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DECLARATION OF COVENANTS
CONDITIONS AND RESTRICTIONS
FOR
STONEBRIDGE CONDOMINIUMS

January 11, 1985

FIRST SECURITY REALTY SERVICES CORPORATION

DECLARANT

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Executed Original No. 1
of 3 Duplicate Originals.

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 Declaration of Covenants, Conditions and Restrictions
 For
Stonebridge Condominiums

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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR STONEBRIDGE CONDOMINIUMS

This Declaration is made and executed by First Security Realty Services Company, a Utah corporation, having its place of business in Salt Lake County, Utah (hereinafter called "Declarant"), for itself, its successors, grantees and assigns, pursuant to the provisions of the Utah Condominium Ownership Act, Sec. 57-8-1, et seq., Utah Code Ann. (1953, as amended) (hereafter referred to as "the Act").

RECITALS

A. Declarant is the owner of certain real property situated in Salt Lake County, State of Utah, (hereinafter referred to as the "Land"), which is more particularly described in Section 3 hereof.

B. Declarant has and intends to further construct certain Buildings (hereinafter defined) and other improvements on the Land, and by recording this Declaration and a Record of Survey Map (hereinafter "Map"), in the office of the Salt Lake County Recorder, as required by the Act, consents to the application of the provisions of the Act to the Property (hereinafter defined) as a Condominium Project.

C. Declarant hereby states that all of the Property is to be held, conveyed, hypothecated, encumbered, leased, rented, used, occupied and improved subject to the following limitations, restrictions, conditions, covenants, easements, and any provisions of the Act that may otherwise apply, all of which are agreed and declared to be in furtherance of a general plan of improvement for the benefit of the Property and the owners thereof. All provisions of this Declaration, including without limitation,

the uses, easements, obligations, covenants, conditions and restrictions, are hereby imposed as equitable servitudes upon the Property, shall run with the land and shall be binding on and for the benefit of the Property and all parties having or acquiring any, right, title or interest therein, or any part thereof, as well as any successors, assigns or representatives.

D. Declarant is the owner of certain Additional Land (hereinafter defined) located in Salt Lake County, State of Utah, which is contiguous to the Land, and as to which Declarant desires to reserve an Option (hereinafter defined) to expand the Property to include said Additional Land within the Condominium Project created hereby and to be developed on the Land, all as provided for in the Act.

E. Declarant, its successors, assigns and grantees, agree that an individual interest in the Common Areas, membership in the Association, any easements conveyed therewith and the fee title to each respective Unit conveyed therewith shall not be separated or separately conveyed, but that each such interest, membership and easement shall be deemed to be conveyed or encumbered with its respective Unit even though the description in the instrument of conveyance or encumbrance may refer only to the Unit; likewise, any conveyance or encumbrance by an Owner of a Condominium, or any portion thereof, shall be deemed to convey or encumber the entire Condominium interest of that person, together with his membership in the Association.

DECLARATION

Section 1. Name of Condominium Project.

The name by which this condominium project shall be known is "Stonebridge Condominiums", hereinafter referred to as "Stonebridge".

Section 2. Definitions.

The terms used in this Declaration and in the Association Articles and Bylaws shall be as defined in the Act, unless otherwise indicated by the context or as specified herein.

2.1 "Additional Land" shall mean the real property described in Section 16, all or any part of which may, from time to time, be made part of the condominium project and subject to this Declaration in accordance with the provisions of this Declaration and the Act.

2.2. "Architectural Committee" shall mean the Architectural Review Committee created pursuant to Section 10 hereof.

2.3. "Architectural Committee Rules" shall mean the rules and regulations set forth herein or as otherwise adopted by Board and/or Architectural Committee pursuant to Section 10 hereof.

2.4. "Articles" shall mean the Articles of Incorporation of the Association, filed or to be filed in the office of the Lt. Governor/Secretary of State of Utah, as such Articles may be appropriately amended from time to time.

2.5. "Assessment, Annual" or "Annual Assessment" shall mean the charge against a particular Owner and his Condominium, representing a portion of the costs of maintaining, improving, repairing and managing the property and all other Common Expenses, including operation costs for the Common Areas, which are to be paid in equal shares by the Owners to the Association for Common Expenses as provided herein.

2.6. "Assessment, Capital Improvement" or "Capital Improvement-Assessment" shall mean the charge against each Owner and his Condominium for a portion of the cost to the Association for installation or construction of any capital improvements to the Common Areas upon proper authorization. Such charges shall be levied against all Condominiums in the same proportions as Annual Assessments.

2.7. "Assessment, Reconstruction" or "Reconstruction Assessment" shall mean the charge against a particular Owner and his Condominium for a portion of the properly authorized costs to the Association, not paid by insurance or other sources, for reconstruction of any capital improvements on the Common Areas, particularly including Buildings which house Units. Reconstruction assessments shall be levied among all the Condominiums in proportion to the relative interior square foot floor areas of the Residential Elements of the Units (as such areas are shown on the Map), expressed as percentages, and computed by dividing such area of a Unit by the total of such areas of all Units in the Project (as shown on the Map).

2.8. "Assessment, Special" or "Special Assessment" shall mean the charge against a particular Owner and his Condominium directly attributable to, or reimbursable by, that Owner, equal to the cost to the Association for the charge, including any

corrective action performed pursuant to the provisions of this Declaration, or which is a reasonable fine or penalty assessed by the Association, together with interest and other proper charges thereon, as allowed by or provided for in this Declaration.

2.9. "Association" shall mean Stonebridge Condominiums Association, a Utah non-profit corporation (formed in connection herewith under the Utah Non-profit Corporation Statutes), its successors and assigns.

2.10. "Beneficiary" or "Beneficial Interest" shall mean a Mortgagee under a Mortgage, a Beneficiary under a Deed of Trust or a similar interest holder with respect to a Condominium, as the case may be, and the assignee or assignees of any such interest holder.

2.11. "Board of Directors" or "Board" shall mean the Board of Directors of the Association.

2.12. "Building" or "Buildings" shall refer to one or more of those structures located on the Land containing Units, a description of the Buildings being more particularly set forth in Subsection 3.2. hereof.

2.13. "Bylaws" shall mean the particular Bylaws plus any amendments thereto, of the association, as the same are adopted by the Board, the original form of the same to be hereafter recorded.

2.14. "Common Areas and Facilities" or "Common Areas" shall mean those areas of the Project, including Limited Common Areas, as are more particularly described in Subsection 3.4 hereof.

2.15. "Common Areas and Facilities Limited" or "Limited Common Areas and Facilities" or "Limited Common Areas" shall mean those areas of the Project which are more particularly described in Subsection 3.5 hereof.

2.16. "Common Expenses" shall mean the actual and estimated costs of: maintenance, management, operation, repair and replacement of the Common Areas (including unpaid Special Assessments, Reconstruction Assessments and Capital Improvement Assessments); the costs of any and all utilities metered to more than one Unit and other commonly metered charges for the Property; the costs of trash collection and removal, snow removal, street cleaning, and maintenance of clustered mailboxes; costs of management and operation of the Association, including, but not

limited to, compensation paid by the Association to Managers and other employees, accountants, attorneys and other contracted services; the costs of all gardening, security, clustered mailboxes and other services obtained for benefiting or maintaining the Common Areas; the costs of fire, casualty, liability and other insurance purchased for the benefit of the Project or Property and covering the Directors, officers and agents or employees of the Association; the costs of bonding members of the Board; any taxes paid by the Association, including any blanket tax assessed against the Property; amounts paid by the Association to discharge any lien or encumbrance levied against the Property or portions thereof; and the costs of any other item or items which are incurred for any reason whatsoever and which are designated by the Association as being for the common benefit of the Owners.

2.17. "Condominium" shall mean an individual fee simple ownership interest in the Common Areas of a Phase, together with a separate fee ownership interest in a Unit and all easements appurtenant thereto, including those rights associated with Limited Common Areas.

2.18. "Declaration" shall mean the within Declaration of Covenants, Conditions and Restrictions, as prepared in accordance with the Act, as it may be amended from time to time as provided herein and in accordance with the Act.

2.19. "Declarant" shall mean First Security Realty Services Company, a Utah corporation, its successors and any Person to which it shall have assigned any of its rights hereunder by an express written agreement.

2.20. "Deed of Trust" shall mean a Mortgage or Deed of Trust, as the case may be.

2.21. "Family" shall generally mean one or more natural persons each related to the other by blood, marriage, or adoption, or a group of not more than four (4) natural persons not so related, inclusive of any domestic servants or employees, who maintain a common household in a Unit.

2.22. "Improvements" shall mean, with respect to any Phase, any and all kinds of structures and appurtenances thereto, including but not limited to the following kinds of things: buildings, out buildings, walkways, sprinkler systems, pipes and parts, carports, garages, parks, swimming pools, tennis courts, other kinds of recreational facilities, roads, driveways, curbs and gutters, parking areas, fences and walls, awnings, stairs,

decks, patios, landscaping, hedges, windbreaks, trees and shrubs, lawns, exterior surfaces of any visible structures, poles, signs, mailboxes, fixtures and equipment. The Project may or may not contain some or all types of Improvements.

2.23 "Maintenance Funds" shall mean the accounts created for the receipt and disbursement of funds of the Association pursuant to Section 11 hereof.

2.24 "Manager" or "Management Agent" shall mean the Person employed by the Association, pursuant to and limited by Section 4 hereof, and delegated the duties, powers, responsibilities, or functions of the Association as set forth in or limited by such Section.

2.25 "Member" and "Membership". Member shall mean every person holding a membership in the Association pursuant to Section 4 hereof. Membership shall mean the property, voting and other rights of members as provided herein, together with the correlative duties and obligations of members as contained in this Declaration and the Articles and Bylaws of the Association.

2.26. "Mortgage" shall mean any mortgage or deed of trust or other similar conveyance of a Condominium or other portion of the Property for the purpose of securing performance of an obligation, which conveyance will be reconveyed upon the completion or fulfillment of performance of the obligation. For purposes hereof "Trust Deed" or "Deed of Trust" shall be synonymous with "Mortgage".

2.27. "Mortgagee" and "Mortgagor". Mortgagee shall mean the Person to whom a Mortgage is made and shall include the Beneficiary of a Deed of Trust. Mortgagor shall mean the Person who mortgages his or its property to another (i.e., the "maker" of a Mortgage), and shall include the Trustor under a Deed of Trust. For purposes hereof, the term "Trustor" shall be synonymous with the term "Mortgagor" and the term "Beneficiary" shall be synonymous with the term "Mortgagee".

2.38. "Notice and Hearing" shall mean written notice and a hearing before the Board in the manner which may be provided in the Bylaws, at which an Owner shall have opportunity to be heard in person, or by counsel at the Owner's expense.

2.29. "Option" shall mean the Option herein reserved to Declarant to add the Additional Land to the Condominium Project created pursuant to this Declaration.

2.30. "Owner" shall mean the record owner, whether one or more Persons, of a fee simple interest in a Condominium in Stone Bridge, including Declarant with respect to each Condominium owned by Declarant, and including sellers under executory contracts of sale, but excluding those Persons holding title only as security for the performance of an obligation.

2.31. "Person" shall mean a natural individual, a corporation or any other entity with the legal right to hold title to real property in the State of Utah.

2.32. "Phase One" shall mean all of the Land described in Section 3 of this Declaration, together with the Improvements thereon.

2.33 "Phase" or "Phase of Development" shall mean Phase One and each portion of the Additional Land as to which Declarant exercises its Option to expand the Property or Project by subjecting said portion of the Additional Land to the provisions of this Declaration.

2.34. "Property" or "Project" or "Condominium Project" shall mean all of the land described in Section 3 of this Declaration, together with any Additional Land with respect to which Declarant has exercised its Option to expand Stone Bridge in accordance with Section 16 hereof.

2.35. "Record", "File", "Recordation" or "Recorded" shall mean, with respect to any document, the recordation or filing of such document in the Office of the Salt Lake County Recorder.

2.36. "Record of Survey Map" or "Map" shall mean the Record of Survey Map to be filed with this Declaration pursuant to the requirements of Section 57-8-13 of the Act.

2.37. "Residence" shall generally mean a Unit, intended for occupancy by a single Family, together with any Limited Common Areas reserved for the benefit of such Unit.

2.38. "Restrictions" shall refer to this Declaration and the Articles, Bylaws and Rules and Regulations of the Association in effect at a particular time.

2.39. "Rules and Regulations" shall mean the Rules and Regulations adopted by the Board pursuant to this Declaration, the Articles, or the Bylaws, as they may be amended from time to time.

2.40. "Unit" shall mean those elements of a Condominium not owned in common with the Owners of other Condominiums in Stone Bridge. Each Unit shall be a separate, freehold estate, as separately shown, numbered and designated in the Record of Survey Map and as described in Subsection 3.3 hereof.

Section 3. Detailed Descriptions and Percentage of Ownership.

3.1. Description of Land. The Land is located in Salt Lake County, State of Utah, presently outside the corporate limits of any city. The approximate street address of the land is 4100 East Little Cottonwood Road, the formal legal description being more particularly described in Exhibit "A" attached hereto and by this reference incorporated herein.

3.2. Description of Buildings. Stone Bridge consists of four (4) Buildings containing a total of eleven (11) Units, all located within the boundaries of the Land described in Subsection 3.1., and each may contain some common areas. Three (3) of the Buildings will house three (3) Units each and one (1) of the Buildings will house two (2) Units. All Buildings will have concrete foundations and basement areas, will have three (3) levels plus a basement area, will include a two-car garage for each Unit, and will be of frame construction with a brick veneer exterior.

3.3. Description of Units. The Unit number and street address of each Unit is set forth in Exhibit "B" hereto which is made a part hereof by this reference. Each Unit shall consist of a living area space or spaces ("Residential Element") the boundaries of which will be the undecorated and/or unfinished interior (meaning exclusive of wall coverings and decorations, floor coverings and fixtures) surfaces of the perimeter walls (including enclosed garage areas), bearing walls, lowermost or basement floors, uppermost ceilings, windows, window frames, doors, and door frames of each Residential Element, as shown and defined in the Map. Each Unit shall include non-supporting interior walls, finishing materials, fixtures and decorations applied or affixed to walls, floors and ceilings, utility pipes, lines, systems and appliances found within the boundary lines of the Unit and servicing only that Unit, and any mechanical equipment and appurtenances located partially or wholly without the Unit but assigned and designed to serve only that Unit (e.g. heating or air conditioning equipment and apparatus, hot water heating equipment, or other appliances). In interpreting deeds, the Declaration and the Map, the existing physical boundaries of a Unit constructed or reconstructed in

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substantial compliance with the Map shall be conclusively presumed to be its boundaries rather than any description expressed in the deed, Map or Declaration, regardless of settling or lateral movement of the Building and regardless of minor variances between boundaries as shown in the Map or defined in the deed or Declaration and the boundaries of a Building as constructed or reconstructed.

3.4. Description of Common Areas and Facilities. The Common Areas and Facilities shall mean and include: all of the Land and all portions of the Property not contained within any Unit, including, but not by way of limitation, the foundations, basement walls, bearing columns, supports and walls, roofs, outside stairs, stairways and outside entrances, decks, patios, lowermost floors, fences, walls, the grounds, gardens, outside parking areas, walks and walkways, roads, paths, custodial and maintenance buildings or sheds, storage areas, utility pipes, lines or systems servicing more than a single Unit, flues, chutes, wires, conduits and other utility installations on the outer perimeters of Units, all installations of power, lights, water, etc., existing for common use, all Limited Common Areas as hereinafter described, all other parts of the Property necessary or convenient to its existence, maintenance and safety, or normally common in use, all repairs or replacements of the foregoing, and all areas and facilities required to be Common Areas in the Act.

3.5. Description of Limited Common Areas and Facilities. Limited Common Areas and Facilities mean and include those portions of the Common Areas reserved for the use and benefit of certain Owners and their Units to the exclusion of other Owners and their Units. The Limited Common Areas so reserved shall be identified on the Map; provided, however, that any walkway, driveway, attic, basement area, court, patio, deck, balcony, stairway or similar structure or apparatus as indicated in the Act which is accessible from, associated with and which adjoins a particular Residence or Unit in its "as built" condition and which is not part of the Unit, and any other Limited Common Area identified on the Map shall, without further reference thereto, be used in connection with such Residence or Unit to the exclusion of the use thereof by other Owners of the Common Areas, except by invitation. No reference thereto, whether such Limited Common Areas are exclusive or non-exclusive, need be made in any deed, instrument of conveyance or other similar instrument.

3.6. Percentage of Ownership in Common Areas and Voting Rights. For all purposes, including voting, each Owner of a Condominium in Stone Bridge shall be entitled to and shall own an

equal undivided interest as a tenant in common in the Common Areas and Facilities of Stonebridge. The exercise of the voting rights of each Owner shall be as set forth in Subsection 4.5 hereof. If Additional Land is added to Stonebridge pursuant to exercise of Declarant's Option to expand Stonebridge as set forth in Section 16 hereof, each existing and each new Owner shall have an equal undivided interest in the expanded Project.

Section 4. Stonebridge Condominiums Association.

4.1. Organization of Association. The Association is or will be incorporated under the name of Stonebridge Condominiums Association, as a non-profit corporation under the Utah Non-profit Corporation and Co-operative Association Act of the State of Utah, the members thereof being the Owners of Stonebridge Condominiums.

4.2. Duties and Powers. The duties and powers of the Association are those set forth in this Declaration and in the Articles and Bylaws, together with the statutory general and implied powers of a Utah nonprofit corporation. It is intended that it will have the power to do generally any and all things that a nonprofit Corporation organized under the laws of the State of Utah may lawfully do which are necessary or proper in operating for the peace, health, comfort, safety and general welfare of its Members, subject only to the limitations upon the exercise of such powers as are set forth in the Articles, Bylaws and in this Declaration. Transfer of control to the Association over the Common Areas in any Phase of Development shall take place upon the first closing of escrow for the sale of a Condominium in such Phase. The Association shall further have the right to install or construct Capital Improvements on the Common Areas. The Association may (at any time) and from time to time, reconstruct, replace or refinish any Improvement or portion thereof upon the Common Areas in accordance with the original design, finish or standard of construction of such Improvement, including the replacing or planting of trees, shrubbery or other plants or vegetation on the Common Areas. The Association may employ personnel necessary for the proper operation and maintenance of the Common Areas, including employment of those providing legal, management, accounting and similar services.

4.3. Membership. Every Owner, upon becoming an Owner in Stonebridge, shall automatically become a Member of the Association, and shall remain a Member thereof until such time as his ownership ceases for any reason, at which time his Membership shall automatically cease. Ownership of a Condominium in Stonebridge shall be the sole qualification for Membership. All Memberships shall be appurtenant to the Condominium conveyed, and

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with the exception of Declarant, a Person shall be deemed an Owner of a Condominium only upon Recordation of a deed conveying the Condominium to such Person. Except as may otherwise be provided herein, the rights, duties, privileges and obligations of all Members shall be provided in the Restrictions.

4.4. Transfer of Membership. No Membership may be transferred, pledged or alienated in any way, except upon the sale or encumbrance of the particular owner's Condominium, and then only to the purchaser or beneficiary of such Condominium. Any prohibited transfer shall be void and will neither be recognized nor reflected upon the books and records of the Association. A Member who has sold his Condominium to a contract purchaser under an agreement to purchase shall be entitled to delegate or assign to the contract purchaser his Membership rights and duties in the Association. The delegation or assignment shall be in writing and shall be delivered to the Board before the contract purchaser may vote. No delegation or assignment, however, shall relieve the contract seller from any liability or responsibility for charges or assessments attributable to the subject Condominium until fee title to said Condominium has been transferred, as further provided in Subsection 11.1 of this Declaration. If the Owner of any Condominium fails or refuses to transfer the Membership registered in his name to a purchaser of the Condominium, upon transfer of fee title thereto, the Board of Directors, after five (5) days written notice to said Owner, shall have the right to unilaterally record the transfer upon the books of the Association.

4.5. Voting. At any meeting of the Association, each Owner, since all Owners will have equal shares of undivided interest in the Common Areas, shall be entitled to one (1) vote per Condominium owned in Stone Bridge on all matters brought to a vote of the Association. The right of Owners to elect the Board of Directors of the Association, however, shall be subject to Declarant's option to elect the Board as set forth in Subsection 7.3. hereof. Where there is more than one (1) record Owner of a Condominium ("Co-owners"), all of such Co-owners shall be treated as Members and may attend any meeting of the Association, but only one (1) of these Co-owners shall be entitled to exercise the single vote to which the Condominium Owner is entitled. Co-owners of a majority interest in a Condominium shall from time to time designate in writing one (1) of their number to vote. Fractional votes shall not be allowed, and the vote for each Condominium shall be exercised, if at all, as a Unit. Where no voting Co-owner has been designated or if the designation has been revoked, the vote for the Condominium may be exercised only upon the Association's receipt of a new designation from those Co-owners of a majority interest in the Condominium. Non-voting

Co-owners shall continue to be jointly and severally responsible with the voting Co-owner for all of the obligations imposed upon the jointly-owned Condominium and shall be entitled to all other benefits of ownership. All agreements and determinations lawfully made by the Association in accordance with the voting percentages established herein, or in the Bylaws of the Association, shall be deemed to be binding on all Owners, their successors and assigns.

4.6. Repair and Maintenance Rights and Duties of the Association. Subject to Section 14 pertaining to Eminent Domain and Section 13 pertaining to Destruction of Improvements, the Association shall paint, maintain, repair and replace the Common Areas and Improvements thereon or shall contract for such maintenance, repair and replacement to assure the proper care and maintenance of Common Areas and Improvements thereon reasonably consistent with the level of maintenance by the accepted Association budget for such. The Association, however, shall not be responsible for or obligated to perform items of maintenance, repair or replacement of the Units or Limited Common Areas which are designated as the responsibility of Owners as provided in Subsection 5.4. Nevertheless, the Association shall be entitled, without obligation, to perform all corrective janitorial, landscaping, repair or replacement work within any residence, if the Owner fails to do so reasonably. The Association may repair and pay for all centrally metered utilities, water charges, and mechanical and electrical equipment in the Common Areas; pay charges for utilities which serve individual Units but which are commonly metered (specifically assessing the affected Units for their respective shares); pay for all Common Expenses and charges for water and utilities serving recreational facilities; repair and maintain all walls, driveways, roads and other means of ingress and egress to and within the Property; conduct and pay for any approved program to care for and maintain lawns, shrubs, trees and other landscaping, including inspection, eradication and prevention of diseases or other destruction of such. All such costs of maintenance, repairs and replacement shall be paid as Common Expenses from Association Maintenance Funds as provided in this Declaration. All work done for and on behalf of an Owner which is not the responsibility of the Association or which specifically benefits that Owner and is properly required for or requested by that Owner shall be charged to such Owner as a Special Assessment, as provided in this Declaration. It shall be the duty of the Board of Directors to require compliance with the provisions of this Declaration and to cause other responsible parties to fulfill their responsibilities hereunder.

4.7. Unsegregated Real and Personal Property Taxes. In the event and to the extent not assessed to and paid for by

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individual Owners, the Association shall pay all real and personal property taxes and assessments levied upon any portion of the Property. In addition, if all of the Units in a Phase are taxed under a blanket tax bill covering all of such Phase, each Owner shall be assessed and pay to the Association his proportionate share of any installment due thereunder at least ten (10) days prior to the delinquency date, with the Association then transmitting the taxes to the appropriate collecting agency. Any blanket taxes shall be allocated equally among the Owners in such Phase, based upon the total number of Units in that phase. The Association shall, at least forty-five (45) days prior to the delinquency date of any blanket tax installment, deliver to each Owner in the Phase a copy of the tax bill, together with a notice as to that Owner's proportionate share thereof, plus the potential additional charges to the Owner for failure to timely pay. The Association, if funds are available, shall pay the taxes on behalf of any Owner failing to timely pay his share and may borrow amounts from the Operating Funds or other sources as may be necessary to make payments on behalf of delinquent Owners. The Association shall then levy a Special Assessment against any delinquent Owner in the amount of any sum advanced, plus interest at a rate three percent (3%) above the then current prime rate, as announced by First Security Bank of Utah, N.A., and may, in addition, include as part of the Special Assessment an amount necessary to reimburse the Association for any penalty or late charge actually assessed in connection with the blanket tax bill which results from the failure of the delinquent Owner(s) to make timely payment of his or their proportionate share of said bill. Until close of escrow for the sale of ninety percent (90%) of the Condominiums in the Project, including any Additional Land which may be annexed or included, the foregoing provisions may not be amended without the express written consent of Declarant.

4.8. Use of Agent. The Board of Directors, on behalf of the Association, may contract with a professional Manager or Management Agent for the performance of maintenance, repair, replacement and other day-to-day operations on behalf of the Association, as may be determined by the Board. If entered into during a period when Declarant is in control of the Board of Directors or the Association, as provided in this Declaration, no such contract, whether with Declarant or another, shall be binding after such period of control unless renewed or ratified by Owners having a majority of the votes in the Association. Any such contract with a Management Agent shall be terminable by the Association, acting through the Board, at any time for (a) cause upon thirty (30) days' written notice, or (b) without cause or the payment of any termination fee upon ninety (90) days' written notice.

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Section 5. Purpose of Condominiums; Residence and Use Restrictions.

The Condominiums and Property shall be held, used and enjoyed for the following purposes, subject to the following limitations and restrictions except for exemptions of the Declarant as set forth in this Declaration.

5.1. Residential Use. The purpose of the Condominiums and Property is to provide residential housing, parking and recreational facilities for Owners, their respective families, tenants, guests and servants. The Units shall be used exclusively for single Family residential purposes, subject to any exemptions granted Declarant in this Declaration. Notwithstanding anything herein to the contrary, each Owner shall occupy and use his Condominium in a manner consistent with applicable county or other ordinances.

5.2. Parking and Vehicular Restrictions. Owners shall not permit designated parking spaces and areas to be used for purposes other than to park vehicles. Roads and streets on the Property may be designated as fire lanes and shall be used exclusively for travel purposes and not at any time for parking. No recreational vehicle, boat, trailer or similar vehicle shall be parked on any part of the Common Area other than temporarily unless otherwise approved by the Board. The Association, through the Board and its agents is hereby empowered to establish "parking", "no parking" and "guest parking" areas on the Property (other than Limited Common Areas assigned to the Units).

5.3. Renting and Leasing. Owners may rent or lease their Condominiums to single Families provided that the rental or lease agreement is in writing. All such agreements shall provide, but the Lessee shall be so bound whether the instrument so provides or not, that the leasehold shall in all respects be subject to this Declaration, the Articles and Bylaws, and contain a covenant by the lessee or tenant that he accepts the leasehold subject to the terms and restrictions of these documents. Any failure to comply with the terms of these documents shall be an act of default under the lease or rental agreement and the Association shall have the right, on behalf of the Owner, to commence eviction proceedings or take any other action which it would be allowed against an Owner not in compliance, including the suspension of rights to the use of the Common Area.

5.4. Owner's Duty and Responsibility for Repair and Maintenance. Each Owner shall maintain, repair, replace, paint, paper, plaster, tile, refinish, restore, and otherwise cause to be

properly maintained, at his sole expense, all portions of his Unit, including the windows and the interior surfaces of the walls, ceilings, floors, doors and permanent fixtures, in a clean and sanitary manner, in accordance with the Condominium Documents, Map and original construction design of the Improvements. It shall further be the duty of each Owner, at his sole expense, to keep free from debris and in a reasonably good state of repair, subject to approval of the Architectural Committee, the Limited Common Areas over which an exclusive easement or right to use has been reserved for his Unit. No Owner shall be responsible, however, for the periodic structural repair, resurfacing, replacement or painting of such Limited Common Areas, so long as such painting, resurfacing, repair or replacement is not caused by the willful or negligent acts of the Owner, his Family, guests or employees. Each Owner shall further pay when due any and all charges for utility services which are separately metered to his Unit. Subject to the approval of the Architectural Committee, each Owner shall be responsible also for maintaining, repairing and replacing those portions of any heating, cooling or other utility equipment located within or without his Unit and which exclusively serve his Unit.

5.5. Nuisances or Unacceptable Activities. No noxious or offensive activities shall be carried on upon the Property. No excessively loud noises (with the exception of Residential security devices), noxious odors, noisy vehicles, noisy power equipment or tools, or items which shall unreasonably interfere with radio or television reception of any Owner shall be located or used on the Property without the express written consent of the Architectural Committee. The Board of Directors shall have authority to determine if any noise, odor or activity producing undesirable effects constitutes a nuisance. No Owner shall permit or cause anything to be done or kept upon the Property which will increase the rate of insurance thereon, or result in the cancellation of such insurance, or which will unduly obstruct or interfere with the rights of other Owners. Each Owner shall comply with local, state or other governmental requirements or laws with respect to occupancy of the Condominiums. Each Owner shall also be responsible to the Association and to other Owners in the Project for any damage to the Common Areas or any personal property caused by the negligence of said Owner's family members or any guests, and shall personally pay for repairs or other work necessary to restore the damaged property.

5.6. Signs. No signs, posters, displays or other advertising device of any character shall be erected or maintained anywhere on the Property, or shown or displayed from any Residence; provided, however, that the Board may provide a uniform

signing area at or near the entrance to the Project for the display of approved signs advertising the sale of Condominiums. Any address identification signs and mailboxes shall be supplied and maintained by the Association. The restrictions of this subsection shall not apply to appropriate signs used by Declarant or its agents in connection with the sale and any construction or alteration of the Condominiums.

5.7. Antennae or Other Outside Installations. Owners shall not erect, construct or maintain any television, radio or other antenna or similar apparatus on the exterior or anywhere outside their Units without express approval of the Architectural Committee. The Association, however, may erect and maintain a master antenna for the project. Neither shall any other apparatus or outside installation, such as patio covers, exposed window covers, deck or balcony covers, etc., be installed or maintained without express approval of the Architectural Committee.

5.8. Animals. Owners shall not permit animals, birds, reptiles, insects or pets of any kinds to be bred or kept in or upon their Condominiums, except that the Board may establish reasonable rules and regulations for the keeping of dogs, cats and other common household pets. At no time, however, shall any such animals be kept or bred for commercial purposes.

5.9. View Obstructions. No vegetation or other obstruction shall be planted or maintained by any individual Owner in such a manner as to unreasonably obstruct the view from any other Residence in the Project. Any disputes regarding such shall be submitted to the Architectural Committee whose determination with respect thereto shall be final and binding.

5.10. Business or Commercial Activity. No business or commercial activity shall be maintained or conducted on the Property, except that Declarant may maintain sales and leasing offices as provided in Section 7. Notwithstanding the foregoing, Owners may conduct professional and administrative activities from within the Units as long as there is no external evidence thereof, and provided further that any and all governmental requirements with respect to such activities are complied with, such compliance being the total responsibility of the Owner involved.

5.11. Rubbish Removal. All trash, garbage, or other refuse shall be disposed of by depositing the same into trash containers designated for such by the Board and which shall be maintained and paid for by the Association. The cost thereof shall be a Common Expense. No portion of the Property outside of the Units shall be used for storage of building materials or other

materials except in connection with approved construction or building activities, including those of Declarant. Members shall build no external fires on the Property whatsoever except barbecue fires in appropriate receptacles therefor.

5.12. Drainage. There shall be no interference with the established drainage pattern over the Property, except for emergencies which may arise or unless an adequate alternative provision is made for drainage and is first approved in writing by the Architectural Committee and complies with any governmental rules or regulations governing the same.

Section 6. Rights in and Restrictions Upon Use of Common Areas.

6.1. Association Easement. The Association shall have an easement over the Common Area for the purposes described in this Declaration. At such time as the first Escrow closes for the sale of a Condominium in the Project, the Association shall immediately become responsible for all maintenance, operation, control and expenses associated with the Common Area.

6.2. Partition. Except as may otherwise be provided in this Declaration, there shall be no judicial partition of the Common Area, or any part thereof, for the term of the Project, nor shall Declarant, any Owner nor any other person acquiring any interest in a Condominium seek any judicial petition.

6.3. Members' Easements of Use and Enjoyment of Common Areas. Subject to the provisions of this Declaration, every Member of the Association shall have, for himself, his family, and guests, a nonexclusive easement of access, ingress, egress, use and enjoyment of, in and to the Common Areas and Facilities, and such easements shall be appurtenant to and shall pass with title to each Condominium in the Project.

6.4. Extent of Members' Easements. The rights and easements of use and enjoyment of the Common Areas created by this Declaration shall be subject to the Restrictions, which shall include without limitation, the following:

(a) The right of the Board to suspend the rights and easements of any Member, and the Persons deriving any rights and easements from such Member, for use and enjoyment of any recreation facilities which are part of the Common Areas for any period during which the payment of any Annual, Special, Capital Improvement or Reconstruction Assessment against the Member and his Condominium remains delinquent, and, after Notice and Hearing

as provided in the Bylaws, to suspend such rights and easements for the period set forth in the Bylaws for violation of any of the Restrictions, it being understood that any Suspension for either nonpayment or for breach of any Restriction shall not constitute in any way a waiver or discharge of the Member's obligation to pay all Assessments as provided in this Declaration;

(b) The right of the Association to consent to or otherwise cause the construction of additional Improvements on the Common Areas for the benefit of the Members of the Association;

(c) The right of the Association, acting through the Board, to consent to or join in the grant or conveyance of easements, licenses or rights-of-way in, on or over the Common Areas for purposes not inconsistent with the intended use of the Property as a residential Condominium Project;

(d) Subject to the provisions of this Declaration, the right of each Owner to the exclusive use and occupancy, for the purposes designated in this Declaration, of the Limited Common Areas assigned to his respective Unit;

(e) The rights and reservations of the Declarant as set forth in this Declaration; and

(f) The right of the Association, acting through the Board, to reasonably restrict access to roof, maintenance areas and other areas of the Property.

6.5. Delegation of Use. Any Member entitled to the right and easement of use and enjoyment of the Common Areas may delegate or assign in accordance with the Bylaws, his right to use and enjoy the Common Areas to his tenants, contract purchasers or subtenants who reside in his Unit, subject to reasonable regulation by the Board. A Member who has made such a delegation or assignment shall not be entitled to the use or enjoyment of any recreational facilities or equipment in the Common Areas for the period of such delegation or assignment, except as a guest of the assignee or some other Member.

6.6. Waiver of Use. No Owner may exempt himself from personal liability for Assessments duly levied by the Association, or effect the release of his Condominium from the liens and charges thereof, by waiver of the right to use and enjoyment of the Common Areas or by abandonment of his Condominium.

6.7. Damage by Owner. Each Owner shall be liable to the Association for any damage to the Common Areas not fully reimbursed to the Association by insurance if the damage done is

sustained as a result of the negligence, willful misconduct or unauthorized use or improper installation of any Improvement by the Owner, his family, guests, tenants, or invitees, or any other person deriving their right and easement of use and enjoyment of the Common Areas from that Owner, Family Members and guests, both minor and adult. The Association, however, shall reserve all rights to determine whether any claim shall be made on the insurance maintained by the Association. After notice and hearing as provided in the Bylaws to determine liability, the cost of correcting any damage to the extent not reimbursed to the Association by insurance shall be levied as a Special Assessment against the particular Owner and his Condominium, and may be enforced as provided herein for the enforcement of other Assessments.

Section 7. Declarant's Rights and Reservations.

7.1. Declarant's Rights to Develop and Construct the Project. Nothing in the Restrictions shall limit, and no Owner or the Association shall do anything to interfere with, any right of Declarant to subdivide or resubdivide any portion of the Property, to exercise its option to expand the Project, or to complete improvements to and on the Common Property or any portion of the Property owned solely or partially by Declarant, or to alter the foregoing or its construction plans and designs, or to construct such additional Improvements as Declarant may deem advisable in the course of development of the Property, as long as any Condominium in the Project remains unsold. Such right shall include, but shall not be limited to, the right to install and maintain such structures, displays, signs, billboards, flags and sales offices as may be reasonably necessary for the conduct of its business of completing the work and disposing of the Condominiums by sale, lease or otherwise. Declarant shall also have the right to store materials on the Common Areas and make such other use of Common Areas as is convenient or reasonably necessary to complete construction, repairs, development and sale of all Condominiums. Each owner by accepting a deed to a Condominium hereby acknowledges that the activities of Declarant may temporarily or permanently impair the view of such Owner and may constitute an inconvenience or nuisance to the Owners, and hereby consents to such impairment, inconvenience or nuisance. This Declaration shall not limit the right of Declarant, at any time prior to acquisition of title to a Condominium in the Project by a purchaser from Declarant, to establish with respect to that Condominium additional licenses, easements, reservations and rights-of-way to itself, to utility companies, or to others as may from time to time be reasonably necessary to the proper development and disposal of the Property. Declarant may use any

Condominiums owned by Declarant in the Project as model home complexes or real estate sales or leasing offices. Declarant need not seek or obtain Architectural Committee approval of any Improvement constructed or placed by Declarant on any portion of the Property by Declarant. The rights of Declarant hereunder and elsewhere in these Restrictions may be assigned by Declarant to any successor in interest to any portion of Declarant's interest in any portion of the Property by a Recorded written assignment.

7.2. Amendment of Section, Power of Attorney, Use of Common Areas. Notwithstanding any other provision of this Declaration, the prior written approval of Declarant, as developer of the Property and until all Condominiums are sold, will be required before any amendment to this Section shall be effective. Each Owner hereby grants, upon acceptance of his deed to his Condominium, an irrevocable, special power of attorney to Declarant to execute and Record all documents and maps necessary to allow Declarant to exercise its rights under this Section. Declarant shall be entitled to the nonexclusive use of the Common Areas and any recreational facilities thereon, without further cost for access, ingress, egress, use or enjoyment, in order to show the Property to its prospective purchasers and dispose of the Property as provided herein. Declarant, its successors and tenants, shall also be entitled to the nonexclusive use of any portions of the Property which comprise private streets, drives and walkways for the purpose of ingress, egress and accomodating vehicular and pedestrian traffic to and from the Property.

7.3. Option to Appoint Board of Directors. Declarant, or some other Person or Persons selected or to be selected by Declarant, shall have the option to appoint and remove all members of the Board of Directors and officers of the Association, or exercise the powers and responsibilities otherwise assigned by this Declaration, the Act, the Articles and the Bylaws to the Association, until the first to occur of the following: (1) that date which is six (6) years from the date of Recording of this Declaration; or (2) after Units as to which three-fourths (3/4) of the undivided interest in the Common Areas have been conveyed, or after all Additional Land has been added to the Project, whichever last occurs. If exercised for any period of time, the foregoing option shall not prevent Declarant at any time after one (1) year from the Recording of this Declaration from giving up its rights hereunder and turning over to the Members of the Association the total responsibility for electing and removing members of the Board of Directors and officers of the Association, together with management responsibilities of the Association. If entered into during the period of control contemplated by this Subsection, any

management contract, lease of recreational areas or facilities, or any other contract or lease designed to benefit Declarant, shall be subject to the provisions of the Act pertaining thereto.

Section 8. Project Easements and Rights of Entry.

8.1. Certain Easements.

(a) Access. Declarant expressly reserves for the benefit of the Owners reciprocal, nonexclusive easements for access, ingress and egress over all of the Common Areas, including any private streets or driveways currently existing in the Property or subsequently added to it, which easements may be conveyed by Declarant to Owners and to the Association for so long as Declarant owns any interest in the Property. Subject to the provisions of this Declaration governing use and enjoyment thereof, the easements may be used by Declarant, its successors, assigns, purchasers and all Owners, their guests, tenants and invitees, residing on or temporarily visiting the Property, for walkways, vehicular access and such other purposes reasonably necessary for use and enjoyment of a Condominium in the Project.

(b) Maintenance and Repair. Declarant expressly reserves for the benefit of the Board of Directors and all agents, officers and employees of the Association, nonexclusive easements over the Common Areas (including the Limited Common Areas) as necessary to maintain and repair the Common Areas, and to perform all other tasks in accordance with the provisions of this Declaration. Such easements over the Common Areas shall be appurtenant to, binding upon, and shall pass with the title to, every Condominium conveyed.

(c) Limited Common Areas. Declarant expressly reserves for the benefit of certain Owners and their Units exclusive easements for use of the Limited Common Areas for patio, balcony and other purposes as shown and assigned on the Map as well as for parking purposes as may be shown on the Map and assigned in the individual deeds of the respective Condominiums. If there are such, Owners shall be entitled to exchange Limited Common Areas parking spaces assigned to their respective Condominiums in their individual deeds, provided that (1) a reciprocal assignment identifying the exchanged Limited Common Area parking spaces, the exchanging Owners and their respective Condominiums, is executed by the exchanging Owners and the first Mortgagees of such exchanging Owners, and recorded; and (2) no exchange of Limited Common Area parking spaces shall be effective if such exchange would result in a reduction of the number of

parking spaces to which such Owners were originally entitled. A copy of the Recorded reciprocal assignment shall be delivered to the Board as soon as possible after Recordation.

(d) Utility Easements. Declarant expressly reserves for the benefit of the Association the right of Declarant to grant additional easements and rights-of-way over the Property to utility companies and public agencies, as necessary, for the proper development and disposal of the Property, until Close of Escrow for the sale of the last Condominium.

(e) Encroachments. Declarant, the Association and Owners of contiguous Units shall have a reciprocal easement appurtenant to each of the Units over the Units and the Common Areas for the purpose of (1) accommodating any existing encroachment of any wall of the buildings, and (2) maintaining the same and accommodating authorized construction, reconstruction, repair, shifting, movement or natural settling of the buildings or any other portion of the Project housing their respective Units. Easements and reciprocal negative easements for utility services and repairs, replacement and maintenance of the same over all of the Common Areas are specifically reserved for the benefit of the Owners. The foregoing easements shall not unreasonably interfere with the use and enjoyment by the Owners of adjoining Units. No portion of the Common Areas, including without limitation parking spaces and other amenities contemplated as a part of the Property, are proposed to be leased by Declarant to the Owners or to the Association.

8.2. Right of Entry to Units. The Board of Directors or its agents and representatives shall have the irrevocable right to have access to each Unit from time to time during reasonable hours as may be necessary for the maintenance, repair or replacement of any of the Common Areas and Facilities that may be accessible only through the Unit, or for making emergency repairs necessary to prevent damage to the Common Areas or to another Unit or Units, although there shall be no affirmative duty to do so. Every Owner shall place on deposit with the Board or its Project Manager a key to his Unit to be used only for emergency access to the Unit. Otherwise, entry to a Unit shall be only when a representative of the Owner is present or has given specific permission.

8.3. Easements and Rights of Sellers of Land. Pursuant to Agreements entered into at the time of purchase of the Land, Declarant hereby reserves and grants to Dorothy Bramhall and Michael Ysrael, their successors, assigns and heirs, the following easements and rights: Nonexclusive easements and rights-of-way

over the roads and walkways of the Project necessary for ingress and egress to three (3) single family building lots contiguous to the extreme Eastern boundary of property owned by Declarant which is East of Phase I of the Project and constitutes part of the Additional Lands but said easement shall be effective if and only if Declarant exercises its option to add this additional land to the Project, and such easement shall be effective only so long as said three (3) lots continue to be used for single family dwellings. Declarant further reserves to the owners of said three (3) single family building lots a right-of-way over the roads and streets of the Project necessary to connect to the Project's water, sewer, gas and electric systems, and thereafter to maintain the same. Said Owners of the three (3) lots shall not be required to pay any fees to the Association to make such connection, but shall be solely responsible to pay for all costs, city, county or other fees and expenses of installation to make said connections and thereafter to maintain them, including the cost of any work required to restore any portions of the Project to their original condition. Said Owners of the three (3) lots shall also install and maintain separate metering systems and shall pay for all costs of operation and usage of any and all utilities. Declarant further reserves to the owners of the three (3) building lots and their families and guests the option to use any recreational, clubhouse and similar facilities of the Association located on the Common Areas, subject to prior payment by each such owner of annual fees equivalent to that part of the annual fees assessed to individual Owners for use and enjoyment of the same facilities, the decision of the Board of Directors as to the annual fees each year being binding and final. Such owners of the three (3) lots shall also be required, in order to enjoy use of these facilities, to execute an agreement to be bound by and obey all of the terms of this Declaration, the Articles, Bylaws, and any Association rules and regulations that pertain to the use and operation of the Common Areas of the Project. Unless exercised within seven (7) years from the date of Recordation of this Declaration, said right to use and enjoyment of any recreational, clubhouse and similar facilities shall lapse and be of no further force or effect. Once exercised, any of the three (3) owners shall lose said right to use of recreational and other facilities by nonpayment of annual fees within 45 days of assessment. Said right shall not revive unless approved by the Board of Directors.

Section 9. Duration and Amendment.

9.1. Duration. This Declaration shall continue in full force until such time as a Declaration of Termination is recorded, said Termination to meet the requirements of an amendment to this Declaration as set forth in subsection 9.2. There shall be no

severance by sale, conveyance, encumbrance or hypothecation of an interest in any Condominium from the concomitant Membership in the Association as long as this Declaration shall remain in full force and effect. The provisions of this Section are subject, however, to the provisions of Sections 13. and 14. of this Declaration.

9.2. Amendment by Owners. A resolution proposing adoption of an Amendment to this Declaration may be presented by an Owner or the Board of Directors at any duly called meeting of the Members of the Association. Notice of the subject matter of the proposed amendment, together with a reasonably complete description of the amendment, shall be included in the notice of any meeting of the Association at which the proposed amendment is to be considered, or if not sent with the Notice of the Meeting, a separate notice may be mailed or hand delivered at least ten (10) days prior to the meeting. If a resolution for the adoption of an amendment is properly brought before a meeting of the Association, it shall be adopted by the affirmative vote, in person or by proxy, or by written consent, of Members representing not less than sixty-five percent (65%) of the voting power of the association; provided, however, that any amendment proposing to alter the interests of Owners in the Common Areas and Facilities shall not be adopted unless it is consented to by all of the Owners; and further provided that the specified percentage of the voting power of the Association necessary to amend any specified Section or provision of this Declaration shall not be less than the percentage prescribed under the particular Section or provision. A copy of each amendment shall be certified by at least two (2) officers of the Association and shall become effective when the Certificate of Amendment is Recorded. Except as otherwise required by the Act or as required or allowed by subsections 9.3. and 9.4. hereof, the Recorded Certificate of Amendment, when signed and sworn to by two (2) officers of the Association that the requisite percentage of Record Owners of Condominiums have either voted or consented in writing to any amendment adopted shall be conclusive evidence of that fact. The Association shall maintain in its files for a period of at least four (4) years the record of all such votes or written consents.

9.3. Amendments by Declarant. The provisions of Subsection 9.2. with respect to amendments shall be subject to the following paramount rights of Declarant, unless otherwise required by the Act: (a) Until the Closing of Escrow on all but five (5) Condominiums in the entire Project (said right to revive upon addition of Condominiums pursuant to Declarant's exercise of its Option to Expand Stonebridge as provided in Section 16), Declarant shall have, and is hereby vested with, the right to unilaterally amend this Declaration and the Map, and shall have no obligation

to notify Owners or the Association prior to the making of such amendment. Such right shall obtain without regard to the subject matter of the amendment involved if consistent with law, except that it shall be subject to the provisions of Subsection 9.4. hereof; and (b) the prior written approval of Declarant, as developer of the Property, will be required before any amendment adopted by the Owners, which would impair or diminish in any way the rights of Declarant to complete development of the Property and sale or lease of the Condominiums in accordance with this Declaration shall become effective.

9.4. Consent of Mortgagees. Notwithstanding the foregoing provisions of this Section, any of the following classes of amendments, to be effective, must also be approved in writing, appearing on the particular Certificate of Amendment, by the record holders of seventy-five percent (75%) of the first Mortgages on all of the Condominiums in the Project at the time of the amendment, based upon one (1) vote for each mortgage held or owned:

(a) Any amendment which affects or purports to affect the validity or priority of encumbrances or the rights or protection granted to encumbrancers as provided in Sections 11, 12, 13, 14 and 15 hereof;

(b) Any amendment which would necessitate an encumbrancer, following acquisition of a Condominium through some type of foreclosure, to pay more than its proportionate share of any unpaid assessment or assessments accruing after such foreclosure;

(c) Any amendment which would or could result in an encumbrance being cancelled by forfeiture;

(d) Any amendment relating to the insurance provisions as set forth in Section 12 hereof, or to the application of insurance proceeds as set forth in Section 13 hereof, or to the disposition of any money received in any taking under condemnation proceedings as set forth in Section 14 hereof; and

(e) Any amendment which would or could result in termination or abandonment of the Property or partition or subdivision of a Unit, in any manner inconsistent with the provisions of this Declaration.

Section 10. Architectural Review Committee.

10.1. Members of Committee. The Architectural Review Committee, sometimes referred to in this Declaration as the

"Architectural Committee" or the "Committee", shall consist of three (3) members. The initial members of the Committee shall consist of representatives of Declarant. Subject to the following provisions, Declarant shall have the right and power at all times to appoint or remove a majority of the members of the Architectural Committee or to fill any vacancy of such majority until either (i) Close of Escrow has occurred for the sale of ninety percent (90%) of the Condominiums then subject to this Declaration (subject to item (ii) below, Declarant's rights of appointment may be reinstated upon exercise of its Option to expand Stonebridge pursuant to Section 16 hereof), or (ii) seven (7) years following the date of Recording of this Declaration, whichever occurs earlier. Commencing one (1) year from the Recording of this Declaration, the Board shall have the power to appoint and remove one (1) member of the Architectural Committee. The Board shall have the power to appoint and remove all of the members of the Architectural Committee when Declarant is no longer entitled to appoint all or a portion of the members pursuant to this Subsection 10.1. Committee members appointed by the Board shall be from the Membership of the Association, but Committee members appointed by Declarant need not be Members of the Association.

10.2. Review of Plans and Specifications. The Committee shall consider and act upon any and all plans and specifications submitted for its approval under this Declaration and perform such other duties as from time to time shall be assigned to it by the Board, including the inspection of construction in progress to assure its conformance with plans approved by the Committee. No construction, alteration, addition, modification, decoration, redecoration or reconstruction of an Improvement in the Property shall be commenced or maintained, until the plans and specifications therefor showing the nature, kind, shape, height, width, color, materials and location of the same shall have been submitted to the Committee and approved in writing by the Committee. The Owner submitting the plans ("Applicant") shall obtain a written, dated receipt for the plans and specifications from an authorized agent of the Committee. Until changed by the Board, the address for the submission of such plans and specifications shall be First Security Realty Services Company, ATTN: Richard Sangberg, 61 South Main Street, Salt Lake City, Utah 84111. The Committee shall approve proposals or plans and specifications submitted for its approval if it believes the construction, alterations, or additions contemplated thereby in the locations indicated will not be detrimental to the appearance of the surrounding area of the Property as a whole, that the appearance of any structure affected thereby will be in harmony with the surrounding structures, that the construction thereof

will not detract from the beauty, wholesomeness and attractiveness of the Common Areas or the enjoyment thereof by the Members, and that the upkeep and maintenance thereof will not become a burden on the Association. The Committee may condition its approval of proposals or plans and specifications for any Improvement: (1) upon the Applicant's furnishing the Association with security acceptable to the Association against any mechanic's lien or other encumbrance which may be Recorded against the Property as a result of such work, (2) on such changes therein as it deems appropriate, (3) upon the agreement by the Applicant to grant appropriate easements to the Association for the maintenance of the Improvements, or (4) upon the agreement of the Applicant to reimburse the Association for the cost of maintenance, or some or all of the above, and may require submission of additional plans and specifications or other information prior to approving or disapproving material submitted. The Committee may also issue rules or guidelines setting forth procedures for the submission of plans approval, including requiring a fee to accompany each application for approval and such additional factors which it will take into consideration in reviewing submissions. The Committee may provide that the amount of the fee shall be uniform, or that it be determined in any other reasonable manner, such as by the reasonable cost of the construction, alterations or additions contemplated. The Committee may require such detail in plans and specifications submitted for its review as it deems proper, including without limitation, floor plans, site plans, drainage plans, elevation drawings and descriptions or samples of exterior material and colors. Until receipt by the Committee of any required plans and specifications, the Committee may postpone review of any plan submitted for approval. Decisions of the Committee and the reasons for the decisions shall be transmitted by the Committee to the Applicant at the address set forth in the application for approval, within forty-five (45) days after receipt by the Committee of all materials required by the Committee. Any application submitted pursuant to this Subsection 10.2. shall be deemed approved, unless written disapproval or a request for additional information or materials by the Committee shall have been transmitted to the Applicant within forty-five (45) days after the date of receipt by the Committee of all required materials.

10.3. Meetings of the Committee. The Committee shall meet from time to time as necessary to perform its duties hereunder. The Committee may from time to time by resolution unanimously adopted in writing designate a Committee Representative (who may, but need not, be one of its members) to take any action or perform any duties for and on behalf of the

Committee, except the granting of variances pursuant to Subsection 10.8. In the absence of such designation, the vote of a majority of the Committee at a meeting, or the written consent of a majority of the Committee taken without a meeting, shall constitute an act of the Committee.

10.4. No Waiver of Future Approvals. The approval of the Committee of any proposals or plans and specifications or drawings for any work done or proposed or in connection with any other matter requiring the approval and consent of the Committee, shall not be deemed to constitute a waiver of any right to withhold approval or consent to any similar proposals, plans and specifications, drawings or matter subsequently or additionally submitted for approval or consent.

10.5. Compensation of Members. The members of the Committee shall receive no compensation for services rendered, other than reimbursement for expenses incurred by them in the performance of their duties hereunder.

10.6. Correction of Defects. Inspection of work and correction of defects therein shall proceed as follows:

(a) The Committee or its duly authorized representative may at any time inspect any Improvement for which approval of Plans is required under this Section. However, the Committee's right of inspection of Improvements for which plans have been submitted and approved shall terminate sixty (60) days after the work of Improvement has been completed and the respective Owner has given written notice of its completion to the Committee. The Committee's rights of inspection shall not terminate pursuant to this paragraph if plans for the work of Improvement have not previously been submitted to and approved by the Committee. If, as a result of such inspection, the Committee finds that the Improvement was done without obtaining approval of the plans therefor or was not done in substantial compliance with the plans approved by the Committee, it shall notify the Owner in writing of failure to comply with this Section within forty-five (45) days from the inspection, specifying the particulars of noncompliance. The Committee shall have the authority to require the Owner to take such action as may be necessary to remedy the noncompliance.

(b) If upon the expiration of sixty (60) days from the date of such notification, the Owner has failed to remedy the noncompliance, the Committee shall notify the Board in writing of such failure. Upon Notice and Hearing, as provided in the Bylaws,

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the Board shall determine whether there is a noncompliance and, if so, the nature thereof and the estimated cost of correcting or removing the same. If a noncompliance exists, the Owner shall remedy or remove the same within a period of not more than forty-five (45) days from the date that notice of the Board ruling is given to the Owner. If the Owner does not comply with the Board ruling within that period, the Board, at its option, may record a Notice of Noncompliance and may peacefully remedy or remove the noncompliance, and the Owner shall reimburse the Association, upon demand, for all expenses (including reasonable attorneys' fees) incurred in connection therewith. If such expenses are not promptly repaid by the Owner to the Association, the Board shall levy a Special Assessment against the Owner for reimbursement as provided in this Declaration. The right of the Association to remove a noncomplying Improvement or otherwise remedy the noncompliance shall be in addition to all other rights and remedies which the Association may have at law, in equity or in this Declaration.

(c) If for any reason the Committee fails to notify the Owner of any noncompliance with previously submitted and approved plans within sixty (60) days after receipt of written notice of completion from the Owner, the Improvement shall be deemed to be in accordance with the approved plans.

10.7. Scope of Review. The Architectural Committee shall review and approve or disapprove all plans submitted to it for any proposed Improvement, alteration or addition, on the basis of aesthetic considerations and the overall benefit or detriment which would result to the immediate vicinity and the Property generally. The Committee shall take into consideration the aesthetic aspects of the architectural designs, placement of buildings, landscaping, color schemes, exterior finishes and materials and similar features. The Committee's approval or disapproval shall be based solely on the consideration set forth in this Section, and the Committee shall not be responsible for reviewing, nor shall its approval of any plan or design be deemed approval of, any plan or design from the standpoint of structural safety or conformance with building or other codes.

10.8. Variances. The Committee may authorize variances from compliance with any of the architectural provisions of this Declaration, including restrictions upon height, size, floor area or placement of structures, or similar restrictions, when circumstances such as topography, natural obstructions, hardship, aesthetic or environmental consideration may require. Such variances must be evidenced in writing, must be signed by at least a majority of the members of the Committee, and shall become

effective upon Recordation. If such variances are granted, no violation of the covenants, conditions and restrictions contained in this Declaration shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of such a variance shall not operate to waive any of the terms and provisions of this Declaration for any purpose except as to the particular property and particular provision hereof covered by the variance, nor shall it affect in any way the Owner's obligation to comply with all governmental laws and regulations affecting his use of the Unit or Condominium.

Section 11. Association Maintenance Funds and Assessments.

11.1. Personal Obligation of Assessments. Declarant, for each Condominium owned by it, hereby covenants and agrees to pay, and each Owner, by acceptance of a deed of a Condominium whether or not it shall be so expressed in any such deed, is deemed to covenant and agree to pay to the Association all Annual Assessments for Common Expenses and all applicable Special Assessments, Reconstruction Assessments and Capital Improvement Assessments. Assessments on any Condominium shall commence on the first day of the month following the earliest to occur of the following, without regard to who is designated the Owner:

(a) that date which is six (6) months after a building permit is issued for the particular Unit;

(b) the date of closing of Escrow for sale of the Unit; or

(c) the date of occupancy of the Unit.

Except as provided in this Subsection 11.1., all such assessments, together with interest, costs, and reasonable attorneys' fees, shall be a separate, distinct and personal obligation of the Person who was the Owner of the Condominium at the time when the assessment fell due, and shall bind his heirs, devisees, personal representatives and assigns. This personal obligation cannot be avoided by abandonment of the Condominium or by an offer to waive use of the Common Areas or the Limited Common Areas.

Upon any voluntary or involuntary conveyance of a Condominium, the new Owner ("Purchaser") shall be jointly and severally liable with the previous Owner ("Seller") for all unpaid assessments levied by the Board of Directors against the Seller for his share of the Common Expenses up to the time the grant or conveyance was Recorded, without prejudice to the right of the

Purchaser to collect from the Seller therefor. However, any such Purchaser shall be entitled to a statement from the Board of Directors or the Manager, as the case may be, setting forth the amount of the unpaid assessments against the Seller due the Association. The Purchaser shall not be liable for, nor shall the Condominium conveyed be liable for any unpaid assessments levied by the Board of Directors against the Seller in excess of the amount set forth in such statement; provided, however, that the Purchaser shall be liable for any such assessment becoming due after the date of any such statement. Notwithstanding the foregoing, any first Mortgagee or other purchaser for value who obtains title to a Condominium pursuant to the remedies provided in the first Mortgage or foreclosure of the first Mortgage, shall not be liable for unpaid assessments or charges against the mortgaged Condominium which accrue prior to the time such Mortgagee or purchaser acquires title to that Condominium.

11.2. Maintenance Funds of Association. The Board of Directors shall establish no fewer than two (2) separate accounts (the "Maintenance Funds"), into which shall be deposited all monies paid to the Association, and from which disbursements shall be made, as provided herein, in the performance of functions by the Association under this Declaration. The Maintenance Funds shall be established as separate trust savings or trust checking accounts at a banking or savings institution. The Maintenance Funds shall include: (1) an Operating Fund for current Common Expenses of the Association, (2) a Reserve Fund for capital Improvements, replacements, painting and repairs of the Common Areas (which cannot normally be expected to occur on an annual basis), and (3) any other funds which the Board of Directors may establish to the extent necessary under the provisions of this Declaration. The Board of Directors shall not commingle any amounts deposited into any of the Maintenance Funds by the Association, so long as the amounts assessed to, deposited into, and disbursed from any such Fund are earmarked for specified purposes authorized by this Declaration.

11.3. Purpose of Assessments. The assessments levied by the Board of Directors on behalf of the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the Condominiums and for the operation, replacement, improvement and maintenance of the Property. All amounts deposited into the Maintenance Funds must be used solely for the common benefit of all of the Owners for purposes authorized by this Declaration. Disbursements from the Operating Fund shall be made by the Board of Directors for such purposes as may be necessary for the discharge of its responsibilities herein for the common benefit of all of the Owners, other than those

purposes for which disbursements from the Reserve Fund are to be used. Disbursements from the Reserve Fund shall be made by the Board of Directors for the respective purposes specified in this Section. Annual Assessments shall include, and the Association shall acquire and pay for out of the applicable funds derived from such Annual Assessments, the following:

(a) Water, electrical, lighting and other necessary utility services for the Common Areas.

(b) Maintenance and repair of private driveways, walkways, and parking areas lying within the Common Areas.

(c) Landscape planting and maintenance by the Association of all slopes, landscaping and planted areas within the Common Areas, including irrigation and lighting.

(d) Fire and casualty insurance with extended coverage as provided herein, covering the full insurable replacement cost of the Common Area Improvements.

(e) Liability insurance, as provided herein, insuring the Association against any liability to the public or to any Owner, their invitees or tenants incident to their occupation and use of the Common Areas, with limits of liability to be set by the Board of Directors of the Association, such limits and coverage to be reviewed at least annually by the Association and increased or decreased in its discretion.

(f) Such errors and omissions and Directors and officers liability insurance as the Board deems appropriate pursuant to Section 12.

(g) Workers' compensation insurance to the extent necessary to comply with any applicable laws, medical payments insurance, and any other insurance deemed necessary by the Board of Directors of the Association.

(h) Standard fidelity bonds covering all Members of the Board of Directors of the Association and other employees or agents of the Association as, and in an amount determined by the Board of Directors.

(i) The Services of a Manager to manage the affairs of the Association, as well as such other personnel as the Board shall determine to be necessary or proper for the operation and maintenance of the Common Areas, whether such personnel are employed directly by the Association or are furnished by the Manager.

(j) Painting, maintenance, repair and replacement of all building, equipment and landscaping in, on and of the Common Areas, as the Board of Directors of the Association shall determine is necessary and proper.

(k) Legal and accounting services necessary or proper for operation of the Association or enforcement of its rights and responsibilities.

(l) Any other materials, supplies, furniture, labor, services, maintenance, repairs, structural alterations, insurance, taxes or assessments which the Association is required to secure or pay for pursuant to the terms of this Declaration or by law or which in the opinion of the Association's Board of Directors shall be necessary or proper for the operation of the Common Areas or for the enforcement of this Declaration.

11.4. Annual Assessment. For the initial fiscal year of the Association the Annual Assessment shall be estimated by Declarant or the Board of Directors, as the case may be, and shall be based on the estimated Budget for the year to be determined in accordance with the terms of this Section, and shall include some amount for the Reserve Fund.

Prior to commencement of each fiscal year of the Association subsequent to its initial fiscal year, the Board of Directors shall estimate the Common Expenses and other contributions necessary for operation of the Association during such year and prepare its budget based thereon, in accordance with Subsection 11.7. The estimated Common Expenses shall be assessed according to Subsection 11.6. hereof and any other applicable terms of this Declaration. If the estimated Common Expenses prove inadequate for any reason, including nonpayment of any Owner's assessments, the Board of Directors may, by resolution duly adopted, make Supplemental Assessments as provided in Subsection 11.5. hereof.

11.5. Supplemental Annual Assessments. If the Board determines that the estimate of total charges for the current year is, or will become, inadequate to meet all expenses of the Property for any reason, the Board shall determine the inadequacy and shall have the authority to levy, at any time by a majority vote, a supplemental Annual Assessment, reflecting a revision of the total charges to be assessed against each Condominium. Written notice of any change in the amount of Annual Assessments levied by the Association through the Board shall be given to all Members not less than thirty (30) days prior to the effective date of such change.

11.6. Commencement and Collection of Annual Assessments. The Board of Directors shall authorize and levy the amount of the Annual Assessment upon each Condominium, as provided herein, by majority vote of the Board. The Annual Assessment shall begin on all Condominiums in a Phase of Development as set forth in Subsection 11.1. Unless otherwise indicated in the Association budget, all Annual Assessments shall be assessed equally against the Members and their Condominiums based upon the number of Condominiums owned by each Member. Annual Assessments for fractions of any month involved shall be prorated. Declarant shall pay its full pro rata share of the Annual Assessments on all unsold Condominiums for which Annual Assessments have commenced. At the end of any fiscal year of the Association, the Board may determine that any excess funds in the Operating Fund be returned to the Members in the same proportions that Annual Assessments are levied, be retained by the Association and used to reduce the following year's Annual Assessments, or be deposited into the Reserve Fund. Upon dissolution of the Association incident to the abandonment or termination of the Property, any amounts remaining in any of the Maintenance Funds shall be distributed proportionately to or for the benefit of the Members.

Each Member shall pay to the Association his Annual Assessment in installments at such frequency and in such amounts as established by the Board. Each Annual Assessment may be paid by the Member to the Association in one check or in separate checks as payments attributable to the deposits under the Operating Fund and the Reserve Fund. If any installment of an Annual Assessment payment is less than the amount assessed and the payment does not specify the Maintenance Fund or Funds into which it should be deposited, the receipt by the Association from that Owner shall be credited in order of priority first to the Operating Fund, until that portion of the Annual Assessment has been satisfied, and second to the Reserve Fund.

11.7. Association Budgets and Annual Reports. At least forty-five (45) days prior to the beginning of each fiscal year, the Board of Directors shall prepare and distribute to the Membership of the Association a written, itemized estimate (budget) of the income and expenses of the Association during such year in performing its functions under this Declaration (including a reasonable provision for contingencies and deposits into the Reserve Fund, less any expected income and accounting for any surplus from the prior year's respective Maintenance Funds). Each Annual Assessment shall constitute an aggregate of separate assessments for each of the Maintenance Funds, reflecting an itemization of the amounts assessed and attributable to prospective deposits into the Reserve Fund and the Operating Fund.

Each year the Board of Directors shall cause to be prepared an annual report containing: (i) a balance sheet and income statement reflecting income and expenditures of the Association for each fiscal year, including deposits in and withdrawals from the Reserve Fund and the Operating Fund; (ii) a statement of the place where the names and addresses, as shown on Association records, of the current Members of the Association may be found; (iii) and a statement of changes of financial position of the Association. Within one hundred twenty (120) days after the close of the Association's fiscal year, the Board shall cause to be distributed a copy of each such annual report to each Member, and to each first Mortgagee who has filed a written request therefor with the Board of Directors. The annual report shall be prepared by an independent accountant for any fiscal year in which the gross income of the Association exceeds Seventy-Five Thousand Dollars (\$75,000). If the annual report is not prepared by an independent accountant, it shall be accompanied by the certificate of an authorized officer of the Association, stating that the annual report was prepared without audit from the books and record of the Association.

11.8. Capital Improvement Assessments. Should the Board of Directors determine the need for a capital Improvement or other such addition to the Property, the cost of which in the aggregate exceeds fifteen percent (15%) of the budgeted gross expenses of the Association for the then current fiscal year, then the vote or written consent of Members representing at least a majority of the voting power of the Association shall be required to approve and render effective a Capital Improvement Assessment levied by the Board of Directors to cover the cost of such expenditure. Capital Improvement Assessments may be levied by the Board without the consent of the Members, if the aggregate of such expenditures in each fiscal year does not exceed fifteen percent (15%) of the budgeted gross expenses of the Association for such fiscal year.

11.9. Delinquency and Acceleration. Any installment of an assessment provided for in this Declaration shall become delinquent if not paid on the due date as established by the Board of Directors of the Association. With respect to each installment of an assessment not paid within ten (10) days after its due date, the Board of Directors may, at its election, require the delinquent Owner to pay a late charge of not to exceed Five Dollars (\$5.00) or five percent (5%) of the amount of the delinquent installment, whichever is greater, together with interest at the maximum rate permitted by law on such delinquent sums, calculated from the date of delinquency to and including the date full payment is received by the Association. If any installment of an Annual Assessment is not paid within thirty (30)

days after its due date, the Board may mail a notice to the Owner and to each first Mortgagee of a Condominium which has requested a copy of the notice. Such notice shall specify: (1) the fact that the installment is delinquent; (2) the action required to cure the default; (3) a date, not less than fifteen (15) days from the date the notice is mailed to the Owner, by which such default must be cured; and (4) that failure to cure the default on or before the date specified in the notice may result in acceleration of the balance of the installments of the Annual Assessment for the then current fiscal year and sale of the Condominium. The notice shall further inform the Owner of his right to cure after acceleration and to bring a court action to assert the nonexistence of a default or any defense of the Owner to acceleration and sale. If the delinquent installments of the Annual Assessment and any charges thereon are not paid in full on or before the date specified in the notice, the Board at its option may declare all of the unpaid balance of the Annual Assessment for the then current fiscal year, attributable to that Owner and his Condominium, to be immediately due and payable without further demand and may enforce the collection of the full Annual Assessment and all charges thereon in any manner authorized by law and this Declaration.

11.10. Creation and Release of Lien. All sums assessed in accordance with the provisions of this Declaration shall constitute a lien on the respective Condominium prior and superior to all other liens, except (1) tax and special liens on the Unit in favor of any assessing, and special district, and (2) subject to the provisions of Subsection 11.1. and Section 15 of the Declaration, the lien or charge of any first Mortgage of Record (meaning any Recorded Mortgage or Deed of Trust with first priority or seniority over other Mortgages or Deeds of Trust) made in good faith and for value and Recorded prior to the date on which the lien became effective, or other encumbrances Recorded prior to the date notice of the assessment lien is Recorded which by law would be given priority. Notwithstanding the foregoing, if allowed by law, any assessment lien provided for hereunder shall be prior and superior to any declaration of homestead Recorded after the Recordation of this Declaration. The lien shall become effective upon Recordation by the Board or its authorized agent of a Notice of Assessment ("Notice of Lien") securing the payment of any assessment or installment thereof, levied by the Association against any Condominium Owner as provided in Section 57-8-20 of the Act.

The Notice of Lien shall state: (i) the amount of the assessment or installment, as the case may be, and other authorized charges and interest, including the cost of preparing

and Recording the Notice of Lien; (ii) the expenses of collection in connection with any delinquent installments, including without limitation reasonable attorneys' fees; (iii) a sufficient description of the Condominium against which the same has been assessed; (iv) the name and address of the Association; and (v) the name of the Owner thereof. The Notice of Lien shall be signed by an authorized representative of the Association. The lien shall relate only to the individual Condominium against which the Assessment was levied and not to the Property as a whole. Upon payment to the Association of the full amount claimed in the Notice of Lien, or other satisfaction thereof, the Board of Directors shall cause to be Recorded a Notice of Satisfaction and Release of Lien ("Notice of Release") stating the satisfaction and release of the amount claimed. The Board of Directors may demand and receive from the applicable Owner a reasonable charge for the preparation and Recordation of the Notice of Release before Recording it. Any purchaser or encumbrancer who has acted in good faith and extended value may rely upon the Notice of Release as conclusive evidence of the full satisfaction of the sums stated in the Notice of Lien.

11.11. Enforcement of Liens. It shall be the duty of the Board of Directors to enforce the collection of any amounts due under this Declaration by one (1) or more of the alternative other means provided by law. The lien on a Condominium may be enforced by sale of the Condominium by the Association, its attorney or other persons authorized to make the sale, after failure of the Owner to pay an assessment, or installment thereof, as provided herein. The sale shall be conducted in accordance with the applicable provisions of the Utah Code pertaining to the exercise of powers of sale in mortgages and deeds of trust, or in any manner permitted by law. An action may be brought to foreclose the lien of the Association by the Board, or by any Owner if the Board fails or refuses to act, after the expiration of at least thirty (30) days from the date on which the Notice of Lien was Recorded; provided that at least fifteen (15) days have expired since a copy of the Notice of Lien was mailed to the Owner affected thereby, and subject to the provisions of subsection 11.9. relating to acceleration of the due date of any Annual Assessment installments.

The Association, through its agents, shall have the power to bid on the Condominium at foreclosure sale, and to acquire and hold, lease, mortgage and convey the same. Upon completion of the foreclosure sale, an action may be brought by the Association or the purchaser at the sale in order to secure occupancy of the defaulting Owner's Unit, and the defaulting Owner shall be required to pay the reasonable rental value for such Unit during

any period of continued occupancy by the defaulting Owner or any persons claiming under the defaulting Owner. Suit to recover a money judgment for unpaid Assessments shall be maintainable without foreclosing or waiving the lien securing the same, but this provision or any institution of suit to recover a money judgment shall not constitute an affirmation of the adequacy of money damages. Any recovery resulting from a suit at law or in equity initiated pursuant to this subsection may include reasonable attorneys' fees as fixed by the court.

Section 12. Insurance.

12.1. Duty to Obtain Insurance; Types. The Board shall cause to be obtained and maintained adequate blanket public liability insurance (including medical payments), with such limits as would be considered acceptable to the Federal National Mortgage Association (not less than \$1 million covering all claims for personal injury and property damage arising out of a single occurrence), insuring against liability for bodily injury, death and property damage arising from the activities of the Association and its Members, with respect to the Common Areas and any other property under its jurisdiction. The Board shall also cause to be obtained and maintained fire and casualty insurance with extended coverage, without deduction for depreciation, in an amount as near as possible to the full replacement value of the Improvements on the Common Areas and, if economically feasible and available, those portions of the Units consisting of all fixtures, installations or additions comprising a part of the buildings housing the Units and all built-in or set-in appliances, cabinets and initial basic floor coverings, as initially installed or replacements thereof in accordance with the original plans and specifications for the Project, or as installed by or at the expense of the Owners.

Such insurance shall be maintained for the benefit of the Association, the Owners, and the Mortgagees, as their interests may appear as named insureds, subject, however, to loss payment requirements as set forth herein. The Board of Directors shall purchase such other insurance, as necessary, including, but not limited to, errors and omissions, directors, officers and agents liability insurance, plate glass insurance, medical payments, malicious mischief, and vandalism insurance, fidelity bonds and worker's compensation, and such other risks as shall customarily be covered with respect to condominium projects similar in construction, location and use. Fidelity bond coverage must be obtained by or on behalf of the Association for any person or entity handling funds of the Association, including, but not

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limited to, officers, directors, trustees and employees of the Association and employees of any professional Managing Agent of the Association.

12.2. Waiver of Claim Against Association. As to all policies of insurance maintained by or for the benefit of the Association and the Owners, the Association and the Owners hereby waive and release all claims against one another, the Board of Directors and Declarant, to the extent of the insurance proceeds available, whether or not the insurable damage or injury is caused by the negligence of or breach of any agreement by any of said persons.

12.3. Right and Duty of Owners to Insure. It is the responsibility of each Owner to provide insurance on his personal property and upon all other property and improvements within his Unit. Nothing herein shall preclude any Owner from carrying any public liability insurance as he deems desirable to cover his individual liability for damage to person or property occurring inside his individual Unit or elsewhere upon the Property. Such policies shall not adversely affect or diminish any liability under any insurance obtained by or on behalf of the Association, and duplicate copies of such other policies shall be deposited with the Board upon request. If any loss intended to be covered by insurance carried by or on behalf of the Association shall occur and the proceeds payable thereunder shall be reduced by reason of insurance carried by any Owner, such Owner shall assign the proceeds of such insurance carried by him to the Association, to the extent of such reduction, for application by the Board to the same purposes as the reduced proceeds are to be applied.

12.4. Notice of Expiration Requirements. If available, all of the policies of insurance maintained by the Association shall contain a provision that said policy or policies shall not be cancelled, terminated or expired by their terms, without at least fifteen (15) days' prior written notice to the Board, Declarant, Owners and their respective first Mortgagees (provided that Declarant, such Owners or Mortgagees have filed written requests with the carrier for such notice) and every other person in interest who requests such notice of the insurer.

12.5. Insurance Premiums. Insurance premiums for any blanket insurance coverage obtained by the Association and any other insurance deemed necessary by the Board of Directors shall be a Common Expense to be included in the Annual Assessments levied by the Association and collected from the Owners.

12.6. Trustee for Policies. The Association, acting through its Board of Directors, is hereby appointed and shall be deemed trustee of the interests of all named insureds under policies of insurance purchased and maintained by the Association. All insurance proceeds under any such policies as provided for in Section 12.1. of this Article shall be paid to the Board of Directors as Trustees. The Board shall have full power to receive and to receipt proceeds and to deal therewith as provided herein. Insurance proceeds shall be used by the Association for the repair or replacement of the property for which the insurance was carried or otherwise be disposed of as provided in Section 13 of this Declaration. The Board is hereby granted the authority to negotiate loss settlements with the appropriate insurance carriers, with participation, to the extent they desire, of first Mortgagees who have filed written requests within ten (10) days of receipt of notice of any damage or destruction as provided in Section 13.5. of this Declaration. Any two (2) Directors of the Association may sign a loss claim form and release form in connection with the settlement of a loss claim, and such signatures shall be binding on all the named insureds.

12.7. Actions as Trustee. Except as otherwise specifically provided in this Declaration, the Board, acting on behalf of the Association and all Owners, shall have the exclusive right to bind such parties with respect to all matters affecting insurance carried by the Association, the settlement of a loss claim, and the surrender, cancellation, and modification of all such insurance, in a manner satisfactory to seventy-five percent (75%) of the first Mortgagees of Condominiums who have filed requests under Subsection 12.4. to the extent such first Mortgagees desire to participate. Duplicate originals or certificates of all policies of fire and casualty insurance maintained by the Association and of all renewals thereof, together with proof of payment of premiums, shall be delivered by the Association to all Mortgagees who have requested the same in writing.

12.8. Annual Insurance Review. The Board shall review the insurance carried by or on behalf of the Association at least annually, for the purpose of determining the amount of the casualty and fire insurance referred to in subsection 12.1. above. If economically feasible, the Board shall obtain a current appraisal of the full replacement value of the Improvements on the Property except for foundations and footings, without deduction for depreciation, from a qualified independent insurance appraiser, prior to each such annual review.

12.9. Required Waiver. All policies of physical damage insurance shall provide, if reasonably possible, for waiver of the following rights, to the extent that the respective insurers would have the rights without such waivers:

(a) subrogation of claims against the Owners and tenants of the Owners;

(b) any defense based upon coinsurance;

(c) any right of set-off, counterclaim, apportionment, proration or contribution by reason of other insurance not carried by the Association;

(d) any invalidity, other adverse effect or defense on account of any breach of warranty or condition caused by the Association, any Owner or any tenant of any owner, or arising from any act, neglect, or omission of any named insured or the respective agents, contractors and employees of any insured;

(e) any right of the insurer to repair, rebuild or replace, and, if the Improvement is not repaired, rebuilt or replaced following loss, any right to pay under the insurance an amount less than the replacement value of the improvements insured;

Section 13. Destruction or Obsolescence of Improvements.

13.1. Appointment of Attorney-in-Fact. This Declaration hereby makes mandatory the irrevocable appointment of an attorney-in-fact to deal with the Property upon its damage, destruction, obsolescence, condemnation or abandonment, for its repair, reconstruction or sale, and to maintain, repair and improve the Units, Buildings and Common Areas. Title to any Condominium is declared and expressly made subject to the terms and conditions hereof, and acceptance by any grantee of a deed or other instrument of conveyance from the Declarant or from any Owner or Grantor shall constitute appointment of the attorney-in-fact herein provided. All of the Owners irrevocably constitute and appoint the Association by and through its Board of Directors, their true and lawful attorney in their name, place and stead for the purpose of dealing with the Property upon its damage or destruction or obsolescence as is hereafter provided. As attorney-in-fact, the Association, by and through the Board of Directors, shall have full and complete authorization, right and power to make, execute and deliver any contract, deed or any other instrument with respect to the interests of an Owner which are

necessary and appropriate to exercise the powers herein granted. The proceeds of any insurance collected shall be available to the Association for the purpose of repair, restoration, reconstruction or replacement unless the Owners and first Mortgagees agree not to rebuild in accordance with the provisions set forth hereinafter.

13.2. Restoration of the Property. Except as otherwise provided or required in this Declaration or the Act, in the event of any destruction of any portion of the Property, the repair or replacement of which is the responsibility of the Association, it shall be the duty of the Association to restore and repair the same to its former condition, as promptly as practical. The proceeds of any insurance maintained pursuant to Section 12 hereof for reconstruction or repair of the Property shall be used for such purpose, unless otherwise provided herein. The Board shall be authorized to have prepared the necessary documents to effect such reconstruction as promptly as practical. The Property shall be reconstructed or rebuilt substantially in accordance with the Map and the original construction plans if they are available, unless changes recommended by the Architectural Committee have been approved in writing by seventy-five percent (75%) of the Owners and by seventy-five percent (75%) of the holders of record of first Mortgages upon the Condominiums. If the amount available from the proceeds of such insurance policies for such restoration and repair is at least eighty percent (80%) of the estimated cost of restoration and repair, a Reconstruction Assessment of the Owners shall be levied by the Board of Directors to provide the necessary funds for such reconstruction, over and above the amount of any insurance proceeds available for such purpose. If the amount available from the proceeds of such insurance policies for such restoration and repair is less than eighty percent (80%) of the estimated cost of restoration and repair, and if the Owners by the vote or written consent of not less than seventy-five percent (75%) of the Owners, together with the approval of at least seventy-five percent (75%) of the First Mortgagees of record of the Condominiums in the Project do not make provision for a Plan of Reconstruction, including authorization to levy a Reconstruction Assessment, the Association shall proceed as provided in Subsection 13.3. below.

13.3. Sale of Property. If the amount available from insurance proceeds is less than eighty percent (80%) of the cost to repair and reconstruct the damaged improvements, and if such damage is more than seventy-five percent (75%) of the total replacement cost of all of the Units and other Improvements in the project, not including land, and if the Owners and first Mortgagees of seventy-five percent (75%) or more, of the Condominiums do not voluntarily, within one hundred (100) days

thereafter, make provisions for a Plan of Reconstruction, then the Association shall forthwith Record a notice setting forth such fact or facts, and following the Recording of such notice by the Association, except as otherwise required by the Act, the entire remaining premises shall be sold by the Association pursuant to the provisions of this paragraph, as attorney-in-fact, for all of the Owners, free and clear of the provisions contained in this Declaration, the Map, the Articles and the Bylaws. Assessments for Common Expenses shall not be abated during the period prior to sale.

The net proceeds of such sale and the proceeds of any insurance carried by the Association shall be divided proportionately among the Owners, such proportions to be determined in accordance with the relative appraised fair market valuation of the Condominiums as of a date immediately prior to such destruction, expressed as percentages, and computed by dividing such appraised valuation of each Condominium by the total of such appraised valuations of all Condominiums in the Project. The Board is hereby authorized to hire one (1) or more appraisers for such purpose and the cost of such appraisals shall be a Common Expense of the Association. Notwithstanding the foregoing, the balance then due on any valid encumbrance of Record shall be first paid in order of priority, before the distribution of any proceeds to an Owner whose Condominium is so encumbered. If the validity or order of priority is questioned, the Association may place the funds available for distribution with the Court and those claiming an interest therein shall pay all costs and attorney's fees incurred in the action.

13.4. Right to Partition. No Owner shall have the right to partition of his interest in the Condominiums and there shall be no judicial partition of the Project, or any part thereof; except that if the Owners do not adopt a Plan of Reconstruction, the provisions of Section 57-8-3 may be brought into effect. Nothing herein shall be deemed to prevent partition of a cotenancy in any Condominium. Except as provided above, each Owner and the successors of each Owner, whether by deed, gift, devise, or by operation of law, for their own benefit and for the Units and for the benefit of all other Owners, specifically waive and abandon all rights, interests and causes of action for a judicial partition of the tenancy in common ownership of the Project and do further covenant that no action for such judicial partition shall be instituted, prosecuted or reduced to judgment.

13.5. Interior Damage. With the exception of any casualty or damage insured against by the Association pursuant to Section 12 of this Declaration, restoration and repair of any

damage to the interior of any individual Residence, including without limitation all fixtures, cabinets and improvements therein, together with restoration and repair of all interior paint, wall coverings and floor coverings, shall be made by and at the individual expense of the Owner of the Residence so damaged. In the event of a determination to rebuild the Property after partial or total destruction, as provided in this Section, such interior repair and restoration shall be completed as promptly as practical and in a lawful and workmanlike manner, in accordance with plans approved by the Architectural Committee as provided herein.

13.6. Notice to Owners and Listed Mortgagees. The Board, immediately upon having knowledge of any damage or destruction to the Common Areas, or any portion thereof, which damage or destruction is substantial or may be restored only at a cost, in addition to insurance proceeds available, exceeding Fifty Thousand Dollars (\$50,000) shall promptly notify all Owners, all institutional holders of first Mortgages on Condominiums in the Project, and all other Mortgagees who have filed a written request for such notice with the Board.

13.7. Obsolescence - Renewal. Owners holding eighty percent (80%) or more of the voting power may agree that the Common Areas are obsolete and adopt a plan for renewal and reconstruction, which plan shall have the approval of seventy-five percent (75%) or more, of the first Mortgagees of record at the time of the adoption of such plan. If a plan for renewal and reconstruction is adopted, notice of such plan shall be Recorded, and the expense of renewal and reconstruction shall be payable by all of the Owners through levy of a Reconstruction Assessment, whether or not they have previously consented to the plan of renewal and construction. The Association, as attorney-in-fact, shall have the absolute right and power to sell the Condominium of any Owner refusing or failing to pay such Assessment within the time provided, and if not so paid, the Association shall cause to be Recorded a notice that the Condominium of the delinquent Owner shall be sold by the Association. The delinquent Owner shall be required to pay to the Association the costs and expenses for Recording the notices, interest at the then current treasury bill rate per annum on the amount of the Assessment and all reasonable attorney's fees. The proceeds derived from the sale of such Condominium shall be used to pay the Reconstruction Assessment of that Owner.

13.8. Obsolescence - Sale. Owners holding eighty percent (80%) or more of the voting power may agree that the Units are obsolete or that the Project should otherwise be abandoned or

terminated and that the same should be sold. Such plan or agreement must have the written unanimous approval of every first Mortgagee of Record. In such instance, the Board of Directors shall forthwith Record a notice setting forth such fact or facts, and upon the recording of such notice, the entire premises shall be sold by the Association, as attorney-in-fact for all of the Owners, free and clear of the provisions contained in this Declaration, the Map, the Articles and the Bylaws. The sales proceeds shall be apportioned among the Owners on the same basis as is set forth in Subsection 13.3., including payment with respect to valid encumbrances of Record. This Subsection shall not be amended without the consent of all Unit Owners and all Record Owners of Mortgages on Units.

Section 14. Eminent Domain.

14.1. Notice of Taking and Participation in Proceedings. Whenever any proceeding is instituted that could result in the temporary or permanent taking, injury or destruction of all or part of the Common Areas or one or more Units or portions thereof by the exercise of the power of or power in the nature of Eminent Domain or by an action or deed in lieu of condemnation (all of which shall be defined as "Eminent Domain"), the Board of Directors on behalf of the Association, each Owner, and any Recorded holder of a lien affecting the Units who has requested notice, shall be entitled to timely written notice thereof; and the Board of Directors, Owners and others, at their respective expense, may participate in the proceedings incident thereto.

14.2. Allocation of Payments or Awards. The procedures governing the allocation of awards by reason of Eminent Domain shall be determined in accordance with Section 57-8-32.5 of the Act; provided, that the priority of any Mortgagee's lien shall remain undisturbed.

Section 15. Rights of Mortgagees.

15.1. Provisions Benefitting Mortgagees. Notwithstanding any other provision of this Declaration, no amendment or violation of this Declaration shall operate to defeat or render invalid the rights of the Beneficiary under any Deed of Trust upon a Condominium made in good faith and for value, provided that after the foreclosure of any such Deed of Trust such Condominium shall remain subject to this Declaration, as amended. Notwithstanding any and all provisions of this Declaration to the contrary, in order to induce various Lenders or Mortgage Companies to participate in the financing of the sale of Condominiums within

the Project, the following provisions are added hereto (and to the extent these added provisions pertaining to the rights of Mortgagees conflict with any other provisions of this Declaration or any other of the Restrictions, these added restrictions shall control):

(a) Each first Mortgagee of a Mortgage encumbering any Condominium, upon filing a written request for notification with the Board, is entitled to written notification from the Association of any default by the Mortgagor of such Condominium in the performance of such Mortgagor's obligations under the Restrictions, which default is not cured within thirty (30) days after the Association has sent notice to the Mortgagor of such default. For purposes of this Declaration, a "first Mortgagee" shall mean a Mortgagee of a Mortgage or Beneficiary under a Trust Deed with first priority over other Mortgages or Deeds of Trust on a Condominium.

(b) Every Owner, including every first Mortgagee of a Mortgage encumbering any Condominium, who obtains title to such Condominium pursuant to the remedies provided in such Mortgage, or pursuant to foreclosure of the Mortgage, or by deed (or assignment) in lieu of foreclosure, shall be exempt from any "right of first refusal."

(c) Each first Mortgagee of a Mortgage encumbering any Condominium which obtains title to such Condominium pursuant to judicial foreclosure or the powers provided in such Mortgage, shall take title to such Condominium free and clear of any claims for unpaid assessments or charges against such Condominium which accrued prior to the time such holder acquires title to such Condominium.

(d) Unless at least two-thirds (2/3rds) of the first Mortgagees (based upon one (1) vote for each Mortgage owned) and two-thirds (2/3rds) of the Owners (other than Declarant) have given their prior written approval, neither the Association nor the Owners shall:

(1) by act or omission seek to abandon or terminate the Property; or

(2) change the method of determining the obligations, assessment dues or other charges (other than the Special Assessments or late charges imposed by the Board in accordance with the provisions of this Declaration) which may be levied against any Owner, or the method of allocating distributions of hazard insurance proceeds or condemnation awards; or

(3) partition or subdivide any Unit; or

(4) by act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer any of the Common Areas. (The granting of easements for public utilities or for other purposes consistent with the intended use of the Common Areas under this Declaration shall not be deemed a transfer within the meaning of this clause); or

(5) by act or omission change, waive or abandon any scheme of regulations, or enforcement thereof, pertaining to the architectural design or the exterior appearance of the Common Areas of the Property; or

(6) fail to maintain or cause to be maintained Fire and Extended Coverage on insurable Common Areas as provided in Section 12 of this Declaration; or

(7) use hazard insurance proceeds for losses to Improvements to any Common Areas for other than the repair, replacement or reconstruction of such Improvements, subject to the provisions of Section 13 of this Declaration.

(e) First Mortgagees, upon written request, shall have the right to (1) examine the books and records of the Association during normal business hours, (2) upon request receive from the Association copies of any annual financial reports and other financial data, (3) receive written notice of meetings of the Owners, and (4) designate in writing a representative to attend such meetings.

(f) First Mortgagees, upon written request, shall be given written notice prior to the effective date of any proposed material amendment to the Restrictions, and prior to the effective date of any termination of an agreement for Professional Management of the Property following any decision of the Owners to assume self-management of the Project.

(g) The Board shall secure and cause to be maintained in force a fidelity bond for any Person handling funds of the Association, including, but not limited to, employees of any Professional Manager.

15.2. Authorization to Furnish Information. Each Owner hereby authorizes the first Mortgagee of a first Mortgage on his

Condominium to furnish information to the Board concerning the status of such First Mortgage and the loan which it secures.

Section 16. Option to Expand Stone Bridge.

16.1. Reservation of Option. Declarant hereby reserves the Option to expand Stone Bridge in accordance with the terms and conditions of this Section 16, without the prior consent of the Owners or the Association, at any time prior to the expiration of seven (7) years from the date of Recording of this Declaration.

16.2. Description of Real Property Subject to Option. The real property subject to this Option is generally referred to herein as "Additional Land" and is more particularly described as follows:

Parcel 1: (See Exhibit "C" attached hereto)
Parcel 2: (See Exhibit "D" attached hereto)

16.3. Exercise of Option. The Option shall be exercised as to each of the Parcels described in Subsection 16.2. in their entirety and in the order listed, first Parcel 1 and then Parcel 2, or as to both Parcels simultaneously. Declarant shall not be allowed to exercise the Option as to portions of either Parcel. The recording of this Declaration shall not be deemed to constitute any lien, encumbrance, restriction or limitation upon any portion of the Additional Land until and unless such portion is added to Stone Bridge by exercise of the Option in accordance with the Act and the provisions hereof. The Option will be deemed to have been exercised with respect to any Parcel at the time of Recordation of a new Record of Survey Map and an Amendment to this Declaration in accordance with Section 57-8-13.6 of the Act.

16.4. Location of Improvements and Number of Units. Declarant shall not be restricted as to the location of Improvements on the Additional Land, and no assurances are hereby made regarding the location of Improvements. Declarant shall not create more than twenty-six (26) Units on Parcel 1 of the Additional Land nor more than twenty-nine (29) Units on Parcel 2 of the Additional Land. In the placement of Improvements on the Additional Land, Declarant shall be subject to any applicable zoning requirements or other ordinances or regulations.

16.5. Purposes, Use and Restrictions. The Units to be created on the Additional land shall be subject to the same purposes, uses and restrictions as are provided in Section 5 of this Declaration. The Buildings and the Units contained therein to be created on the Additional Land shall be compatible with the

existing Buildings in the Project in terms of quality of construction, principal materials to be used and in architectural style. Except for recreational and social facilities which will be part of the Common Areas, no structures other than Buildings containing Units shall be erected on the Additional Land. Other Improvements shall be principally parking areas, walkways and landscaping of the Common Areas; provided, however, Declarant reserves the right to add Limited Common Areas to the Additional Land without limitation.

16.6. Similarity of Buildings, Units, Structures and Improvements. Subject to the conditions of Subsection 16.5., the Units, Buildings, any Structures and any Improvements to be constructed on the Additional Land may, in the sole discretion of Declarant, be dissimilar to the Units, Buildings and the Structures and Improvements presently on the Land.

16.7. Percentage Ownership of Common Areas. Upon exercise of the Option with respect to any portion of the Additional land, the percentages of ownership in the Common Areas of the expanded Project shall be as provided in Subsection 3.6. of this Declaration, each existing and each new Owner to have an equal undivided interest in the Common Areas and Facilities of the expanded Project.

16.8. Consent to Option to Expand. Each Owner, by acceptance of a deed to a Condominium in Stone Bridge shall be deemed to have consented to the provisions of this Section 16 regarding the Option of Declarant to expand Stone Bridge, and to have agreed to the adjustment of percentage ownership in the Common Areas as provided herein. Upon the Recordation of an Amendment to this Declaration and a new Record of Survey Map reflecting Declarant's exercise of the Option, title to each Condominium created within the Additional Land, including its appurtenant percentage of interest in the Common Areas and Facilities, until sold by Declarant, shall be vested in and held by Declarant, its successors and assigns, and not by any of the other Owners.

Section 17. Conveyances.

Every deed, lease, mortgage, instrument of conveyance or sale, or other instrument affecting title to a Condominium may describe the Condominium by its identity number and letter designation as set forth on the Map with appropriate reference to the Map and this Declaration, as each shall appear on the Records of the Salt Lake County Recorder for the State of Utah. Every such description shall be deemed to convey, transfer, encumber or

otherwise affect the Condominium Owner's corresponding percentage interest of undivided ownership in the Common Areas, as a tenant in common, as provided herein (unless otherwise provided in this Declaration), also incorporating all rights, easements, limitations and restrictions incident to Ownership described in this Declaration, the Articles and Bylaws, even though the same may not otherwise be mentioned or described. A description shall be deemed sufficient for all purposes if it appears in substantially the following form:

Condominium Unit No. _____, as shown in the Record of Survey map for Stonebridge Condominiums (as it may be amended) appearing in the Record of the County Recorder for Salt Lake County, State of Utah, in Book No. _____, Page No. _____, of Plats, and as defined and described in the Declaration for Stone Bridge Condominiums (as it may be amended), Recorded the _____ day of _____, 19____, as Entry No. _____, Book No. _____, Page No. _____. This [conveyance or other instrument] is subject to the provisions and restrictions of the aforesaid Declaration of Stone Bridge Condominiums, including all Exhibits attached thereto.

Section 18. Agent for Service of Process and Notices.

18.1. Agent While Declarant Controls. Until such time as Declarant transfers the right and responsibility to elect the Board of Directors to the Owners as provided in this Declaration, the Articles and the Bylaws, the name and address of the person in Salt Lake County, State of Utah, appointed as agent to receive service of process in matters pertaining to Stone Bridge is:

First Security Realty Services Company
ATTN: Richard Sangberg
61 South Main Street
Salt Lake City, Utah 84111

The name and/or address of the agent may be changed by Recording an affidavit listing such change with the County Recorder for Salt Lake County.

18.2. Agent after Declarant Transfers Control. Following the date on which Declarant transfers the right and responsibility to elect the Board of Directors to the Owners, the person to receive service of process in matters pertaining to Stone Bridge shall be any member of the Board or such other person as the Board shall appoint who resides in Salt Lake County, Utah, as listed in an affidavit to be Recorded with the Salt Lake County Recorder.

18.3. Notices. Any notice permitted or required to be delivered pursuant to this Declaration, the Articles or the Bylaws may be delivered either personally or by mail. If delivery is made by mail, it shall be deemed to be delivered three (3) days after a copy of the same has been deposited in the U.S. mails, postage prepaid, and sent by certified or registered mail, return receipt requested. Notice to Owners shall be addressed to each Owner at the address given in writing by such Owner to the Board of Directors, or to the Condominium of such Owner if no written address is provided. Addresses may be changed from time to time by notice in writing to the Board of Directors. Notice to Declarant and to the Association, until otherwise notified in writing, shall be addressed and sent or delivered to the agent for service of process as indicated in Subsection 18.1. Notwithstanding the foregoing, all Notices of Meetings of the Association, of the Board of Directors, or of Committees of the Association may be given as provided in the Articles or Bylaws.

Section 19. General Provisions.

19.1. Enforcement and Legal Proceedings. Failure to comply with any of the terms of the Restrictions by an Owner, his Family, guests, employees, invitees or tenants, after compliance by the Association with the Notice and Hearing procedures set forth in the Bylaws (except for nonpayment of Assessments as provided herein), shall be grounds for enforcement and/or relief which may include, without limitation, an action to recover sums due for damages, injunctive relief, foreclosure of a lien, any combination thereof, or any other remedy available at law or equity.

Failure to enforce any provision hereof any number of times shall not constitute a waiver of the right to enforce that provision or any other provision at any other time. The Board, an Owner (not at the time in default hereunder), or Declarant shall be entitled to bring an action for damages on behalf of the Association against any defaulting Owner, and, in addition, may seek an injunction against any violation of this Declaration. Any judgment rendered in any action or proceeding pursuant thereto shall include an award of reasonable attorney's fees for the prevailing party, as well as the amount of any delinquent payment or other damages, interest as provided herein from the date of default until all amounts have been paid in full (obtaining judgment not to be considered as payment), costs of collection and court costs. Each remedy provided or allowed shall be cumulative and not exclusive or exhaustive.

19.2. Violation of Restrictions. Without limiting the generality and applicability of Subsection 19.1., if the Board determines that there is a violation of any provision of this Declaration, or the Architectural Committee determines that an Improvement, which is the maintenance responsibility of an Owner, is in need of installation, repair, restoration or painting, then the Board or the Architectural Committee shall give written notice to the responsible Owner with respect thereto. Upon failure of the Owner to correct any condition as to which notice is given in accordance with the terms and procedures of this Declaration within the time allotted, the Board, after Notice and Hearing, may undertake to remedy such condition or violation, the cost thereof to be charged to the Owner and his Condominium whose Residence is involved. Such cost shall be deemed a Special Assessment to such Owner and his Condominium, and shall be subject to levy, enforcement and collection by the Board as provided in this Declaration.

19.3. Interpretation and Governing Law. The provisions of this Declaration shall be liberally construed where necessary to effectuate its purpose of creating a uniform plan for the construction and operation of a luxury residential Condominium development and for the proper maintenance of Common Areas. The Section and Subsection headings and titles have been inserted for convenience only and shall not be considered or referred to in resolving questions of interpretation of construction. As used herein, where necessary, the singular shall include the plural, and the masculine, feminine or neuter may be considered to include the other. This Declaration, the Map, the Articles and the Bylaws shall be construed and controlled by and under the laws of the State of Utah.

19.4. Severability. The provisions hereof shall be deemed independent and severable, such that a determination of invalidity or partial invalidity or unenforceability of any one or more provisions by a court of competent jurisdiction shall not affect the validity or enforceability of any other provisions hereof.

19.5. Use of Recreational and Parking Facilities. The Board shall have the right to limit the number of guests that an Owner may permit to use open parking areas and any recreational facilities that may be constructed on the Common Areas. The Board shall also have the right to set other reasonable restrictions, in accordance with the Rules and Regulations, regarding the time and manner of use of any part of the Common Areas and Facilities.

19.6. No Public Dedication. Nothing contained herein shall be deemed to constitute a gift or dedication of all or any part of the Property to the public, or for any public use, any such dedication of any part being accomplished by specific separate documents between Declarant and/or the Association and the particular public entity involved.

19.7. No Representations or Warranties. No representations or warranties of any kind, express or implied, have been given or made by Declarant, or its agents or employees in connection with the Property, or any portion thereof, its physical condition, zoning, compliance with applicable laws, fitness for intended use, or in connection with the subdivision, sale, operation, maintenance, cost of maintenance, taxes or regulation thereof as a Condominium Project, except as specifically and expressly set forth in this Declaration.

19.8. Nonliability and Indemnification. No right, power or responsibility conferred on the Declarant, the Board or the Architectural Committee by this Declaration, the Articles or the Bylaws shall be construed as a duty, obligation or disability charged upon the Declarant, the Board, the Architectural Committee, any Member of the Board or the Architectural Committee, or any officer, employee or agent of the Association. Subject to any limitations imposed by law, no such Person shall be liable to any party for injuries or damage resulting from such Person's acts or omissions within the scope of his duties or rights ("Official Acts") or within what such Person believed to be the scope of his Official Acts, unless such injuries or damage resulted from such Person's grossly negligent, willful or malicious conduct.

The Association shall pay on behalf of any Person all expenses, including legal fees incurred by, and satisfy any judgment, settlement or fine levied against such Person to the fullest extent permitted by law, as a result of any action or threatened action against such Person to impose liability on such Person for his actual or perceived Official Acts, provided that:

(1) The Board determines that such Person acted or failed to act in good faith and in a manner such person reasonably believed to be in the best interests of the Association;

(2) In the case of criminal proceeding, the Board determines that such Person had no reasonable cause to believe his conduct was unlawful;

(3) In the case of an action or threatened action by or in the right of the Association, the Board determines that such Person acted with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances; and

(4) The Board approves by majority vote any proposed settlement.

Any determination of the Board required by this Subsection shall be approved by a majority vote of a quorum of the Board consisting of Directors who are not parties to the action or threatened action giving rise to the necessity of indemnification. If the Board fails or refuses to make the determination, the determination may be made by the vote or written consent of a majority of a quorum of the Members of the Association, the Person to be indemnified abstaining from voting.

19.9. Priorities and Inconsistencies. If there are conflicts or inconsistencies between this Declaration and either the Articles or the Bylaws, the terms and provisions of this Declaration shall prevail.

In witness whereof this Declaration has been executed by the undersigned as of the 11th day of January 1989

DECLARANT:

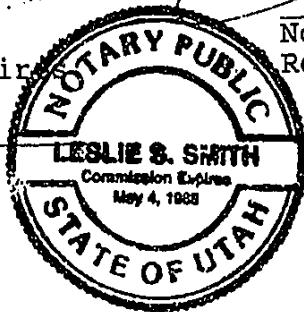
First Security Realty Services
Company, a Utah Corporation

By: Richard R. Langberg
Its: Asst. Vice Pres.

State of Utah)
) ss
County of Salt Lake)

On the 11th day of January 1985 personally
appeared before me Richard B. Stangberg Assistant
Vice President of First Security Realty Services Corporation
who by me being sworn did say that he had the authority to and did
sign the within and foregoing instrument on behalf of said
Corporation in the capacity indicated.

My Commission Expires _____



Leslie S. Smith
Notary Public
Residing at Salt Lake County, Utah

0258M

EXHIBIT "A"

LARSEN & MALMQUIST
CONSULTING ENGINEERS & LAND SURVEYORS
2736 South 2700 West • West Valley City, Utah 84119 • (801) 972-2634

REVISED

LEGAL DESCRIPTION

of

STONEBRIDGE CONDOMINIUMS

PHASE 1

BEGINNING at a point on the Southerly right-of-way of the South Fork of Little Cottonwood Canyon Road, said point being South 89°14'29" West along the Center Section Line 1000.85 feet and South 256.60 feet from the East 1/4 Corner of Section 12, Township 3 South, Range 1 East, Salt Lake Base and Meridian; and running thence North 71°30'55" West along said Southerly right-of-way 165.00 feet; thence North 81°43'55" West along said Southerly right-of-way 330.97 feet; thence South 08°00'00" West 181.80 feet to a point on a 359.256 foot radius curve; thence Easterly along the arc of said curve 27.85 feet (long chord bears South 81°01'33" East 27.85 feet); thence South 15°10'00" West 334.48 feet to the South boundary of the North Half of the Northwest Quarter of the Southeast Quarter (N $\frac{1}{2}$ NW $\frac{1}{4}$ SE $\frac{1}{4}$) of said Section 12; thence South 89°41'01" East along said South boundary 260.60 feet to a Bureau of Land Management Brass Cap being the Southeast corner of said N $\frac{1}{2}$ NW $\frac{1}{4}$ SE $\frac{1}{4}$; thence North 89°53'05" East along the South boundary of the North Half of the Northeast Quarter of the Southeast Quarter (N $\frac{1}{2}$ NE $\frac{1}{4}$ SE $\frac{1}{4}$) of said Section 12, 24.63 feet; thence North 12°00'00" East 308.34 feet; thence South 78°00'00" East 74.84 feet; thence North 12°00'00" East 70.00 feet; thence North 81°00'00" East 122.00 feet; thence North 18°29'05" East 37.00 feet to the point of BEGINNING. Contains 3.6325 Acres.

Prepared For: First Security Realty Services
805 East 3300 South #10
S.L.C., UT 84101
Attn: Rich Sangberg

Prepared By: L & M #0600-84S
January 2, 1985
John Stahl

BOOK 5622 PAGE 2027

EXHIBIT "B"
DESCRIPTION OF UNITS
AND
STREET ADDRESSES

<u>UNIT NUMBER</u>	<u>STREET ADDRESS</u>
Unit A-1	4115 East Quarry Drive
Unit A-2	4109 East Quarry Drive
Unit A-3	4101 East Quarry Drive
Unit B-4	4091 East Quarry Drive
Unit B-5	4085 East Quarry Drive
Unit B-6	4079 East Quarry Drive
Unit C-7	4080 East Quarry Drive
Unit C-8	4086 East Quarry Drive
Unit C-9	4094 East Quarry Drive
Unit D-10	4104 East Quarry Drive
Unit D-11	4110 East Quarry Drive

EXHIBIT "C"

LARSEN & MALMQUIST, INC.
CONSULTING ENGINEERS & LAND SURVEYORS
2736 South 2700 West • West Valley City, Utah 84119 • (801) 972-2634

Legal Description
For
Stonebridge Condominiums
East Parcel
(Parcel 1)

Beginning at a point on the Southerly right-of-way of the South Fork of the Little Cottonwood Canyon Road said point being South 89°14'29" West along the Center Section line 1000.85 feet and South 256.60 feet from the East 1/4 Corner of Section 12, Township 3 South, Range 1 East, Salt Lake Base and Meridian; and running thence South 71°30'55" East along said Southerly right-of-way 386.84 feet; thence South 86°55'25" East along said Southerly right-of-way 261.60 feet to a point on the Northwesternly boundary of that tract of land as described in Book 5514 Page 2888 and Recorded as Entry Number 3881396 in the office of the recorder of Salt Lake County, Utah, said point being North 22°00'00" East along said Northwesternly boundary 89.31 feet from the Westernmost corner of said tract; thence South 22°00'00" West along said Northwesternly boundary 89.31 feet to said Westernmost corner; thence South 45°00'00" East along the Southwesterly boundary of said tract 71.82 feet; thence South 80°00'00" East along the Southernmost boundary of said tract 100.00 feet to the Southeast corner of said tract and the Southwest corner of that tract of land as described in Book 5537 Page 1801 and recorded as Entry Number 3914345 in the office of the recorder of said County; thence West along the South boundary of the last said tract 116.85 feet to the Southeast corner thereof and the Northwesternmost corner of that tract of land as described in Book 5262 Page 0578 and Recorded as Entry Number 3577132 in the office of said Recorder; thence South along the West boundary of the last said tract and the Southerly extension thereof 118.74 feet to a point on the South boundary of the North Half of the Northeast Quarter of the Southeast Quarter (N1/2NE1/4SE1/4) of said Section 12 said point being South 89°53'05" West along said South boundary 140.87 feet from a Bureau of Land Management Brass Cap being the Southeast corner of the said

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Legal Description East Parcel

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(EXHIBIT "C" - Cont.)

N1/2NE1/4SE1/4; thence South 89°53'05" West along said South boundary 1144.86 feet to a point being North 89°53'05" East along said South boundary 24.63 feet from a Bureau of Land Management Brass Cap being the Southwest corner of the said N1/2NE1/4SE1/4; thence North 12°00'00" East 308.34 feet; thence South 78°00'00" East 74.84 feet; thence North 12°00'00" East 70.00 feet; thence North 81°00'00" East 122.00 feet; thence North 18°29'05" East 37.00 feet to the point of BEGINNING. Contains 7.136 Acres.

Prepared For: First Security Realty Services
805 East 3300 South #10
S.L.C., UT 84101
Attn: Rich Sangberg

Prepared by: L & M #0600-84S
January 7, 1985
John Stahl

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EXHIBIT "D"

LARSEN & MALMQUIST, INC.
CONSULTING ENGINEERS & LAND SURVEYORS

2736 South 2700 West • West Valley City, Utah 84119 • (801) 972-2634

LEGAL DESCRIPTION

FOR

STONEBRIDGE CONDOMINIUMS

WEST PARCEL
(Parcel 2)

BEGINNING at a point on the Southerly right-of-way of the South Fork of Little Cottonwood Canyon Road, said point being South 89°14'29" West along the Center Section Line 1484.90 feet and South 150.29 feet from the East 1/4 Corner of Section 12, Township 3 South, Range 1 East, Salt Lake Base and Meridian; and running thence South 08°00'00" West 181.80 feet to a point on a 359.256 foot radius curve; thence Easterly along the arc of said curve 27.85 feet (long chord bears South 81°01'33" East 27.85 feet): thence South 15°10'00" West 334.48 feet to a point on the South boundary of the North Half of the Northwest Quarter of the Southeast Quarter (N1/2NW1/4SE1/4) of said Section 12 said point being North 89°41'01" West 260.60 feet from a Bureau of Land Management Brass Cap being the Southeast Corner of the said N1/2NW1/4SE1/4; thence North 89°41'01" West along said South boundary 1044.86 feet to a Bureau of Land Management Brass Cap being the Southwest Corner of the said N1/2NW1/4SE1/4; thence North 00°16'55" West along the West boundary of the said N1/2NW1/4SE1/4 and Center Section Line to a Salt Lake County Brass Cap being the Center of said Section 12; thence North 01°27'58" West along the Center Section Line 119.70 feet to the Southerly right-of-way of the South Fork of Little Cottonwood Canyon Road; thence North 88°35'21" East along said Southerly right-of-way 65.30 feet; thence South 74°30'55" East along said Southerly right-of-way 794.96 feet; thence South 81°43'55" East along said Southerly right-of-way 308.16 feet to the point of BEGINNING.
Contains 15.912 Acres.

Prepared For: First Security Realty Services
805 East 3300 South #10
S.L.C., UT. 84101
Attn: Rich Sangberg

Prepared By: L & M #0600-84S
January 7, 1985
John Stahl

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