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DECLARATION OF CONDOMINIUM

FOR

LEXINGTON COMMONS AT SOUTH DAVIS

[A Utah Expandable Condominium Project]

June 1997

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DECLARATION OF CONDOMINIUM

FOR

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LEXINGTON COMMONS AT SOUTH DAVIS
[A Utah Expandable Condominium Project]

THIS DECLARATION is made and executed this ____ day of June, 1997, by SDC WOODS CROSS, LLC, a Utah limited liability company ("Declarant"), pursuant to the provisions of the Utah Condominium Ownership Act.

Declarant proposes to create an expandable Condominium Project to be known as the Lexington Commons At South Davis, which will be located in the City of Woods Cross, Davis County, Utah. The purpose of this Declaration is to submit the Lexington Commons At South Davis to the condominium form of ownership and use in the manner provided by the Utah Condominium Ownership Act.

NOW, THEREFORE, Declarant does hereby declare and provide as follows:

ARTICLE I.

DEFINITIONS

When used in this Declaration the following terms shall have the following meanings:

1.1 "Act" means the Utah Condominium Ownership Act (Utah Code Annotated, Sections 57-8-1 through 57-8-36, as amended).

1.2 "Additional Land" means the real property referred to in Section 15.1 and described in Exhibit D attached hereto.

1.3 "Association" means the Association of Unit Owners of Lexington Commons At South Davis established pursuant to Article 13.

1.4 "Board of Directors" and "Board" each means the governing body of the Association, elected pursuant to the Bylaws.

1.5 "Building" means a building, containing Units, and comprising a part of the Property, and "Buildings" means more than one Building.

1.6 "Bylaws" means the Bylaws of the Association adopted pursuant to Section 13.4, as amended from time to time.

- 1.7 "City" means the City of Woods Cross, Davis County, State of Utah.
- 1.8 "Common Areas" has the meaning set forth in Article 5.
- 1.9 "Common Expenses" means (i) all sums lawfully assessed against the Unit Owners, (ii) expenses of administration, maintenance, repair, or replacement of the Common Areas and Limited Common Areas, (iii) expenses agreed upon as common expenses by the Association, and (iv) expenses declared common expenses by the Act, or by the Declaration or the Bylaws
- 1.10 "Common Profits" means the balance of all income, rents, profits, and revenues from the Common Areas remaining after the deduction of the Common Expenses.
- 1.11 "Condominium Project" means the Lexington Commons At South Davis as submitted to the condominium form of ownership and created by this Declaration.
- 1.12 "Declarant" means SDC Woods Cross, LLC, a Utah limited liability company, and its successors and assigns.
- 1.13 "Declaration" means this Declaration as the same may hereafter be amended.
- 1.14 "Land" means the real property referred to in Section 2.1 and described in Exhibit A attached hereto.
- 1.15 "Limited Common Areas" has the meaning set forth in Article 6.
- 1.16 "Mortgage" and "Mortgagee" mean, respectively, a recorded mortgage, trust deed or contract of sale which creates a lien against a Unit, and the holder, beneficiary or vendor of such a mortgage, trust deed or contract of sale.
- 1.17 "Map" means the record of survey map of the Lexington Commons At South Davis recorded with the Davis County Recorder's Office simultaneously with the recording of this Declaration as the same may hereafter be amended.
- 1.18 "Person" means an individual, corporation, partnership, limited liability company, association, joint-stock company, trust, unincorporated association, joint venture or governmental authority.
- 1.19 "Property" means the Land, the Buildings, all improvements and structures thereon, all easements, rights, and appurtenances belonging thereto, and all articles of personal property intended for use in connection therewith.
- 1.20 "Rules" means the rules and regulations for governance of use of the Condominium Project referred to in Article 9.

1.21 "Unit Owner" and "Owner" each means the Person or Persons holding legal record title in fee simple to a Unit and an undivided interest in the Common Areas and Limited Common Areas in the percentages specified and established in the Declaration with respect to such Unit, or in the event any Unit is sold under a real estate installment sales contract, the record vendee or vendee under said contract.

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1.22 "Units" means those areas of the Buildings which are not owned in common with all Unit Owners and are intended for use solely by the Persons holding title thereto and their respective tenants, licensees and invitees, and which are separately identified on the Map. "Unit" means any one (1) of the Units.

1.23 Incorporation of Other Definitions by Reference. Except as otherwise provided in this Declaration, each of the terms used herein and defined in Utah Code Annotated Section 57-8-3 shall have the meaning set forth in such Section.

ARTICLE 2.

SUBMISSION TO CONDOMINIUM OWNERSHIP

2.1 Submission; Description of Land. The Declarant hereby submits the Property to the provisions of the Act as an expandable condominium project. This Declaration is submitted in accordance with the terms and provisions of the Act and shall be construed in accordance therewith. It is the intention of Declarant that the provisions of the Act shall apply to the Property. The Land submitted is located in the City of Woods Cross, Davis County, Utah, and is more particularly described by metes and bounds description in Exhibit A attached hereto and incorporated herein by this reference. The Property submitted includes the Land and all Buildings, improvements and structures, easements, and rights and appurtenances located or to be located on, belonging to or used in connection with such Land.

2.2 Covenants to Run With the Land. This Declaration contains covenants, conditions and restrictions relating to the Condominium Project which are and shall be enforceable equitable servitudes which shall run with the Land and be binding upon Declarant, its successors and assigns and upon all Unit Owners, their grantees, mortgagees, successors, heirs, personal representatives, devisees and assigns.

ARTICLE 3.

NAME OF CONDOMINIUM PROJECT

The name by which the Condominium Project shall be known is the "Lexington Commons At South Davis".

ARTICLE 4.

IMPROVEMENTS

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4.1 General Description of Buildings and Condominium Project. The Condominium Project shall contain six (6) Buildings. Each Building shall consist of two (2) storeys without a basement, and shall contain four (4) Units. The principal materials of which the Buildings will be constructed are brick, wood, stucco and concrete. In addition to the Buildings, the Condominium Project shall consist of Common Areas, including (but not limited to) roadways, parking, walkways and landscaping, and Limited Common Areas.

4.2 General Description, Location and Designation of Units. The Condominium Project consists of a total of twenty-four (24) Units. The dimensions, designation and location of each Unit are shown on the Map, which is made a part of this Declaration as if fully set forth herein. The approximate area of each Unit is shown on Exhibit B attached hereto and incorporated herein by this reference.

4.3 Boundaries of Units. Each Unit shall be bounded by the interior surfaces of its perimeter and bearing walls, floors, ceilings, windows and window frames, exterior doors and door frames, and trim. The Unit shall include all lath, furring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, finished flooring and any other materials constituting any part of its finished surfaces and the exterior surfaces so described. All other portions of the walls, floors or ceilings shall be a part of the Common Areas. In addition, each Unit shall include the following: (i) all spaces, nonbearing interior partitions, interior doors and door frames and all other fixtures and improvements within the boundaries of the Unit; and (ii) all outlets of utility and communications service lines, including but not limited to power, light, gas, hot and cold water, heating, refrigeration, security, cable television and telephone, within the boundaries of the Unit, but shall not include any part of such lines or ducts themselves. The physical boundaries of a Unit constructed in substantial accordance with the original Map become its boundaries rather than the metes and bounds expressed in the Map, regardless of settling or lateral movements of a Building or minor variances between boundaries shown on the Map and those of a Building. This Section does not relieve a Declarant or any other Person of liability for failure to adhere to the Map in all material respects.

4.4 Alterations of Units. A Unit Owner may make any improvements or alterations to the Owner's Unit that do not affect the structural integrity or mechanical or electrical systems or lessen the support of any portion of the Condominium Project or violate the use restrictions in this Declaration or the Bylaws. After acquiring an adjoining Unit the Owner may, with approval of the Board, remove or alter an intervening partition or create apertures therein, even if the partition in whole or in part is a Common Area, provided those acts do not adversely affect the structural integrity or mechanical or electrical systems or lessen the support of any portion of the Condominium Project. Removal of partitions or creation of apertures under this section is not a relocation of boundaries. The Unit Owner's request for Board approval shall include the plans

and specifications for the proposed removal or alteration. The Board shall act upon such request within thirty (30) days unless the proposed alteration does not comply with the Act or this Declaration or impairs the structural integrity or mechanical or electrical systems in the Condominium Project or violates the use restrictions in this Declaration or the Bylaws.

ARTICLE 5.

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COMMON AREAS

Except as otherwise provided in this Declaration, the Common Areas shall constitute in general all of the parts of the Property except the Units and the Limited Common Areas. Without limiting the generality of the foregoing, the Common Areas shall include the following, whether located within the bounds of a Unit or not:

- (a) The Land.
- (b) All structural part of the Buildings including, without limitation, the foundations, columns, girders, beams, supports, main walls, fire escapes, entrances, and exits of the Buildings.
- (c) The pathways, driveways, fences, grounds, landscaping, lawns, shrubs, trees, gardens, parking areas, and storage spaces.
- (d) Installations of central services such as power, light, gas and water including, but not limited to, any utility pipe or line or system servicing more than a single Unit, and all ducts, wires, conduits, and other accessories used therewith.
- (e) In general, all apparatus and installations existing for common use.
- (f) All other areas of the Buildings and the Condominium Project necessary or convenient to their existence, maintenance and safety, or normally in common use, except as may be expressly designated in this Declaration as part of a Unit or a Limited Common Area.

ARTICLE 6.

LIMITED COMMON AREAS

Unit Owners in each Building shall be entitled to the exclusive use and occupancy of the limited common areas in such Building as set forth in Exhibit B and as shown on the Map, subject, however, to the same restrictions on use which apply generally to the Common Areas. In addition, Unit Owners shall be entitled to the exclusive use and occupancy of the limited common parking areas as set forth in Exhibit B and as shown on the Map, subject, however, to the same restrictions on use which apply generally to the Common Areas. The limited common areas in the Buildings and the limited common parking areas are referred to herein as the "Limited

Common Areas". Such right to use the Limited Common Areas shall be appurtenant to and contingent upon ownership of the Unit or Units associated therewith, and even though not specifically mentioned in the instrument of transfer, shall automatically pass to the grantee or transferee of such Unit or Units. Such right of use shall not be revocable, nor may it be voluntarily or involuntarily relinquished, waived or abandoned.

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ARTICLE 7.

UNDIVIDED INTERESTS IN COMMON AREAS; VOTING RIGHTS; COMMON PROFITS AND EXPENSES

7.1 Allocation of Undivided Interests. Each Unit will be entitled to an undivided ownership interest in the Common Areas and Limited Common Areas as shown on Exhibit B or the Map. Each Unit's interest in the Common Areas and Limited Common Areas shall be inseparable from the Unit and any conveyance, encumbrance, judicial sale, or other transfer, voluntary or involuntary, of an undivided interest in the Common Areas and Limited Common Areas shall be void unless the Unit to which that interest is allocated is also transferred.

7.2 Allocation of Voting Rights. Each Unit Owner shall be entitled to one vote in the affairs of the Association and for the purposes of this Declaration and the Bylaws shall be entitled to one vote for each Unit owned by such Unit Owner. For purposes of this Section 7.2 and the voting rights of Unit Owners set forth in this Declaration and the Bylaws, the Units shall include all of the Units covered by the Declaration including Units which have not been constructed or completed. Notwithstanding the foregoing, in the event that all or any portion of the Additional Land is added to the Condominium Project pursuant to Article 15 hereof, Declarant shall have the right to amend this Section 7.2 to provide that the voting rights shall be based on, and proportionate to, each Unit's percentage interest in the Common Areas. The method of voting shall be as specified in the Bylaws.

7.3 Allocation of Common Profits and Expenses. The Common Profits and Common Expenses of the Condominium Project shall be allocated to the Owner of each constructed and completed Unit according to the allocation of undivided interest of such Unit in the Common Areas. Except upon termination of the Condominium Project or as otherwise provided in the Bylaws with respect to damage, destruction or condemnation, any such Common Profits shall be used solely for the purpose of maintaining, repairing and replacing the Common Areas or for other expenses or reserves of the Association.

ARTICLE 8.

SERVICE OF PROCESS

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The person to receive service of process on behalf of the Condominium Project, in the cases provided in this Declaration or the Act, is Michael S. Anderson, whose address is c/o Sentry Financial Corporation, 201 South Main, Suite 1400, Salt Lake City, Utah 84111-2215. Such person may be changed by the Board of Directors as provided in the Bylaws and the Act.

ARTICLE 9.

USE OF PROPERTY: RULES

Each Unit is to be used solely for professional office space for lawful business purposes as described in the Bylaws, and in accordance with the Rules which may be adopted by the Board of Directors from time to time in accordance with the Bylaws. No part of the Condominium Project including, but not limited to, Units, Common Areas and Limited Common Areas, may be used as a residence or dwelling.

ARTICLE 10.

MAINTENANCE OF COMMON AREAS AND LIMITED COMMON AREAS

10.1 Responsibility for Maintenance. The necessary work to maintain, repair or replace the Common Areas and Limited Common Areas shall be the responsibility of the Board of Directors of the Association and shall be carried out as provided in the Bylaws. Notwithstanding the foregoing, the placement, maintenance, repair and replacement of each furnace which is located in the Common Areas adjacent to a Unit shall be the responsibility of the Owner of the Unit which is serviced by such furnace, and such Owner shall be obligated to repair or replace any portion of the Common Areas which is damaged by the placement, maintenance, repair or replacement of such furnace. In addition, the placement, maintenance, repair and replacement of conduits and/or wiring located in the Common Areas adjacent to a Unit for telephones, computers and other electronic equipment shall be the responsibility of the Owner of the Unit which uses such conduits and/or wiring, and such Owner shall be obligated to repair or replace any portion of the Common Areas which is damaged by the placement, maintenance, repair or replacement of such conduits and/or wiring.

10.2 Mortgagee's Rights upon Failure to Maintain. If the Mortgagee of any Unit determines that the Board of Directors is not providing an adequate maintenance, repair and replacement program for the Common Areas or Limited Common Areas, such Mortgagee, at its option, may give a notice to the Board of Directors by delivering same to the agent for service of process, setting forth the particular defect which it believes exists in the maintenance, repair and replacement program. If the specified defects are not corrected within 90 days subsequent

to receipt of such notice, then the Mortgagee, upon written notice to such agent that it is exercising its proxy rights, shall have the right to attend succeeding annual or special meetings of the Association and to cast a vote for each Unit on which it holds a Mortgage on all business coming before such meeting. Such proxy rights shall continue until the defects listed in the notice are corrected.

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ARTICLE 11.

EASEMENTS

11.1 In General. Each Unit has an easement in and through each other Unit and the Common Areas and Limited Common Areas for all support areas and utility, wiring, heat, air conditioning and service areas, and for reasonable access thereto, as required to effectuate and continue proper operation of the Condominium Project. In addition, each Unit and all the Common Areas and Limited Common Areas are specifically subject to easements as required for the electrical wiring, plumbing and other utilities for each Unit. Also, the Owner of each Unit which is serviced by a furnace located in the Common Areas adjacent to such Unit has an easement in and through such adjacent Common Areas for the placement, maintenance, repair and replacement of such furnace. Further, the Owner of each Unit has an easement in and through the Common Areas that constitute the walls and ceilings of the Unit for the placement, maintenance, repair and replacement of conduits and/or wiring for telephones, computers and other electronic equipment to be used in the Unit. The specific mention or reservation of any easement in this Declaration does not limit or negate the general easement for Common Areas reserved by law. Each Unit Owner has an unrestricted right of ingress and egress to his or her Unit. This right is perpetual and passes with the ownership of the Unit.

11.2 Encroachments. Each Unit and all Common Areas and Limited Common Areas shall have an easement over all adjoining Units and Common Areas and Limited Common Areas for the purpose of accommodating any present or future encroachment as a result of engineering errors, construction, reconstruction, repairs, settlement, shifting, or movement of any portion of the Property, or any other similar cause, and any encroachment due to building overhang or projection as long as the physical boundaries of the Units are in substantial accord with the description of those boundaries that appears in the Declaration or the Map. There shall be valid easements for the maintenance of the encroaching Units and Common Areas and Limited Common Areas so long as the encroachments shall exist, and the rights and obligations of Owners shall not be altered in any way by the encroachment. This provision does not relieve a Unit Owner of liability in the case of willful misconduct of the Unit Owner, or relieve Declarant or any contractor, subcontractor or materialman from any liability as a result of failure to adhere to the Map. The encroachments described in this Section 11.2 shall not be construed to be encumbrances affecting the marketability of title to any Unit.

11.3 Granting of Easements by Association. The Association, upon prior approval of 67 percent of the voting power of the Unit Owners, may execute, acknowledge, deliver and record

on behalf of the Unit Owners leases in excess of two years, easements, rights-of-way, licenses, and similar interests affecting the Common Areas. Any such instrument shall be executed by one or more officers of the Association. No such interest may be granted with regard to a Limited Common Area unless the Owners of the Units having the right to use such Limited Common Area join in the instrument granting the interest.

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11.4 Right of Entry. The Board of Directors of the Association, managing agent, manager or any other Person authorized by the Board of Directors shall have the right to enter any Unit in the case of an emergency originating in or threatening such Unit or other parts of the Condominium Project, whether or not the Owner or tenant is present at the time. Such Persons shall also have the right to enter any Unit for the purpose of performing installations, alterations or repairs to any Common Area or Limited Common Area and for the purpose of inspection to verify that the Unit Owner or tenant is complying with the restrictions and requirements described in this Declaration and the Bylaws, provided that requests for entry are made in advance and that such entry is at a time convenient to the Owner or tenant.

11.5 Easements for Declarant. Declarant and Declarant's agents, successors and assigns shall have an easement over and upon the Common Areas and Limited Common Areas as may be reasonably necessary for the purpose of completing or making repairs to existing structures, for the purpose of carrying out sales and rental activities necessary or convenient for the sale or rental of Units, including, without limitation, the right to use the Units owned by Declarant as model Units and the right to use a Unit as a sales office and the right to display sale and leasing signs, and for the purpose of discharging any other obligation of Declarant or exercising any other special Declarant right, whether arising under the Act or reserved in this Declaration or the Bylaws.

11.6 Easement for the City. The City shall have an easement over and upon that part of the Common Areas which consist of open space and landscaped areas (but not including the streets, driveways, parking and sidewalks) for the purpose of assuring that except as provided for on the Map no building or similar structure is erected upon such open space and landscaped areas without the approval of the City.

ARTICLE 12.

APPROVAL BY MORTGAGEES

12.1 Notice of Action. Upon written request to the Association identifying the name and address of the holder and the Unit number or address of the Unit on which it has the Mortgage, any Mortgagee shall be entitled to timely written notice of the following:

(a) Any condemnation or casualty loss which affects a material portion of the Condominium Project or affects the Unit securing its Mortgage.

(b) Any 60-day delinquency in the payment of assessments or charges owed by an Owner of any Unit on which it holds the Mortgage.

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(c) Any lapse, cancellation or material modification of any insurance policy maintained by the Association.

(d) Any proposed action which would require consent of a specified percentage of eligible Mortgagees.

12.2 Termination and Amendment to Documents.

(a) Except when a greater percent is required by the Declaration or Bylaws, or a greater or lesser percent is required by the Act, the consent of Mortgagees holding Mortgages on Units which have at least fifty percent (50%) of the voting rights of the Units shall be required for any amendments of a material nature to the Declaration or Bylaws. Any amendment to the Declaration or Bylaws which changes any of the following shall constitute a material change:

- (1) Voting rights;
- (2) Assessment liens or the priority of such liens;
- (3) Responsibility for maintenance and repairs;
- (4) Reallocation of interests in the Common Areas or Limited Common Areas, or rights to their use;
- (5) The boundaries of any Unit;
- (6) Convertibility of Units into Common Areas or Limited Common Areas or of Common Areas or Limited Common Areas into Units;
- (7) Expansion or contraction of the Condominium Project or the addition, annexation or withdrawal of Property to or from the Condominium Project, except as provided in Article 15;
- (8) Imposition of any restrictions on the leasing of Units other than as specified in the Bylaws or the Rules;
- (9) Any action to terminate the legal status of the Condominium Project after substantial destruction or condemnation occurs; or
- (10) Any provisions that expressly benefit Mortgagees.

(11) Abandonment or termination of the condominium regime.

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(12) Any change in the pro rata interest or obligations of any individual Unit for (i) purpose of levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards, or (ii) determining the pro rata share of ownership of each Unit in the Common Areas.

(13) Abandonment, partition, subdivision, encumbrance, sale or transfer of the Common Areas. The granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Areas by the Condominium Project shall not be deemed a transfer within the meaning of this clause.

(14) Restoration or repair of the Condominium Project (after damage or partial condemnation) in a manner other than as specified in this Declaration or the Bylaws. Use of hazard insurance proceeds for losses to any Condominium Project property, whether to Units or to Common Areas or Limited Common Areas, for other than the repair, replacement or reconstruction of such improvements, except as provided by statute in cases of substantial loss to the Units and/or Common Areas or Limited Common Areas of the Condominium Project.

(b) An addition or amendment to the Declaration or Bylaws shall not be considered material for purposes of Section 12.2(a) if it is for the purpose of correcting technical errors, or for clarification only. Any Mortgagee who receives a written request to approve any termination, additions or amendments and who does not deliver or post to the requesting party a negative response within 30 days after it receives proper notice of the proposal, provided the notice was delivered by certified or registered mail, return receipt requested, or by over-night courier, shall be deemed to have approved such request.

ARTICLE 13.

ASSOCIATION OF UNIT OWNERS

13.1 Organization. Upon the recording of this Declaration an association of Unit Owners shall be organized to serve as a means through which the Unit Owners may take action with regard to the administration, management and operation of the Condominium Project. The name of this association shall be "Association of Unit Owners of Lexington Commons At South Davis". The Association shall be a Utah nonprofit corporation.

13.2 Membership; Board of Directors. Each Unit Owner shall be a member of the Association. The affairs of the Association shall be governed by a Board of Directors as provided in the Bylaws.

13.3 Powers and Duties. The Association shall have such powers and duties as may be granted to it by the Act, together with such additional powers and duties as are afforded it by this Declaration or the Bylaws.

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13.4 Adoption of Bylaws: Declarant Control of Association. Upon the execution and the recording of this Declaration, Declarant shall adopt Bylaws for the Association in the form attached hereto as Exhibit C and incorporated herein by this reference. At the same time, Declarant will appoint an interim Board of Directors of the Association, which Directors shall serve until their successors have been elected as provided in Section 3.3 of the Bylaws. In addition, Declarant shall have the right to consent to any amendment to the Declaration or the Bylaws as provided in Section 14.2 below and Section 9.2 of the Bylaws.

ARTICLE 14.

AMENDMENT

14.1 How Proposed. Amendments to the Declaration shall be proposed by either a majority of the Board of Directors or by Unit Owners holding fifty percent (50%) or more of the voting rights. The proposed amendment must be reduced to writing and shall be included in the notice of any meeting at which action is to be taken thereon or attached to any request for consent to the amendment.

14.2 Approval Required. Except as may otherwise be provided in this Declaration or by the Act, this Declaration may be amended if such amendment is approved by Unit Owners holding sixty-seven (67%) percent of the voting rights of the Condominium Project and by Mortgagees to the extent required by Article 12. Declarant's prior written consent shall also be required until the turnover meeting referred to in Section 2.2 of the Bylaws and/or so long as Declarant owns 10 percent or more of the Units in the Condominium Project, but no such separate consent shall be required after seven years from the date of recordation of this Declaration. Except as provided in Article 15, no amendment may change the size, location, allocation of undivided interest in the Common Areas, method of determining liability for Common Expenses, right to Common Profits, or voting rights of any Unit unless such amendment has been approved by the Owners and Mortgagees of the affected Unit. Any amendment which would limit or diminish any special Declarant rights established in the Declaration shall require the written consent of Declarant.

14.3 Recordation. The amendment shall be effective upon recordation of an amendment to this Declaration with the Davis County Recorder's Office in accordance with this Declaration and the provisions of the Act.

ARTICLE 15.

OPTION TO EXPAND

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15.1 Expandable Condominium Project: Additional Land. The Condominium Project is an "Expandable Condominium" as that term is defined in the Act, subject to all provisions of the Act governing expandable condominiums. Declarant hereby reserves the right and option, together with the power and authority, in its sole discretion, but without any obligation to do so, to expand the Condominium Project without the prior or subsequent consent of any Unit Owner or Mortgagee, at any time not later than seven (7) years after the recordation of this Declaration, by adding to the Condominium Project in one or more (but not more than three) phases, all or any part of the parcel of real property described by metes and bounds on Exhibit D attached hereto and by this reference made a part of this Declaration, together with all improvements heretofore or hereafter constructed thereon (hereinafter referred to collectively as the "Additional Land"), in accordance with and subject to the Act and this Article 15. The Additional Land, or any part thereof, if and when added to the Condominium Project, shall be considered to be a part of the Condominium Project and shall be subject to all of the covenants, conditions and restrictions contained in this Declaration. In addition to other limitations contained herein, Declarant's option to expand shall be limited by the requirement that all owners, mortgagees and lessees holding any interest of record in and to the Additional Land must join in or expressly consent in writing to the exercise of such option. Except as specifically provided in this Article 15, there are no limitations on the rights of Declarant to add all or any part of the Additional Land to the Condominium Project.

15.2 Exercise. Declarant's option to expand may be exercised in one or more (but not more than five) phases at the sole option and discretion of Declarant. Each such exercise shall be effected by filing with the Davis County Recorder's Office the following:

(a) A Supplemental Record of Survey Map containing the information required by the Act when adding additional land to an expandable condominium project including, but not limited to, a description of the additional land being added, the location and dimensions of the units to be created thereon, such other information concerning the new units as was required on the Map with respect to the original Units, a description of the common areas and facilities to be created thereon, and the portions of the common areas and facilities which are to be limited common areas.

(b) An Amended Declaration, duly executed and acknowledged by Declarant and all owners, mortgagees and lessees of the Additional Property, containing the information and amendments required by the Act and this Declaration. The Amended Declaration shall contain a legal description by metes and bounds of the real property to be added and shall reallocate undivided interests in the Common Areas in accordance with the Act and this Declaration.

15.3 Improvements. There are no substantial improvements existing on the Additional Land as of the date of filing hereof. Declarant presently intends that any Units created on any part of the Additional Land which is added to the Condominium Project pursuant to this Article 15 shall be compatible with Units created by this Declaration in terms of quality of construction, principal materials used and architectural style. However, no assurances are made in this regard. Expansion may be performed in up to three (3) phases, and the entire Condominium Project, as expanded, may contain up to 60 Units, including up to 36 Units on the Additional Land. Phasing shall be totally determined by election of Declarant and Declarant shall not be bound to expand in any order. Expansions may include the entire Additional Land or any portion thereof. Declarant reserves the right to create limited common areas and facilities within any portion of the Additional Land, similar to the Limited Common Areas created by this Declaration and the Map. Other than the foregoing, no assurances are made in regard to the locations or kinds of improvements that may be made on any portion of the Additional Land subsequent to its addition to the Condominium Project. All of the Additional Land and improvements thereon when added to the Condominium Project shall be subject to the provisions or restrictions on use contained in this Declaration.

15.4 Reallocation of Common Areas. In the event Declarant exercises its option to expand hereunder, each Amended Declaration shall, among other things, reallocate to each Unit in the Condominium Project an undivided interest in and to the Common Areas of the Condominium Project, as expanded. No such reallocation shall be effective unless and until a Supplemental Record of Survey Map is filed with the Davis County Recorder's Office depicting the Additional Land, or portion thereof covered by such Amended Declaration, and the Units created thereon.

15.5 Definitions to Apply. In the event Declarant exercises its option to expand hereunder, the definitions in this Declaration shall automatically be expanded to encompass and refer to the Condominium Project as so expanded. All conveyances of Units after each and every such expansion shall be effective to transfer rights in the Condominium Project, as expanded. The recordation in the Davis County Recorder's Office of a Supplemental Record of Survey Map and Amended Declaration shall operate automatically to grant, transfer and convey pro tanto to the Unit Owners in the Condominium Project as it exists before such expansion the respective undivided interests in the new Common Areas added to the Condominium Project as a result of such expansion, and to reduce pro tanto their respective undivided interests in the aggregate Common Areas following such expansion. Such recordation shall also operate (i) to vest in any then Mortgagee of a Unit such interest so acquired by the Unit Owner, thus encumbering the new Common Areas added to the Condominium Project to the extent of such Unit Owner's interest therein, and (ii) to conform the undivided interests of both Unit Owners and Mortgagees to the interests set forth in the Amended Declaration, for all purposes, including but not limited to, voting and assessment of Common Expenses. The Additional Land added to the Condominium Project, and all Units created thereon and the Owners of such Units, shall by operation of law be subject to the covenants, conditions and restrictions contained in the Declaration, as amended,

from the date of recordation of each Amended Declaration and Supplemental Record of Survey Map.

E 1329949 B 2143 P 1230

Prior to recordation of a Supplemental Record of Survey Map and an Amended Declaration, any deed for a Unit shall be delivered subject to a conditional limitation that the fractional undivided interest in the Common Areas which is appurtenant to such Unit shall be automatically reallocated pro tanto on the recording of such documents, whether or not explicitly stated in such deed.

15.6 Power of Attorney. There is hereby reserved unto Declarant an irrevocable Power of Attorney, coupled with an interest, for the purpose of reallocating undivided interests in the Common Areas of the Condominium Project, as expanded, and to execute, acknowledge and deliver such further instruments as may from time to time be required in order to accomplish the purposes of this Article 15. Each Unit Owner and each Mortgagee shall be deemed to have acquiesced in each Amended Declaration and each Supplemental Record of Survey Map filed in accordance with and for the purposes set forth in this Article 15, and shall be deemed to have granted unto Declarant an irrevocable Power of Attorney, coupled with an interest, to effectuate, execute, acknowledge, deliver and record any such document; and each such Owner and Mortgagee shall be deemed to have agreed and covenanted to execute such further instruments, if any, as may be required by Declarant, its successors or assigns, to accomplish such expansion of the Condominium Project in accordance with this Article 15.

ARTICLE 16.

SEVERABILITY

Each provision of this Declaration and the Bylaws shall be deemed independent and severable, and the validity or partial invalidity of any provision shall not affect the validity or enforceability of the remaining part of that or any other provision of this Declaration or the Bylaws.

ARTICLE 17.

APPLICABILITY

Each Unit Owner, including Declarant as to any unsold Unit, shall be subject to all of the rights and duties assigned to Unit Owners under the terms of the Declaration and Bylaws.

[Signature Page Follows]

IN WITNESS WHEREOF, Declarant has caused this Declaration to be executed as of the day and year first set forth above.

E 1329949 8 2143 F 1231

SDC WOODS CROSS, LLC

By Sentry Development Corporation, a Utah corporation and the Manager of SDC Woods Cross, LLC

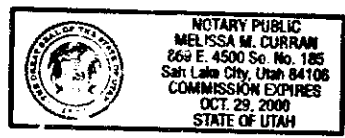
By [Signature]
Name: Jeffrey K. Larsen
Title: Executive Vice President

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

The foregoing instrument was acknowledged before me this 11 day of June, 1997, by Jeffrey K. Larsen, the Executive Vice President of Sentry Development Corporation, a Utah corporation and the Manager of SDC Woods Cross, LLC, a Utah limited liability company.

[Signature]
Notary Public

My commission expires: 10/29/2000
Residing at: SLC, UT



MORTGAGEE'S CONSENT

E 1329949 B 2143 P 1232

Town & Country Life Insurance Company, a Utah corporation, is the owner and holder of a mortgage or trust deed on the property being submitted to the Act hereunder and consents to the making of the foregoing Declaration.

TOWN & COUNTRY LIFE INSURANCE COMPANY

By *L. Brent Milne*
Name L. BRENT MILNE
Title EXECUTIVE VICE PRESIDENT & TREASURER

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

The foregoing instrument was acknowledged before this 10 day of June, 1997, by L. Brent Milne, the EVP of Town & Country Life Insurance Company.

Melissa M. Curran
Notary Public

My commission expires: 10/29/2000
Residing at: SLC, UT

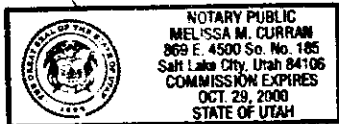


EXHIBIT A

Legal Description of Land

E 1329949 S 2143 P 1233

Beginning at a point on the West right-of-way of 500 West Street which point is also South 89°57'28" West 192.10 feet and North 0°03'30" East 148.27 feet and North 0°01'19" East 484.43 feet from the Southeast Corner of section 25, Township 2 North, Range 1 East, Salt Lake Base and Meridian and running thence due West 265.97 feet to the East line of Westwood Subdivision Plat A; thence North 0°03'30" East 13.90 feet; thence North 0°51'30" East 440.21 feet along said East line; thence South 89°58'24" East 259.54 feet to a point on the West right-of-way of 500 West Street; thence South 0°01'19" West 453.93 feet to the point of beginning, containing 2.740 acres.

EXHIBIT B

Square Footage, Percentage Interests and Interests in Limited Common Areas

E 1329949 B 2143 P 1234

<u>Unit No.</u>	<u>Approximate Square Footage</u>	<u>Percentage Interest in Common Areas</u>	<u>Interest in Building Limited Common Areas</u>	<u>Interest in Parking Limited Common Areas</u>
101	1375.5	4.167%	25% in Building 1	P1, P20
102	1375.5	4.167%	25% in Building 1	P2, P21
103	1359.5	4.167%	25% in Building 1	P3, P22
104	1309.5	4.167%	25% in Building 1	P4, P23
201	1375.5	4.167%	25% in Building 2	P5, P24
202	1375.5	4.167%	25% in Building 2	P6, P25
203	1359.5	4.167%	25% in Building 2	P7, P26
204	1309.5	4.167%	25% in Building 2	P8, P27
301	1375.5	4.167%	25% in Building 3	P9, P28
302	1375.5	4.167%	25% in Building 3	P10, P29
303	1359.5	4.167%	25% in Building 3	P11, P30

304	1309.5	4.167%	25% in Building 3	P12, P31
401	1375.5	4.167%	25% in Building 4	P13, P55
402	1375.5	4.167%	25% in Building 4	P32, P56
403	1359.5	4.167%	25% in Building 4	P14, P57
404	1309.5	4.167%	25% in Building 4	P33, P58
501	1375.5	4.167%	25% in Building 5	P49, P53
502	1375.5	4.167%	25% in Building 5	P47, P51
503	1359.5	4.167%	25% in Building 5	P48, P52
504	1309.5	4.167%	25% in Building 5	P50, P54
601	1375.5	4.167%	25% in Building 6	P39, P43
602	1375.5	4.167%	25% in Building 6	P40, P44
603	1359.5	4.167%	25% in Building 6	P41, P45
604	1309.5	4.167%	25% in Building 6	P42, P46

EXHIBIT C

E 1329949 B 2143 P 1236

**BYLAWS
OF THE
ASSOCIATION OF UNIT OWNERS
OF
LEXINGTON COMMONS AT SOUTH DAVIS**

Dated: June __, 1997

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BYLAWS OF THE ASSOCIATION OF UNIT OWNERS OF
LEXINGTON COMMONS AT SOUTH DAVIS

ARTICLE 1.

PLAN OF CONDOMINIUM OWNERSHIP

1.1 Name and Location. These are the Bylaws of the ASSOCIATION OF UNIT OWNERS OF LEXINGTON COMMONS AT SOUTH DAVIS (the "Association"). Lexington Commons At South Davis (the "Condominium Project") is located in the City of Woods Cross, Davis County, Utah, and has been submitted to the Utah Condominium Ownership Act by a declaration recorded simultaneously with these Bylaws (the "Declaration"). The location of the Condominium Project is more specifically described in the Declaration.

1.2 Principal Office. The principal office of the Association shall be located at 201 South Main Street, Suite 1400, Salt Lake City, Utah 84111-2215, or such other address as may be designated by the Board of Directors from time to time.

1.3 Purposes. The Association is formed under the provisions of the Utah Condominium Ownership Act ("Act") to serve as the means through which the Unit Owners may take action with regard to the administration, management and operation of the Condominium Project.

1.4 Applicability of Bylaws and Rules. The Association, all Unit Owners, and all persons using the condominium property shall be subject to these Bylaws and to the Rules.

1.5 Composition of Association. The Association shall be composed of all the Unit Owners of the Condominium Project, including SDC Woods Cross, LLC, a Utah limited liability company and its successors and assigns (the "Declarant"), and the Association, itself, to the extent any of these own any Unit or Units of the Condominium Project.

1.6 Incorporation. The Association shall be incorporated under the Utah Non-Profit Corporation and Co-operative Association Act. The Articles of Incorporation of the Association shall be consistent with the Declaration and these Bylaws, and these Bylaws shall constitute the Bylaws of the incorporated association.

1.7 Definitions. The definitions contained in or adopted by the Declaration shall be applicable to these Bylaws.

ARTICLE 2.

MEETINGS OF ASSOCIATION

E 1329949 B 2143 P 1242

2.1 Place of Meetings. The Association shall hold meetings at such suitable place convenient to the Unit Owners as may be designated by the Board of Directors from time to time.

2.2 Turnover Meeting. For a period of three years after the date of conveyance of the first Unit to a person other than the Declarant, or until ninety (90) days after Declarant has sold and conveyed ninety percent (90%) or more of the Units in the Condominium Project, whichever is later, the Board of Directors shall consist of the interim directors appointed by the Declarant. Within thirty (30) days following the expiration of such period the Declarant shall call a meeting of the Unit Owners to elect directors in accordance with Section 3.3. Notice of such meeting shall be given to all Owners as provided in Section 2.5. If Declarant fails to call the meeting, the meeting may be called and notice given by any Unit Owner or Mortgagee of a Unit. The expense of giving notice shall be paid or reimbursed by the Association. At the meeting, Declarant shall deliver to the Association such information and documents as may be required by the Act. Nothing in this section shall be construed as preventing the Declarant from calling the turnover meeting prior to such date, or from calling informal, informational meetings of the Unit Owners.

2.3 Annual Meetings. The annual meetings of the Association shall be held in the month of January or February at such hour and on such date as the president may designate, or if the president should fail to designate such date by the first day of February, then on the last Tuesday in February at 4:00 p.m. (Mountain Time). The annual meetings shall be for the purpose of electing directors and for the transaction of such other business as may properly come before the meeting.

2.4 Special Meetings. Special meetings of the Association may be called by the president or secretary or by a majority of the Board of Directors, and must be called by such officers upon receipt of a written request from at least fifty percent (50%) of the Unit Owners stating the purpose of the meeting. Business transacted at a special meeting shall be confined to the purposes stated in the notice.

2.5 Notice of Meetings. Notice of all meetings of the Association stating the time and place and the objects for which the meeting is being called shall be given by the president or secretary. Such notice shall be in writing and mailed to each Unit Owner at his address as it appears on the books of the Association and to any first Mortgagee requesting such notice not less than ten (10) days nor more than fifty (50) days prior to the date of the meeting. Proof of such mailing shall be given by the affidavit of the person giving the notice. Notice of meeting may be waived by any Unit Owner before or after meetings. When a meeting is adjourned for less than 30 days, no notice of the adjourned meeting need be given other than by announcement at the meeting at which such adjournment takes place.

2.6 Voting. Each Unit Owner shall have one vote for each Unit of the Condominium Project owned by such Unit Owner. The Declarant shall be entitled to vote as the Unit Owner of any then existing Units retained by the Declarant, and the Board of Directors shall be entitled to vote on behalf of any Unit which has been acquired by or on behalf of the Association; provided, however, that the Board of Directors shall not be entitled to vote such Units in any election of directors. For purposes of this Section 2.6 and the voting rights of Unit Owners set forth in the Bylaws, the Units shall include all of the Units covered by the Declaration including Units which have not been constructed or completed.

2.7 Proxies. A vote may be cast in person or by proxy. A proxy given by a Unit Owner to any person who represents such Owner at meetings of the Association shall be in writing and signed by such Owner, and shall be filed with the secretary, at any time prior to the meeting. No proxy shall be valid after the meeting for which it was solicited, unless otherwise expressly stated in the proxy, and every proxy shall automatically cease upon sale of the Unit by its Owner. A Unit Owner may pledge or assign such Owner's voting rights to a Mortgagee. In such a case, the Mortgagee or its designated representative shall be entitled to receive all notices to which the Unit Owner is entitled under these Bylaws and to exercise the Unit Owner's voting rights from and after the time that the Mortgagee shall give written notice of such pledge or assignment to the Board of Directors. Any first Mortgagee may designate a representative to attend meetings of the Association.

2.8 Fiduciaries and Joint Owners. An executor, administrator, guardian or trustee may vote, in person or by proxy, at any meeting of the Association with respect to any Unit owned or held in such capacity, whether or not the same shall have been transferred to his or her name; provided, that such person shall satisfy the secretary that he or she is the executor, administrator, guardian or trustee, holding such Unit in such capacity. Whenever any Unit is owned by two or more persons jointly, according to the records of the Association, the vote or proxy of such Unit may be exercised by any one of the Owners then present, in the absence of protest by a co-Owner. In the event of such protest, no one co-Owner shall be entitled to vote without the approval of all co-Owners. In the event of disagreement among the co-Owners, the vote of such Unit shall be disregarded completely in determining the proportion of votes given with respect to such matter.

2.9 Landlords and Contract Vendors. Unless otherwise expressly stated in the rental agreement or lease, all voting rights allocated to a Unit shall be exercised by the Owner. Unless otherwise stated in the contract, all voting rights allocated to a Unit shall be exercised by the vendee of any recorded land sale contract on the Unit.

2.10 Quorum of Unit Owners. At any meeting of the Association, members holding fifty percent (50%) of the voting rights, present in person or by proxy, shall constitute a quorum. The subsequent joinder of a Unit Owner in the action taken at a meeting by signing and concurring in the minutes of the meeting shall constitute the presence of such person for the purpose of determining a quorum. When a quorum is once present to organize a meeting, it cannot be broken by the subsequent withdrawal of a Unit Owner or Owners. If any meeting of members cannot be

organized because of a lack of quorum, the members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum is present.

2.11 Majority Vote. The vote of the holders of more than fifty percent (50%) of the voting rights, present in person or by proxy at a meeting at which a quorum is constituted, shall be binding upon all Unit Owners for all purposes except where a higher percentage vote is required by law, by the Declaration or by these Bylaws.

2.12 Order of Business. The order of business at annual meetings of the Association shall be:

- (a) Calling of the roll and certifying of proxies;
- (b) Proof of notice of meeting or waiver of notice;
- (c) Reading of minutes of preceding meeting;
- (d) Reports of officers;
- (e) Reports of committees, if any;
- (f) Election of directors;
- (g) Unfinished business;
- (h) New business; and
- (i) Adjournment.

2.13 Written Consent in Lieu of Meetings. At the discretion of the Board of Directors, any matter which might come before the Association at a meeting, including election of directors, may be determined by written consent, rather than at a formal gathering. Forms for obtaining written consent shall be sent to all Unit Owners in the same manner as notice of meetings, with a specified deadline for return thereof. Written consents must be properly executed and returned in sufficient quantity to constitute a quorum, and determination of the matter presented shall be based upon the required percentage being returned, unless approval of a specified percentage of all voting rights is required by law, the Declaration or these Bylaws. The results of a vote by written consent shall be determined by the Board of Directors within 48 hours after the deadline for return of written consents. Within 10 days after the written consents have been counted, each Unit Owner shall be notified of the results thereof.

ARTICLE 3.

BOARD OF DIRECTORS

E 1329949 0 2143 P 1245

3.1 Number and Qualification. The affairs of the Association shall be governed by a Board of Directors composed of three (3) to five (5) persons, as provided in Sections 3.2 and 3.3 of this Article. All directors, other than interim directors appointed by Declarant, shall be Owners or co-Owners of Units of the Condominium Project. For purposes of this section, the officers of any corporation, the managers of any limited liability company, and the partners of any partnership shall be considered co-Owners of any Units owned by such corporation, limited liability company or partnership.

3.2 Interim Directors. The interim board of three (3) directors designated in the Articles of Incorporation of the Association ("Interim Directors") shall serve until replaced by Declarant or their successors have been elected by the Unit Owners as provided below.

3.3 Election and Term of Office. At the turnover meeting called by Declarant pursuant to Section 2.2 of these Bylaws, the Interim Directors shall resign and three (3) successors shall be elected, one to serve until the next annual meeting, one to serve until the second annual meeting after the election, and one to serve until the third annual meeting after the election. Thereafter, at the expiration of the initial term of office of each respective director, his or her successor shall be elected to serve for a term of three years. Directors shall hold office until their respective successors have been elected by the Unit Owners. Election shall be by plurality. Upon a majority vote of the membership present in person or by proxy at a meeting called for such purpose, the number of directors may be increased to five (5) directors. Upon such increase, two additional directors shall be elected, one to serve until the next annual meeting and the other to serve until the second annual meeting after their election. Thereafter, each successor shall be elected to serve for a three-year term.

3.4 Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a director by a vote of the Association shall be filled by vote of the majority of the remaining directors, even though they may constitute less than a quorum, or by a sole remaining director. Each person so elected shall be a director until a successor is elected to fill the unexpired term at the next annual meeting of the Association or the next special meeting of the Association called for that purpose. Vacancies in Interim Directors shall be filled by Declarant.

3.5 Removal of Directors. At any regular or special meeting of the Association duly called, any one or more of the directors, other than Interim Directors, may be removed with or without cause by a majority vote (in person or by proxy) of the Unit Owners, and a successor shall be elected at that meeting to fill the vacancy thus created. The notice of any such meeting shall state that such removal is to be considered, and any director whose removal has been proposed shall be given an opportunity to be heard at that meeting.

3.6 Powers and Duties. The Board of Directors shall have all of the powers and duties necessary for the administration of the affairs of the Association, except such powers and duties as by law or by the Declaration or by these Bylaws may not be delegated to the Board of Directors by the Unit Owners. The powers and duties to be exercised by the Board of Directors shall include, but shall not be limited to, the following: E 1329949 8 2143 P 1246

(a) Operation, care, upkeep, maintenance, repair and replacement of the Common Areas and Limited Common Areas.

(b) Determination of the amounts required for operation, maintenance and other affairs of the Association, and the making of such expenditures.

(c) Adoption of a budget for the Association, and assessment and collection of the Common Expenses.

(d) Employment and dismissal of such personnel as necessary for the efficient maintenance, upkeep and repair of the Common Areas and Limited Common Areas.

(e) Employment of legal, accounting or other personnel for reasonable compensation to perform such services as may be required for the proper administration of the Association; provided, however, the board may not incur or commit the Association to incur legal fees in excess of \$5,000 for any specific matter unless the Unit Owners have enacted a resolution authorizing the incurring of such fees by a vote of sixty-seven percent (67%) of the voting rights present in person or by proxy at a meeting at which a quorum is constituted. This limitation shall not be applicable to legal fees incurred in defending the Association and the Board of Directors from claims or litigation brought against them.

(f) Opening of bank accounts on behalf of the Association and designating the signatories required therefor.

(g) Preparing or causing to be prepared and filed any required income tax returns or forms for the Association.

(h) Purchasing Units of the Condominium Project at foreclosure or other judicial sales in the name of the Association, or its designee, on behalf of all the Unit Owners as provided in these Bylaws.

(i) Selling, leasing, mortgaging, voting the votes appurtenant to (other than for the election of directors), or otherwise dealing with Units of the Condominium Project acquired by the Association or its designee on behalf of all the Unit Owners.

(j) Obtaining insurance or bonds pursuant to the provisions of these Bylaws.

(k) Making additions and improvements to, or alterations of, the Common Areas or Limited Common Areas; provided, however, that no such project may be undertaken by the board if the total cost will exceed the amount of \$10,000 unless the Unit Owners have enacted a resolution authorizing the project by a vote of sixty-seven percent (67%) of the voting rights present in person or by proxy at a meeting at which a quorum is constituted. This limitation shall not be applicable to maintenance, repairs or replacement undertaken pursuant to paragraph (a) above.

(l) Designating one or more committees which, to the extent provided in the resolution designating the committee, shall have the powers of the Board of Directors in the management of the affairs of the Association. At least one member of each committee shall be a member of the Board of Directors.

(m) Enforcement by legal means of the provisions of the Act, the Declaration, these Bylaws and the Rules.

(n) The filing of an Annual Report and any amendment in accordance with Utah law.

3.7 Managing Agent or Manager. On behalf of the Association, the Board of Directors may employ or contract for a managing agent or a manager at a compensation to be established by the Board of Directors. Any such management agreement shall be terminable by the Association upon not more than 90 days written notice thereof. The Board of Directors may delegate to the managing agent or manager such duties and powers as the Board of Directors may authorize. In the absence of such appointment, the Board of Directors shall act as manager.

3.8 Contracts Entered into by Declarant or Interim Board. Notwithstanding any other provision of these Bylaws, any leases or contracts (including management contracts, service contracts and employment contracts) entered into by the Declarant or the interim board on behalf of the Association shall have a term not in excess of three years. In addition, any such lease or contract shall provide that it may be terminated without cause or penalty by the Association or Board of Directors upon not less than 30 days' notice to the other party given at any time after election of the permanent board at the organizational and turnover meeting described in Section 2.2 of these Bylaws.

3.9 Organizational Meeting. Within fourteen (14) days following the annual meeting of the Association or following any meeting at which an election of directors has been held, the Board of Directors shall hold an organizational meeting at such place and time as shall have been fixed by the directors at the meeting at which the election was held.

3.10 Regular and Special Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the directors. Special meetings of the Board of Directors may be called by the president and must be

called by the secretary at the written request of at least two directors. Notice of any special meeting shall be given to each director, personally or by mail, telephone, telefax or telegraph at least seven (7) days prior to the day named for such meeting, and shall state the time, place and purpose of such meeting.

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3.11 Waiver of Notice. Any director may, at any time, waive notice of any meeting of the Board of Directors in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board shall constitute a waiver of notice by such director, except where the director attends the meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. If all of the directors are present at any meeting of the Board, no notice to directors shall be required and any business may be transacted at such meeting.

3.12 Quorum of Board of Directors. At all meetings of the Board of Directors, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. If at any meeting of the Board of Directors less than a quorum should be present, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice to directors.

3.13 Compensation. No director shall receive any compensation from the Association for acting as such.

3.14 Liability and Indemnification of Directors, Officers, Manager or Managing Agent. A member of the Board of Directors or an officer of the Association shall not be liable to the Association or any member thereof for any damage, loss or prejudice suffered or claimed on account of any action or failure to act in the performance of his or her duties, except for acts of gross negligence or intentional misconduct. In the event any member of the Board of Directors or any officer of the Association is made a party to any proceeding because the individual is or was a director or officer of the Association, the Association shall indemnify such individual against liability and expenses incurred to the maximum extent permitted by law.

3.15 Insurance. The Board of Directors shall obtain the insurance and fidelity bonds required in Article 8 of these Bylaws. In addition, the Board of Directors, in its discretion, may obtain such other insurance as it deems necessary to protect the interests of the Association or Unit Owners. The Board of Directors shall conduct an annual insurance review which, if appropriate, shall include an appraisal of all improvements contained in the Condominium Project.

OFFICERS

4.1 **Designation.** The principal officers of the Association shall be the president, the secretary and the treasurer, all of whom shall be elected by the Board of Directors. The directors may appoint a vice president, an assistant treasurer, an assistant secretary, and such other officers as in their judgment may be necessary. The president shall be a member of the Board of Directors, but the other officers need not be directors or Unit Owners.

4.2 **Election of Officers.** The officers of the Association shall be elected annually, by the Board of Directors at the organization meeting of each new board and shall hold office at the pleasure of the board. If any office shall become vacant, the Board of Directors shall elect a successor to fill the unexpired term at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for such purpose.

4.3 **Removal of Officers.** Upon the affirmative vote of a majority of the directors, any officer may be removed either with or without cause, and a successor may be elected at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for such purpose.

4.4 **President.** The president shall be the chief executive officer of the Association. He or she shall preside at all meetings of the Association and of the Board of Directors. The president shall have all of the general powers and duties which are usually vested in the chief executive officer of an association, including but not limited to the power to appoint committees from among the Unit Owners from time to time as the president may in his or her discretion decide is appropriate to assist in the conduct of the affairs of the Association.

4.5 **Secretary.** The secretary shall keep the minutes of all proceedings of the Board of Directors and the minutes of all meetings of the Association. He or she shall attend to the giving and serving of all notices to the Unit Owners and directors and other notices required by law. The secretary shall keep the records of the Association, except for those of the treasurer, and shall perform all other duties incident to the office of secretary of an association and as may be required by the directors or the president. In addition, the secretary shall act as vice president, taking the place of the president and performing the president's duties whenever the president is absent or unable to act, unless the directors have appointed another vice president.

4.6 **Treasurer.** The treasurer shall have the responsibility for Association funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, and for the preparation of required financial statements. He or she shall be responsible for the deposit of all moneys and other valuable effects in such depositories as may from time to time be designated by the Board of Directors, and shall disburse funds of the Association upon properly authorized vouchers. The treasurer shall perform

all other duties incident to the office of treasurer of an association and such other duties as may be assigned to him or her by the Board of Directors.

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4.7 Execution of Instruments. All agreements, contracts, deeds, leases and other instruments of the Association, except checks, shall be executed by such person or persons as may be designated by general or special resolution of the Board of Directors and, in the absence of any general or special resolution applicable to any such instrument, then such instrument shall be signed by the president. All checks shall be signed by the treasurer, or in the absence or disability of the treasurer, by the president or any duly elected assistant treasurer.

4.8 Compensation of Officers. No officer who is a member of the Board of Directors shall receive any compensation from the Association for acting as an officer. The Board of Directors may fix any compensation to be paid to any officers who are not also directors.

ARTICLE 5.

BUDGET, EXPENSES AND ASSESSMENTS

5.1 Budget. The Board of Directors shall from time to time, and at least annually, prepare a budget for the Association, estimate the Common Expenses expected to be incurred, less any previous overassessment, and assess the Common Expenses to each Unit Owner in the proportion set forth in the Declaration. The budget shall provide for an adequate reserve fund for maintenance, repairs and replacement of those Common Areas and Limited Common Areas which must be replaced on a periodic basis.

5.2 Determination of Common Expenses. Common Expenses shall include:

- (a) Expenses of administration.
- (b) Expenses of maintenance, repair or replacement of Common Areas and Limited Common Areas or any other portions of the Condominium Project required to be maintained by the Association pursuant to the Declaration or these Bylaws.
- (c) Cost of insurance or bonds obtained in accordance with these Bylaws.
- (d) A general operating reserve, including an amount sufficient to cover the deductible under the property damage insurance policy.
- (e) Reserve for replacements and deferred maintenance.
- (f) Any deficit in Common Expenses for any prior period.

(g) Utilities for the Common Areas and other utilities with a common meter or commonly billed, such as trash collection.

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(h) Any other items properly chargeable as an expense of the Association.

5.3 Obligation to Pay Common Expenses. All Owners of constructed and completed Units shall be obligated to pay Common Expenses assessed to them by the Board of Directors on behalf of the Association pursuant to these Bylaws and the Declaration. Assessments may not be waived due to limited or nonuse of the Common Areas or Limited Common Areas, and no Unit Owner may offset amounts owing or claimed to be owing by the Association or Declarant to the Unit Owner against such Unit Owner's obligation to pay assessments. Subject to Section 5.4 below, Declarant shall be assessed as the Unit Owner of any constructed and completed, but unsold Unit, but such assessments shall be prorated to the date of sale of the Unit. The Board of Directors, on behalf of the Association shall assess the Common Expenses against the Owners of constructed and completed Units from time to time, and at least annually, and shall take prompt action to collect from a Unit Owner any Common Expense due which remains unpaid for more than thirty (30) days from the due date for its payment. The board may elect to round assessments to the nearest dollar.

5.4 Initial Working Capital Fund. At the time of closing of the initial sale of each Unit, the purchaser shall make an initial contribution to the working capital of the Association equal to two months regular Association assessments for the Unit. Such initial contribution shall be in addition to the regular monthly Common Expense assessment and shall not be considered as an advance payment of regular assessments. The working capital fund shall be transferred to the Association for deposit to a segregated fund at the time of the organizational and turnover meeting. Declarant may not use the working capital fund to defray any of Declarant's expenses, reserve contributions, or construction costs or to make up any budget deficits while Declarant is in control of the Association.

5.5 Commencement of Regular Expense Assessments. Regular monthly assessments for Common Expenses shall commence within 60 days after closing of the first sale of a Unit in the Condominium Project.

5.6 Commencement of Assessment for Replacement Reserves. Regular monthly assessments for replacement reserves as described in Section 5.9 shall commence upon the closing of the sale of the first Unit in the Condominium Project, except that Declarant may elect to defer payment of such assessments to the Association for each constructed and completed Unit owned by Declarant until the closing of the sale of such Unit.

5.7 Special Assessments for Capital Improvements. In the case of any duly authorized capital improvement to the Common Areas or Limited Common Areas, the Board of Directors may by resolution establish separate assessments for the same, which may be treated as capital contributions by the Owners of constructed and completed Units, and the proceeds of which shall

be used only for the specific capital improvements described in the resolution. The Association shall not assess Units owned by the Declarant for additional capital improvements to the Condominium Project without the written consent of Declarant as long as Declarant owns more than two Units.

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5.8 Other Special or Extraordinary Assessments. In the event the Board of Directors determines that the assessments established upon adoption of the budget as provided in Section 5.1 above will be insufficient to pay the Common Expenses, or the Board of Directors determines that additional funds will be needed to meet unexpected or unbudgeted Common Expenses, the Board may levy an additional special or extraordinary assessment. Such assessment shall be allocated to each constructed and completed Unit in the same proportion set forth in the Declaration, and may be payable in installments over a specified period, in a lump sum, or in a lump sum with option to pay in installments with interest, as determined by the Board of Directors.

5.9 Replacement Reserves. The Declarant shall establish a reserve account for replacement of those Common Areas and Limited Common Areas all or a part of which will normally require replacement in more than three and less than 30 years. Such reserve account shall be funded by assessments against the individual Unit assessed for maintenance of the items for which the reserve account is being established, which sums shall be included in the regular monthly assessment for the Unit, except as otherwise provided in Section 5.4. The amount assessed shall take into account the estimated remaining life of the items for which the reserve is created and the current replacement cost of such items. The reserve account shall be established in the name of the Association and shall be adjusted at regular intervals to recognize changes in current replacement costs over time. The reserve account shall be used only for replacement of Common Areas and Limited Common Areas and shall be kept separate from assessments for maintenance and operating expenses. After the organizational and turnover meeting described in Section 2.2, however, the Board of Directors may borrow funds from the reserve account to meet high seasonal demands on the regular operating funds or to meet other temporary expenses which will later be paid from special assessments or maintenance fees. Nothing in this section shall prohibit prudent investment of the reserve account. Following the second year after the organizational and turnover meeting, future assessments for the reserve account may be reduced, eliminated or increased by an affirmative vote of not less than 67 percent of all voting rights in the Condominium Project. Assessments paid into the reserve account are the property of the Association and are not refundable to sellers of Units. Sellers of the Units, however, may treat their outstanding share of the reserve account as a separate item in any sales agreement. The provisions of this section shall be operable only to the extent and so long as required by the Act.

5.10 Default in Payment of Assessments. In the event of default by any Unit Owner in paying any assessments to the Association, including assessed Common Expenses and any other charge imposed or levied by the Association pursuant to the provisions of the Declaration, these Bylaws or the Act, such Unit Owner shall be obligated to pay interest at the rate of twelve percent (12%) per annum on such assessment from the due date thereof, or at such greater rate as may be established by the Board of Directors from time to time, not to exceed the maximum lawful rate,

if any. In addition, the defaulting Unit Owner shall pay a late charge for any assessment not paid within ten (10) days of its due date in the amount of five percent (5%) of the delinquent payment, or such other reasonable late charge as may be established by the Board of Directors from time to time, together with all expenses incurred by the Association in collecting such unpaid assessments, including attorneys' fees (whether or not suit is instituted, and at trial or any appeal or petition for review therefrom). If the assessment is not paid within thirty (30) days of its due date, the Board of Directors may declare any remaining installments of assessments for the balance of the fiscal year immediately due and payable. The Board of Directors shall have the right and duty to recover for the Association such assessments, together with such charges, interest and expense of the proceeding, including attorneys' fees, by an action brought against such Unit Owner or by foreclosure of the lien upon the Unit granted by the Act.

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5.11 Foreclosure of Liens for Unpaid Assessments. In any suit brought by the Association to foreclose a lien on a Unit because of unpaid assessments, the Unit Owner shall be required to pay a reasonable rental for the use of the Unit during the pendency of the suit, and the plaintiff in such foreclosure suit shall be entitled to the appointment of a receiver to collect such rental. The Board of Directors, acting on behalf of the Association, shall have the power to purchase such Unit at the foreclosure sale and to acquire, hold, lease, mortgage, vote the votes appurtenant to, convey, or otherwise deal with the Unit. A suit or action to recover a money judgment for unpaid assessments shall be maintainable without foreclosing the liens securing the same.

5.12 Statement of Assessments. The Board of Directors shall advise each Unit Owner in writing of the amount of assessments payable by such Owner, and furnish copies of each budget on which such assessments are based to all Unit Owners. The Board of Directors shall promptly provide any Unit Owner who makes a request in writing with a written statement of the Owner's unpaid assessments.

5.13 Priority of Lien: First Mortgages. Any lien of the Association against a Unit for assessments shall be subordinate to tax and assessment liens and any prior Mortgage of record. Where the purchaser or Mortgagee of a Unit obtains title to the Unit as a result of foreclosure of a first Mortgage, such purchaser or Mortgagee, its successors and assigns, shall not be liable for any of the assessments chargeable to such Unit which became due prior to the acquisition of title to such Unit by such purchaser or Mortgagee. Such unpaid share of assessments shall be a Common Expense and reallocated on a pro rata basis for all Units, including the mortgaged unit. The purchaser or Mortgagee shall not be relieved of the obligation to pay further assessments.

5.14 Voluntary Conveyance. In a voluntary conveyance of a Unit, the grantee shall be jointly and severally liable with the grantor for all unpaid assessments against the grantor of the Unit up to the time of the grant or conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefor. However, upon request of a prospective purchaser the Board of Directors shall make and deliver a statement of the unpaid assessments against the prospective grantor or the Unit, and the grantee in that case shall not be

liable for, nor shall the Unit when conveyed be subject to, a lien filed thereafter for any unpaid assessments against the grantor in excess of the amount set forth in the statement.

ARTICLE 6.

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RECORDS AND AUDITS

6.1 General Records. The Board of Directors and the managing agent or manager, if any, shall keep detailed records of the actions of the Board of Directors and the managing agent or manager, minutes of the meetings of the Board of Directors and minutes of the meetings of the Association. The Board of Directors shall maintain copies of the rules, regulations and policies adopted by the Association, Board of Directors and the manager. The Board of Directors shall maintain a list of Owners entitled to vote at meetings of the Association and a list of all Mortgagees of Units.

6.2 Financial Records. The Board of Directors or its designee shall keep financial records sufficient for proper accounting purposes.

6.3 Assessment Roll. The assessment roll shall be maintained in a set of accounting books in which there shall be an account for each Unit. Such account shall designate the name and address of the Owner or Owners, the amount of each assessment against the Owners, the dates and amounts in which the assessment comes due, the amounts paid upon the account and the balance due on the assessments.

6.4 Payment of Invoices. The treasurer shall pay all invoices and similar bills or statements for all budgeted items and for any nonbudgeted items up to \$1,000 signed by the president, managing agent, manager or other person authorized by the Board of Directors. Any invoices and similar bills or statements for nonbudgeted items in excess of \$1,000 shall require the authorization of the Board of Directors.

6.5 Reports and Audits. An annual financial statement consisting of a balance sheet and income and expense statement for the preceding fiscal year shall be rendered by the Board of Directors to all Unit Owners and to all Mortgagees of Units who have requested the same within 90 days after the end of each fiscal year. From time to time the Board of Directors, at the expense of the Association, may obtain an audit or review of the books and records pertaining to the Association and furnish copies thereof to the Owners and such Mortgagees. Upon written request, any holder, insurer or guarantor of a first Mortgage shall be entitled to an audited financial statement for the immediately preceding fiscal year at the expense of the requesting party, if one is not otherwise available.

6.6 Notice of Sale, Mortgage, Rental or Lease. Immediately upon the sale, mortgage, rental or lease of any Unit, the Unit Owner shall promptly inform the secretary or manager of the name and address of said vendee, Mortgagee, lessee, or tenant.

6.7 Availability of Records. During normal business hours or under other reasonable circumstances, the Association shall make available to Unit Owners and Mortgagees, for inspection, current copies of the Declaration, Bylaws, other rules concerning the Condominium Project, amendments or supplements to such documents, and the books, records, financial statements and current operating budget of the Association. Upon written request, the Association shall make such documents, information and records available to such persons for duplication during reasonable hours. The Association may charge a reasonable fee for furnishing copies of such documents, information or records.

ARTICLE 7.

MAINTENANCE AND USE OF CONDOMINIUM PROPERTY

7.1 Maintenance and Repair. Except as otherwise provided in Section 7.3 for damage or destruction caused by casualty:

(a) Units. All maintenance of and repairs to any Unit shall be made by the Owner of such Unit, who shall keep the same in good order, condition and repair and shall do all redecorating, painting and staining which at any time may be necessary to maintain the good appearance and condition of his Unit. In addition, each Unit Owner shall be responsible for the maintenance, repair, or replacement of windows and doors and the forced air furnace, any plumbing, heating or air conditioning fixtures, telephones, water heaters, fans, lighting fixtures and lamps, fireplaces, refrigerators, dishwashers, ranges, or other appliances and accessories that may be in or connected with such Owner's Unit. The Association, however, may repair or replace, at the Association's expense, portions of Units to the extent reasonably necessary for the preservation of the Common Areas and Limited Common Areas in good condition and working order.

(b) Common Areas. All maintenance, repairs and replacements to the Common Areas shall be made by the Association and shall be charged to all the Owners of constructed and completed Units as a Common Expense.

(c) Limited Common Areas. All maintenance, repairs and replacements to the Limited Common Areas shall be made by the Association and shall be charged to all Owners of constructed and completed Units as a common expense.

7.2 Additions, Alterations or Improvements.

(a) A Unit Owner may make any improvements or alterations to such Owner's Unit that do not impair the structural integrity or mechanical systems of the Condominium Project or lessen the support of any portion of the Condominium Project.

(b) After acquiring an adjoining Unit, a Unit Owner may submit a written request to the Board of Directors for permission to remove or alter any intervening partition or to create apertures therein, even if the partition in whole or in part is a Common Element. The Board of Directors shall approve the change unless it determines within thirty (30) days that the proposed change will impair the structural integrity or mechanical systems of the Condominium Project or lessen the support of any portion of the Condominium Project. The Board of Directors may require the Unit Owner, at such Owner's own expense, to submit an opinion of a registered architect or registered professional engineer that the proposed change will not impair the structural integrity or mechanical systems of the Condominium Project or lessen the support of any portion of the Condominium Project. Removal of partitions or creation of apertures under this paragraph is not an alteration of boundaries.

(c) A Unit Owner shall make no repair or alteration or perform any other work on such owner's Unit which would jeopardize the soundness or safety of the Condominium Project, reduce its value, impair any easement or hereditament or increase the Common Expenses of the Association unless the consent of all the other Unit Owners affected is first obtained.

(d) A Unit Owner may not change the appearance of the Common Areas or Limited Common Areas or the exterior appearance of a Unit without permission of the Board of Directors.

7.3 Damage or Destruction by Casualty of the Condominium Project. In the case of damage or destruction which affects a material portion of the Condominium Project, timely written notice shall be given to the Unit Owners and their Mortgagees and any eligible Mortgage insurer or guarantor and the following provisions shall apply:

(a) In the event of damage or destruction by casualty of Condominium Project property, the damage or destruction shall be repaired, reconstructed or rebuilt unless, within fourteen (14) days of such damage or destruction, the Board of Directors or more than ten percent (10%) of the Unit Owners shall have requested a special meeting of the Association. Such special meeting must be held within sixty (60) days of the date of damage or destruction. At the time of such meeting, unless Unit Owners holding ninety percent (90%) of the voting power, whether in person, by writing or by proxy, with the approval of Mortgagees as required by the Declaration, vote not to repair, reconstruct or rebuild the damaged property, the damage or destruction shall be repaired, reconstructed or rebuilt. If the damage or destruction is not repaired, reconstructed or rebuilt, then the property shall be removed from condominium ownership in the manner provided in the Act.

(b) The Association shall be responsible for repairing, reconstructing or rebuilding all such damage or destruction to the Common Areas and Limited Common

Areas and, to the extent of the Association's insurance coverage and any deductible under such policies, all such damage or destruction to the Units. Each Unit Owner shall be responsible for such repairing, reconstructing or rebuilding of his Unit as is not so covered by the Association's insurance.

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(c) If, due to the act or neglect of a Unit Owner, or of a member of such Owner's tenant, invitee, guest or other authorized occupant or visitor of such Unit Owner, damage shall be caused to the Common Areas or Limited Common Areas or to a Unit owned by others, or maintenance, repairs or replacements shall be required which would otherwise be a Common Expense, then such Unit Owner shall pay for such damage and such maintenance, repairs and replacements as may be determined by the Association, to the extent not fully covered by the Association's insurance.

(d) In the event any portion of the insurance proceeds paid to the Association is not used to repair, reconstruct or rebuild the damaged or destroyed property, the Association shall distribute the proceeds among the Unit Owners and their Mortgagees (as their interests may appear) in the same proportion as Common Expenses are shared, unless the property is removed from the Condominium Project. If the property is removed from the Condominium Project, the insurance proceeds, together with the proceeds from the sale of the property, shall be distributed to the Unit Owners and their Mortgagees (as their interests may appear) in the manner described in the Act.

7.4 Condemnation. If any portion of the Condominium Project is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, notice of the proceeding or proposed acquisition shall promptly be given to each Unit Owner and to each Mortgagee. The Association shall represent the Unit Owners in any condemnation proceedings or in negotiations, settlements and agreements with the condemning authority for acquisition of any portion of the Common Areas or Limited Common Areas, and each Unit Owner appoints the Association to act as his attorney-in-fact for such purposes. All compensation, damages or other proceeds of the taking shall be payable to the Association and allocated and distributed as provided in this Section 7.4.

(a) **Complete Taking.** If the entire Common Area is taken, or if Unit Owners holding ninety percent (90%) of the voting power agree that such substantial portion of the Common Area has been taken as to make the Condominium Project obsolete, then the property shall be deemed removed from condominium ownership. In such event, any proceeds of the condemnation paid to the Association, together with any other proceeds upon sale of the remaining Common Areas, shall be distributed among the Unit Owners and their Mortgagees, as their interests may appear, in accordance with the provisions of the Act.

(b) **Partial Taking.** If less than the entire Common Area is taken and the Condominium Project is not determined to be obsolete as provided in paragraph (a) above,

then as soon as practicable the Board of Directors shall, reasonably and in good faith, allocate the award, if any, among the Units in accordance with the reduction in the value of each Unit and its interest in the Common Areas, compared to the total reduction in value of all Units and their interest in the Common Areas. In the event any Unit Owner or Mortgagee objects to the allocation determined by the Board of Directors, the matter shall be submitted to arbitration in accordance with the rules of the American Arbitration Association. The cost of such determination shall be paid out of the proceeds of the condemnation. Any portion of the award allocated to a Unit Owner under this paragraph shall be paid first to all Mortgagees and holders of liens on the Unit Owner's interest in accordance with the existing priorities, and the balance to the Unit Owner. If any reconstruction or repair is undertaken as a result of the condemnation, the Board of Directors may retain and apply such portion of each Unit Owner's share of the award as is necessary to discharge the Owner's liability for any special assessment arising from such reconstruction or repair.

7.5 Restrictions and Requirements Respecting Use of Condominium Project Property. The following restrictions and requirements are in addition to all other restrictions and requirements contained in the Declaration and these Bylaws:

(a) Professional Office Use. The Units shall be used solely as professional office space for lawful business activities, including without limitation accountants, architects, attorneys, brokers, engineers, financial planning, insurance, mortgage companies, real estate companies, title insurance companies, travel agencies and similar professional offices. No Unit may be used for activities such as a massage parlor; escort service; pornographic or adult entertainment oriented business; arcade or computer game room; manufacturing; funeral home; business primarily engaged in providing seminars, education and/or training on premises; and/or the sale, rental or similar disposition, at retail or wholesale, of items of product inventory maintained at the Unit. No Unit or Common Areas or Limited Common Areas, or any part thereof, may be used as a residence or dwelling.

(b) Use of Common Areas. The Common Areas shall be used for the furnishing of services and facilities for which the same are reasonably intended, for the enjoyment of the Units. The use, operation and maintenance of the Common Areas shall not be obstructed, damaged or unreasonably interfered with by any Unit Owner.

(c) Offensive or unlawful activities. No noxious or offensive activities shall be carried on in any Unit nor shall anything be done in or placed upon any Unit which interferes with or jeopardizes the enjoyment of other Units or the Common Areas. Unit occupants shall exercise extreme care not to make noises which may disturb other Unit occupants, including the use of musical instruments, radios, televisions and amplifiers. No unlawful use shall be made of the Condominium Project nor any part thereof, and all

valid laws, zoning ordinances, and regulations of all governmental bodies having jurisdiction thereof shall be observed.

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(d) Animals. No animals or fowls shall be kept or permitted within the Condominium Project.

(e) Limitation on Number of Employees. In order to maintain the availability and quality of parking at the Condominium Project, no more than seven (7) agents, representatives or employees, including the Owner or lessee of a Unit, shall use or occupy the Unit at any one time.

(f) Exterior equipment and devices. Except for such safety, security and lighting equipment and devices as shall be determined by the Board of Directors to be necessary and/or beneficial for the use and enjoyment of the Condominium Project, no equipment or devices shall be installed or maintained on or shall be affixed to the Common Areas or Limited Common Areas.

(g) Windows and outside walls. In order to preserve the attractive appearance of the Condominium Project the Board of Directors of the Association or the manager may regulate the nature of items which may be placed in or on windows and the outside walls so as to be visible from other Units, the Common Areas or Limited Common Areas, or outside the Condominium Project.

(h) Trailers, campers and boats. No truck (other than a pick-up truck), trailer, truck camper, motorcycle, boat or boat trailer, or similar vehicle shall be parked overnight on any portion of the Condominium Project. No automobile or pick-up truck shall be parked overnight on any portion of the Condominium Project except for a temporary, short-term period.

(i) Leasing of Units. No lease of a Unit shall have an initial term of less than six months. All leases shall be by written lease agreement, which shall provide that the terms of the lease shall be subject in all respects to, and the lessee shall comply in all respect with, the provisions of the Declaration and these Bylaws and the Rules, and that any failure by the lessee to comply with the terms of such documents shall be a default under the lease. If the Board of Directors finds that a lessee has violated any provision of the Declaration, these Bylaws or the Rules, the Board may require the Unit Owner to terminate such lease.

(j) Signs. Up to the date of the turnover meeting provided for in Section 2.2 of these Bylaws, any and all signage for the Condominium Project, both exterior and interior, shall be determined by the Declarant. Thereafter, any changes in the types or locations of the signage must be approved by Unit Owners holding sixty-seven percent (67%) of the voting rights. No signs shall be permitted to be located or situated on, or

displayed on or from, any Unit or the Common Areas except as provided by this Section 7.5(j).

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(k) **Trash.** No part of any Unit or any part of the Common Areas or Limited Common Areas shall be used or maintained as a dumping ground for rubbish, trash, garbage or other waste. All garbage, trash or other waste shall be kept or maintained in sanitary containers in the designated areas.

(l) **Insurance.** Nothing shall be done or kept in any Unit or in the Common Areas or Limited Common Areas which will increase the cost of insurance on the Common Areas or Limited Common Areas. No Owner shall permit anything to be done or kept in his or her Unit or in the Common Areas or Limited Common Areas which will result in cancellation of insurance on any Unit or any part of the Common Areas or Limited Common Areas.

(m) **Hazardous Substances.** All operations or activities upon, or any use of, any Unit or any part of the Common Areas or Limited Common Areas shall be in compliance with all state, federal and local laws and regulations governing or in any way relating to the generation, handling, manufacturing, treatment, storage, use, transportation, spillage, leakage, dumping, discharge or disposal of any Hazardous Substance. "Hazardous Substance" includes: (i) any hazardous, toxic or dangerous waste, substance or material defined as such in (or for the purposes of) the Comprehensive Environmental Response, Compensation and Liability Act, as amended, and any so-called superfund or superlien law, or any other Environmental Law, including Environmental Laws relating to or imposing liability or standards of conduct concerning any hazardous or toxic waste, substance or material, (ii) asbestos or polychlorinated biphenyls, and (iii) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any federal, state, foreign or local governmental authority pursuant to any environmental law or any health and safety or similar law, code, ordinance, rule or regulation, order or decree, and which could reasonably pose a hazard to health and safety.

(n) **Rules.** The Board of Directors may adopt Rules governing the conduct of persons on and the operation and use of the Units and Common Areas and Limited Common Areas. The Rules, which shall not be inconsistent with the Declaration or these Bylaws, may be amended or modified from time to time by the Board of Directors, as it may deem necessary or appropriate in order to assure the continued peaceful and orderly use and enjoyment of the Condominium Project; provided, that after the turnover meeting referred to in Section 2.2 above, any such modification or amendment of the Rules by the Board of Directors must be approved by vote of not less than sixty-seven percent (67%) of the voting rights held by Unit Owners present, in person or by proxy, at any meeting of Unit Owners, the notice of which shall have stated that such modification or revocation of Rules will be under consideration. A copy of each amendment, modification or revocation of the Rules shall be delivered by the secretary promptly to each Unit Owner

and shall be binding upon all Unit Owners and occupants of all Units from the date of delivery.

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7.6 Abatement and Enjoining of Violations. The violation of any provision of the Declaration or these Bylaws, of any rule or regulation adopted pursuant to these Bylaws, or of any decision of the Association made pursuant to such documents, shall give the Board of Directors, acting on behalf of the Association, the right, in addition to any other rights set forth in these Bylaws, to do any or all of the following after giving notice and an opportunity to be heard:

(a) to enter the Unit in which or as to which such violation exists and to summarily abate and remove, at the expense of the defaulting Unit Owner, any structure, thing, or condition that may exist contrary to the intent and meaning of such provisions, and the Board of Directors shall not thereby be deemed guilty of any manner of trespass, provided, however, that judicial proceedings shall be instituted before any items of construction may be altered or demolished;

(b) to enjoin, abate, or remedy such thing or condition by appropriate legal proceedings;

(c) to levy reasonable fines; or

(d) to terminate the right to receive utility services paid for out of assessments or the right of access to and use of facilities of the Condominium Project until the correction of the violation has occurred.

The offending Unit Owner shall be liable to the Association for all costs and attorneys' fees incurred by the Association, whether or not legal proceedings are instituted and including attorneys' fees on appeal or petition for review, together with any expense incurred by the Association in remedying the default, damage incurred by the Association or Unit Owners, or fines so levied. Such sums shall be assessed against the offending Unit as an assessment and enforced as provided in Article 5. In addition, any aggrieved Unit Owner may bring an action against such other Unit Owner or the Association to recover damages or to enjoin, abate, or remedy such thing or condition by appropriate legal proceedings.

ARTICLE 8.

INSURANCE

8.1 Types of Insurance. For the benefit of the Association and the Unit Owners, the Board of Directors shall obtain and maintain at all times, and shall pay for out of the Common Expense funds, the insurance provided for in this Article 8.

8.2 Property Damage Insurance.

(a) The Association shall maintain a policy or policies of insurance covering loss or damage from fire, with standard extended coverage and "all risk" endorsements, and such other coverages as the Board of Directors may deem desirable.

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(b) The amount of the coverage shall be for not less than one hundred percent (100%) of the current replacement cost of the Units and Common Areas and Limited Common Areas (exclusive of land, foundation, excavation and other items normally excluded from coverage), subject to a maximum deductible of the lesser of \$10,000 or one percent (1%) of the policy amount.

(c) The policy or policies shall include all fixtures and building service equipment to the extent that they are part of the Common Areas and all personal property and supplies belonging to the Association, together with all fixtures, improvements and alterations comprising a part of each Unit.

(d) Such policy or policies shall name the Association as insured, and shall provide for loss payable in favor of the Association, as a trustee for each Unit Owner and each such Unit Owner's Mortgagee, as their interests may appear. The policies shall contain the standard mortgage clause, or equivalent endorsement (without contribution) which is commonly accepted by institutional mortgage investors in Utah.

8.3 Liability Insurance.

(a) The Association shall maintain comprehensive general liability insurance coverage insuring the Declarant, the Association, the Board of Directors, the Unit Owners and the managing agent, against liability to the public or to the Owners of Units and of Common Areas and Limited Common Areas, and their invitees or tenants, incident to the operation, maintenance, ownership or use of the Condominium Project, including legal liability arising out of lawsuits related to employment contracts of the Association. There may be excluded from such policy or policies coverage of a Unit Owner (other than as a member of the Association or Board of Directors) for liability arising out of acts or omission of such Unit Owner and liability incident to the Ownership and/or use of the part of the property as to which such Unit Owner has the exclusive use or occupancy.

(b) Limits of liability under such insurance shall not be less than One Million Dollars (\$1,000,000) on a combined single limit basis.

(c) Such policy or policies shall be issued on a comprehensive liability basis and shall provide a cross liability endorsement wherein the rights of named insured under the policy or policies shall not be prejudiced as respects his, her or their action against another named insured.

8.4 Workers' Compensation Insurance. The Association shall maintain workers' compensation insurance to the extent necessary to comply with any applicable laws.

8.5 Fidelity Insurance.

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(a) The Association shall maintain fidelity insurance for all officers, directors, trustees and employees of the Association and all other persons handling or responsible for funds of or administered by the Association. In the event the Association has retained a management agent, such agent shall maintain fidelity insurance for its officers, employees and agents handling or responsible for funds of, or administered on behalf of, the Association.

(b) The total amount of fidelity insurance coverage required shall be determined by the Board of Directors. In no event, however, may the aggregate amount of such insurance be less than the sum equal to three months' aggregate assessments on all Units plus reserve funds.

(c) Such fidelity insurance shall name the Association as obligee and shall contain waivers by the issuers of the insurance of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees" or similar terms or expressions. The insurance shall provide that it may not be canceled or substantially modified (including cancellation for nonpayment of premium) without at least 10 days' prior written notice to the Association.

8.6 Directors' and Officers' Liability Insurance. The Association may maintain, if available at a reasonable cost, a policy of directors' and officers' liability insurance with coverage in the amount of not less than One Million Dollars (\$1,000,000), subject to a reasonable deductible.

8.7 Insurance by Unit Owners. Each Unit Owner shall be responsible for obtaining, at such Owner's expense, insurance covering his or her property not insured under Section 8.2 above and against his or her liability not covered under Section 8.3 above, unless the Association agrees otherwise.

8.8 Other Insurance Requirements. Insurance obtained by the Association shall be governed by the following requirements:

(a) All policies shall be written with a company licensed to do business in the State of Utah which has a Best's rating of A or better and a financial size category of Class IX or higher, as designated in Best's Key Rating Guide.

(b) Notwithstanding the provisions of 8.1 above, there may be named as an insured, on behalf of the Association, the Association's authorized representative,

including any trustee with whom the Association may enter into any Insurance Trust Agreement, or any successor to such trustee. Such insurance trustee shall have exclusive authority to negotiate losses under any property or liability insurance policy. Each Unit Owner appoints the Association, or any insurance trustee or substitute trustee designated by the Association, as attorney-in-fact for the purpose of purchasing and maintaining such insurance including: the collection and appropriate disposition of the proceeds thereof, the negotiation of losses and execution of releases of liability, the execution of all documents, and the performance of all other acts necessary to accomplish such purchase. The Association or insurance trustee shall receive, hold or otherwise properly dispose of any proceeds of insurance in trust for Unit Owners and their first Mortgage holders, as their interests may appear.

(c) All property insurance policies shall contain a "Special Condominium Endorsement" or its equivalent providing for the following: recognition of any Insurance Trust Agreement, a waiver of the right of subrogation against Unit Owners individually, that the insurance is not prejudiced by any act or neglect of individual Unit Owners which is not in the control of such Owners collectively, and that the policy is primary in the event the Unit Owner has other insurance covering the same loss.

(d) For purposes of this article, insurance policies are unacceptable where (i) under the terms of the insurance carrier's charter, Bylaws or policy, contributions or assessments may be made against the Association or Unit Owners, or (ii) by the terms of the carrier's charter, Bylaws or policy, loss payments are contingent upon action by the carrier's Board of Directors, policy holders or members, or (iii) policy includes any limiting clauses (other than insurance conditions) which could prevent the Owners from collecting insurance proceeds.

(e) All policies required by this article shall provide that they may not be canceled or substantially modified without at least 30 days' prior written notice to the Association and to each holder of a first Mortgage which is listed as a scheduled holder of a first Mortgage in the insurance policy. Evidence of insurance shall be issued to each Unit Owner and Mortgagee upon request.

(f) Each Unit Owner shall be required to notify the Board of Directors of all improvements made by the Owner to his or her Unit, the value of which is in excess of One Thousand Dollars (\$1,000). Nothing in this paragraph shall permit an Owner to make improvements without first obtaining the approval of the Board of Directors pursuant to Section 7.2.

(g) Any Unit Owner who obtains individual insurance policies covering any portion of the property other than such Owner's personal property and fixtures shall file a copy of such individual policy or policies with the Association within thirty (30) days after the purchase of such insurance.

8.9 Optional Provisions. The Board of Directors shall make every effort to secure insurance policies that will provide for the following:

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(a) To the extent appropriate and available at reasonable cost, the Association shall maintain additional coverages against such other risks as are customarily covered with respect to projects similar in construction, location and use, including but not limited to, contractual and all-written contract insurance, employer's liability insurance, comprehensive automobile liability insurance, and an endorsement patterned after "use and occupancy" insurance providing relief from monthly assessments while a Unit is uninhabitable due to a covered loss.

(b) If reasonably available, the insurance policies shall include Inflation Guard Endorsement, and Construction Code Endorsements (such as a Demolition Cost Endorsement, a Contingent Liability from Operation of Building Laws Endorsement, and an Increased Cost of Construction Endorsement).

(c) Flood Insurance, if the Condominium Project is in a Special Flood Hazard Area.

(d) If reasonably available, the insurance policies shall include earthquake coverage.

ARTICLE 9.

AMENDMENTS TO BYLAWS

9.1 How Proposed. Amendments to the Bylaws shall be proposed by either a majority of the Board of Directors or by Unit Owners holding fifty percent (50%) of the voting rights. The proposed amendment must be reduced to writing and shall be included in the notice of any meeting at which action is to be taken thereon or attached to any request for consent to the amendment.

9.2 Adoption. A resolution adopting a proposed amendment may be proposed by either the Board of Directors or by the Unit Owners and may be approved by the Unit Owners at a meeting called for this purpose or by ballot vote. Any resolution must be approved by Unit Owners holding a majority of the voting rights and by Mortgagees to the extent required by the Declaration, except that any amendment relating to the use or leasing of Units or signage in the Condominium Project must be approved by Unit Owners holding sixty-seven percent (67%) of the voting rights. Declarant's consent shall also be required until the turnover meeting referred to in Section 2.2 above and/or so long as Declarant owns ten percent (10%) or more of the Units in the Condominium Project. Such consent shall not be required after three years from the date of conveyance of the first Unit to a person other than Declarant. Any amendment which would

limit or diminish any special Declarant rights established in these Bylaws shall require the written consent of Declarant.

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9.3 Execution and Recording. An amendment shall not be effective until certified by the president and secretary of the Association as being adopted in accordance with these Bylaws and the provisions of the Act and recorded as required by the Act.

ARTICLE 10.

MISCELLANEOUS

10.1 Notices. All notices to the Association or to the Board of Directors shall be sent care of the person designated to receive service of process pursuant to Article 8 of the Declaration, which person may be changed from time to time by the Board of Directors, effective upon recordation as required by the Act. All notices to any Unit Owner shall be sent to such address as may have been designated by him from time to time, in writing, to the Board of Directors, or, if no address has been designated, then to the Owner's Unit.

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

10.3 Action Without a Meeting. Any action which the Act, the Declaration or the Bylaws require or permit the Owners or directors to take at a meeting may be taken without a meeting if a consent in writing setting forth the action so taken is signed by all of the Owners or directors entitled to vote on the matter. The consent, which shall have the same effect as a unanimous vote of the Owners or directors, shall be filed in the records of minutes of the Association.

10.4 Invalidity; Number; Captions. The invalidity of any part of these Bylaws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these Bylaws. As used in these Bylaws, the singular shall include the plural, and the plural the singular. The masculine and neuter shall each include the masculine, feminine and neuter, as the context requires. All captions are intended solely for convenience of reference and shall in no way limit any of the provisions of these Bylaws.

10.5 Conflicts. These Bylaws are intended to comply with the Act and the Declaration. In case of any irreconcilable conflict, such statute and document shall control over these Bylaws or the Rules.

DATED this 11th day of June, 1997.

SDC WOODS CROSS, LLC,
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By SENTRY DEVELOPMENT CORPORATION,
the Manager of SDC Woods Cross, LLC

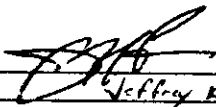
By 
Name Jeffrey K. Larson
Title Executive Vice President

EXHIBIT D

Legal Description of Additional Land

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Beginning at a point which is at the Southeast corner of Westwood Subdivision Plat B, said point being South $89^{\circ}57'28''$ West along the section line 192.10 feet and North $0^{\circ}03'30''$ East 148.27 feet from the Southeast corner of Section 25, Township 2 North, Range 1 West, Salt Lake Base and Meridian, Davis County, Utah and running thence along the boundary of said subdivision the following courses and distances Westerly along the arc of an 80.00-foot radius curve to the left for a distance of 34.37 feet (central angle = $24^{\circ}37'03''$, chord bearing and distance = South $77^{\circ}44'59''$ West 34.11 feet) to a point of reverse curvature to a 30.00-foot radius curve to the right; thence Westerly along said curve for a distance of 12.89 feet (central angle = $24^{\circ}36'59''$, chord bearing and distance = South $77^{\circ}44'57''$ West 12.79 feet); thence North $89^{\circ}56'34''$ West 129.18 feet; thence North $0^{\circ}03'30''$ East 135.00 feet; thence North $89^{\circ}56'34''$ West 91.28 feet to the East line of Westwood Plat A; thence along said line the following 2 courses and distance: North $0^{\circ}03'30''$ East 359.15 feet; thence due East 265.97 feet to the West line of 500 West Street; thence South $0^{\circ}01'19''$ West 484.43 feet to the point of beginning, containing 2.731 acres.