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03/17/2000 09:50 AM 30.00
NANCY WORKMAN
RECORDER, SALT LAKE COUNTY, UTAH
FRONTLINE PROPERTIES
PO BOX 970021
DREN UT 84097
BY: ADB, DEPUTY - MA 2 P.

ADDENDUM #1
TO THE
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF
THE MARQUIS AT SOUTHTOWNE

THIS ADDENDUM #1 TO THE DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF THE MARQUIS AT SOUTHTOWNE is executed this 15th day of March, 2000 by University Properties, Inc. (herein referred to as "Declarant").

This Addendum #1 is hereby incorporated as part of the Declaration of Covenants, Conditions, and Restrictions of the Marquis at Southtowne, which was originally recorded September 21, 1999, Book 8310, Page 5262, #7470876. The following information is more particularly regarding **Article VI, Section 4** of said declaration. This Addendum #1 is binding on and applicable to Units 1 through 18 and the common area of the Marquis At Southtowne, parcel #27-14-254-001 through -019.

INSURANCE

Section 4.01. The Association shall obtain and maintain a policy or policies of fire and casualty insurance with an extended coverage endorsement for the full insurable replacement value of the improvements in the Project. The amount of coverage shall be determined by the Board. This insurance shall be maintained for the benefit of the Association, the Owners, and their Mortgagees, as their interests may appear as named insured, subject, however, to any loss payment requirements set forth in this Declaration.

Section 4.02. The Association shall obtain and maintain a policy or policies insuring the Association, Declarant, Manager, Owners, and the Owners' relatives, invitees, guests, employees, and their agents against any liability for bodily injury, death, and property damage arising from the activities of the Association and its Members, with respect to the Common Area. Limits of liability under the insurance shall not be less than ONE MILLION DOLLARS (\$1,000,000.⁰⁰) covering all claims for death, personal injury, and property damage arising out of a single occurrence. The limits and coverage shall be reviewed at least annually by the Board and increased in its discretion.

Section 4.03. The Association shall purchase and maintain fidelity bond coverage which names the Association as an obligee, for any person or entity handling funds of the Association, whether or not such persons or entities are compensated for their services. This coverage shall be in an amount that is at least equal to the estimated maximum of funds, including reserve funds, in the custody of the Association at any given time during the term of each bond. However, the aggregate amount of these bonds must not be less than one hundred fifty percent of each year's estimated annual operating expenses and reserves.

Section 4.04. The Association, acting through its Board, is hereby appointed and shall be deemed trustee of the interests of all named insureds under all insurance policies purchased and maintained by the Association. All insurance proceeds under any of those policies shall be paid to the Association as trustee for the use and benefit of the individual Owners. Each Owner and Each Owner's mortgagee, if any, shall be beneficiaries of the policy in the percentage of common ownership. Certificates of insurance shall be issued to each Owner and Mortgagee

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upon request. Such policy shall contain the standard mortgage clause, or equivalent endorsement (without contribution), which is commonly accepted by private institutional mortgage investors in the area in which the Property is located and which appropriately names the holders of first mortgages on Units within the Project. Such policies must also provide that they may not be cancelled or substantially modified, without at least ten days' prior written notice to the Association or to each holder of a first mortgage listed as a scheduled holder of a first mortgage in the policy or policies. The Board shall use the proceeds for the repair or replacement of the property for which the insurance was carried or for the purposes described in Article VII of this Declaration. The Association, as Trustee also is authorized to negotiate loss settlements with the appropriate insurance carriers, to compromise and settle any claim or enforce any claim by any lawful action, and to execute loss claim forms and release forms in connection with such settlements.

Section 4.05. No Owner shall obtain or maintain fire and casualty insurance for the building improvements of the Owner's Unit. If any Owner does so, he or she shall be liable to the Association for any resulting reduction in the insurance proceeds payable under the policy or policies of fire and casualty insurance maintained by the Association pursuant to Section 4.01. Notwithstanding the foregoing, an Owner may separately insure his or her personal property, and may obtain and maintain personal liability and property damage liability insurance for his or her Unit, provided that the insurance contains a waiver of subrogation rights by the carrier as to the other Owners, the Association, Declarant, and the institutional First Mortgagee of the Owner's Unit.

Section 4.06. Insurance premiums for any insurance coverage obtained by the Association shall be included in the regular assessments. That portion of the regular assessments necessary for the required insurance premiums shall be used solely for the payment of the premiums when due.

University Properties, Inc.,
a Utah corporation

By: *Richard Knapp*
Its President

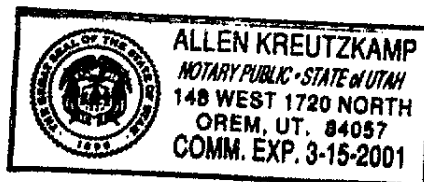
STATE OF UTAH)
)ss.
COUNTY OF UTAH)

On the 15th day of March, 2000,
personally appeared before me Richard Knapp, who, being first duly sworn, declared that he is the President of University Properties, Inc., and that he signed the foregoing document on behalf of the company and that the statements therein contained are true.

Allen Kreutzkamp
Notary Public

My commission expires: _____

Residing at: _____



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