended to a two-thirds (2/3) affirmative vote of the Unit Owners at a meeting duly called for such purpose. Upon such an affirmative vote, the Management Committee shall acknowledge the amended ByLaws, setting forth the fact of the required affirmative vote of the Unit Owners and the amendments shall be effective upon recording.

**Section 9.03 Severability** The provisions hereof shall be deemed independent and severable, and the validity or partial invalidity or unenforceability of any one provision or portion hereof shall not affect the validity or enforceability of any other provisions hereof.

**Section 9.04 Headings.** The headings herein are inserted only as a matter of convenience and for reference, and in no way define, limit, or describe the scope of these ByLaws nor the intent of any provision hereof.

IN WITNESS WHEREOF, the undersigned has executed this instrument effective the 23, day of FEBURARY, 2006

DECLARANT

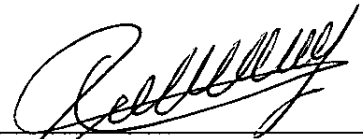
RAY A. PATTERSON

  
RAY A. PATTERSON

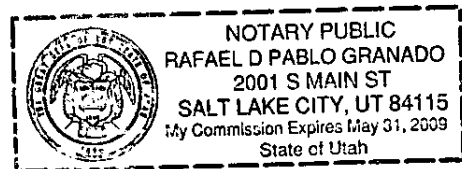


STATE OF UTAH            )  
                                  : ss.  
COUNTY SALT LAKE    )

On this 23 day of Feb., 2006, before me personally appeared RAY A. PATTERSON, who acknowledged himself to be DECLARANT of BLAIR STREET CONDOMINIUMS, and that he, as such DECLARANT, being authorized so to do, executed the foregoing instrument for the purposes therein contained and in the capacity therein stated.



\_\_\_\_\_  
Notary Public  
Residing at Salt Lake County,  
State of Utah



**ARTICLES OF INCORPORATION**

**OF**

**BLAIR STREET CONDOMINIUMS OWNERS' ASSOCIATION**

The undersigned, whose addresses appear opposite their respective names below, have this day associated themselves for the purpose of forming a nonprofit corporation under the laws of the State of Utah, and for that purpose do hereby adopt the following Articles of Incorporation:

**ARTICLE 1**

**Name**

The name of the corporation shall be BLAIR STREET CONDOMINIUMS OWNERS' ASSOCIATION (the "Association").

**ARTICLE 2**

**Duration**

The Association shall exist perpetually.

**ARTICLE 3**

**Business and Purpose**

**Section 3.1** This Association is formed as a nonprofit corporation to serve as the governing body for every "Owner" of a "Unit", as those terms are defined in that certain DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE BLAIR STREET CONDOMINIUMS, dated \_\_\_\_\_, \_\_\_\_\_, and recorded in the official records of the County Recorder of Salt Lake County, Utah (the "Declaration"). All capitalized terms as used in these Articles of Incorporation shall have the same meanings as set forth in the Declaration.

As provided in and pursuant to that Declaration, this Association shall, to the extent permitted by applicable law, serve as the governing body for all of the Owners for the maintenance, repair, replacement, administration and operation of the Common Areas and Facilities, and the performance of such duties and functions, and the exercise of such rights, as are given and assigned to it by said Declaration, as the same may hereafter be amended.

**Section 3.2** Notwithstanding anything herein contained to the contrary, no part of the activities of the Association shall be devoted to carrying on propaganda or otherwise attempting to influence legislation and the Association shall make no gift, donation, or contribution to any

institution or organization engaged in such activities. No part of the net earnings of the Association shall inure to the benefit of any private member or individual (other than by acquiring, constructing, or providing management, maintenance, and care of the Common Areas and Facilities and other than by a rebate of excess Assessments.)

**Section 3.3** In the conduct of its business, this Association, to the extent authorized by its Management Committee and in accordance with the provisions of the Declaration, shall be empowered to do all things that a private person or individual might do under the laws of the State of Utah, including, but not limited to, the following:

- (a) To adopt and amend from time to time by affirmative vote of 2/3 of the members of the Management Committee appropriate rules and regulations of the Association covering the use, maintenance and operation of the Common Areas and Facilities, including the right to grant permits, licenses and easements on, over, under, through and across the Common Areas and Facilities for any reasonable purpose, and to make such other rules as permitted by the Declaration including, without limitation, provision and restrictions upon pets, charges and interest to be collected on delinquent assessment accounts and to enforce such rules by action authorized by the Declaration, these ByLaws, and Utah law.
- (b) To engage the services of a manager or managing company, accountants, attorneys, or other employees or agents and to pay to said persons a reasonable compensation therefor.
- (c) To operate, maintain, repair, improve and replace the Common Areas and Facilities, to determine and pay the common expenses, to prepare an annual operating budget, and to assess and collect the proportionate share of common expenses from the Unit Owners.
- (d) To enter into contracts, deeds, leases, or other written instruments or documents and to authorize the execution and delivery thereof by the appropriate officers.
- (e) To open bank accounts on behalf of the Association and to designate the signatures therefor.
- (f) To purchase, hold, sell, convey, mortgage, or lease any one or more Units in the name of the Association or its designee.
- (g) To borrow funds and enter into promissory notes and to approve and sign checks and issue payment vouchers.
- (h) To sell portions of the Common Areas and Facilities, and to create exclusive rights in Unit Owners in certain Limited Common Areas.
- (i) To obtain insurance for the Project with respect to the Units and the Common Areas and Facilities and for the Association, as required by the Declaration and these ByLaws,

and such other insurance deemed proper.

(j) To do all other acts incident to the discharge of the duties imposed on the Management Committee under the Declaration, the ByLaws and Act and necessary for the operation and maintenane of the Property, including the maintenance and repair of any Unit if the same is necessary to protect or to protect or preserve the Property; provided, however, that the Management Committee shall operate no other business for profit.

(k) In general to do and perform such acts and things and to transact such business in connection with the foregoing objects and purposes as may be necessary and to do any and all things which a natural person could do or which now or hereafter may be authorized by law.

**Section 3.4** The character of business which the Association initially intends to conduct in the State of Utah is the operation of a condominium management association to provide for the management, maintenance and care of the Common Areas and Facilities for the benefit of the members of the Association.

#### **ARTICLE 4 Place of Business**

The known principal place of business and office for the tranction of business of this Association shall be located at 2758 South Blair Street, Salt Lake City, Utah 84115.

#### **ARTICLE 5 Membership**

**Section 5.1** The Association shall be a non-stock corporation and shall be owned by its members, and no dividends or pecuniary profits shall be paid to its members. Membership in the Association shall be limited to the Owners. The Owners shall not include persons or entities who hold an interest merely as security for the performance of an obligation. An Owner shall automatically be a member of the Association and shall remain a member of the Association until such time as his ownership ceases for any reason, at which time his membership in said Association shall automatically cease. The membership of an Owner shall be appurtenant to and may not be separated from the fee ownership of a Unit.

**Section 5.2** No certificates of membership shall be issued and membership shall be evidenced by an official list of said members, which list shall be kept by the Sectary of the Association. The membership held by any Owner shall not be transferred, pledged or alienated in any way, except upon the conveyance of a Unit, and then only to the purchaser of such Unit. Any attempt to make a prohibited transfer is void and will not be reflected upon the books and records of the Association.

**Section 5.3** The Association shall have two (2) classes of voting membership:

**Class A.** Class A members shall be all Unit Owners with the exception of the Declarant until the ("Turnover Date"). Each Unit Owner shall be entitled to a percentage vote that is equal to the Allocated Interest for each Unit owned, as set forth in Article 3.6 of the Declaration. When more than one (1) person holds an interest in any Unit, all such persons shall be members. The vote for such Unit shall be exercised as they among themselves determine, but in no event shall more than the percentage vote equal to the Allocated Interest for such Unit be cast with respect to any Unit. There shall be 107 shares of Class A stock.

**Class B.** The Class B member shall be the Declarant and shall be entitled to a percentage vote equal to three (3) times the Allocated Interest for each Unit owned by Declarant, as set forth in Article 3.6 of the Declaration. There shall be one (1) share of Class B stock. The Class B member (Declarant) shall have the exclusive right to control the Association through the exercise of its voting rights provided herein until the "Turnover Date" provided. The Class B membership shall cease and be converted to Class A membership on the happening of the earliest of the following to occur ("Turnover Date"):

- (a) Immediately after the Declarant has conveyed to Owners, (other than Declarant or an affiliate of Declarant) Units to which three-fourths of the undivided interest in the Common Areas and Facilities appertain; or
- (b) The date which is the third (3rd) anniversary of the first conveyance of a Unit by Declarant to an Owner other than Declarant.

Upon the Turnover Date, Declarant shall retain the voting rights of a Class A Member even though the special voting and control rights of the Class B Member have ceased and terminated.

## **ARTICLE 6 Management Committee**

The control and management of the affairs of this Association shall be vested in a Management Committee of not less than three (3) nor more than nine (9) members. The number of directors constituting the initial Management Committee is three (3) and the names and addresses of the persons who are to serve as Management Committee members beginning with the incorporation of this Association and until the first annual election of Management Committee members or until their successors shall be duly elected and qualified are:

(1) Ray A. Patterson  
2758 South Blair Street  
Salt Lake City, Utah 84115

(2)

(3)

The method of election, term of office, and removal and filling of vacancies shall be as set forth in the ByLaws.

#### **ARTICLE 7 Registered Agent**

This Association does hereby appoint Ray A. Patterson, 2758 South Blair Street, Salt Lake City, Utah 84115, as its lawful registered agent in and for the State of Utah for and on behalf of said Association, in any of the courts in said State of Utah, such service of process or notice, or the acceptance thereof, by said agent endorsed thereon to have the same force and effect as if served upon an officer of the Association. The foregoing appointment may be revoked at any time by filing a statement in accordance with Section 16-6-25.2 of the Utah Code Annotated, or any amendment thereto.

#### **ARTICLE 8 Indemnification**

The Association shall indemnify any and all of its present or former Management Committee members, officers, employees, or agents to the maximum extent permitted by applicable law. Without limiting the generality of the foregoing, the Association shall indemnify any and all of its Management Committee members and officers, or former Management Committee members and officers, against expenses incurred by them, including legal fees, or judgements or penalties rendered or levied against any such persons in a legal action brought against any such person for actions or omissions alleged to have been committed by any such person while acting within the scope of his employment as a Management Committee member or officer of the Association, provided that the Management Committee shall determine in good faith that such person did not act, fail to act or refuse to act willfully or with gross negligence or with fraudulent or criminal intent in regard to the matter involved in the action or omission. In addition, the Association shall obtain director's and officer's liability insurance for officers and

Management Committee members of the Association as provide in the Declaration.

**ARTICLE 9**  
**Management Committee Member Liability**

A Management Committee member of the Association shall not be personally liable to the Association or its members for monetary damages for breach of fiduciary duty as a Management Committee member, except for liability for any of the following:

- (a) Any breach of the Management Committee member's duty of loyalty to the Association or its members;
- (b) Acts or omissions which are not in good faith or which involve intentional misconduct or a knowing violation of law;
- (c) A violation of Utah Code Annotated Section 16-6-42 (which prohibits distribution of income to members);
- (d) Any transation from which the Management Committee member derived an improper personal benefit; or
- (e) A violation of the laws of Utah with respect to fiduciary duties and obligations of directors (including without limitation such duties as may be listed under the Utah Revised Business Corporations Act, or any amendment thereto).

Any repeal or modification of the foregoing paragraph shall not adversely affect any right or potection of a Management Committee member of the Association existing hereunder with respect to any act or omission occuring prior to or at the time of such repeal or modification.

**ARTICLE 10**  
**Amendments**

These Articles may be amended by the following procedure set forth in Section 16-6-50 of the Utah Code Annotated, or any amendment thereto.

IN WITNESS WHEREOF, I, the undersigned incorporator, have hereunto signed my name this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
RAY A. PATTERSON

I, Ray A. Patterson, do hereby acknowledge and accept my appointment as Registered Agent of BLAIR STREET CONDOMINIUMS Owners' Association.

Ray A. Patterson  
Ray A. Patterson

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

On this 2<sup>nd</sup> day of March, 2005, before me personally appeared Ray A. Patterson, who acknowledged that he executed the foregoing instrument.

Brittany A. Elkins  
Notary Public  
Residing at Salt Lake County,  
State of Utah

