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Book - 9312 Pg - 4961-5019
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**DECLARATION OF CONDOMINIUM
FOR
GARDEN GROVE SOUTH CONDOMINIUM**

A UTAH CONDOMINIUM PROJECT

IN

CITY OF WEST JORDAN

SALT LAKE COUNTY, UTAH

**GARDEN SOUTH I L.C.
A UTAH LIMITED LIABILITY COMPANY**

AS DECLARANT



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**DECLARATION OF CONDOMINIUM FOR
GARDEN GROVE SOUTH CONDOMINIUM**

THIS Declaration of Condominium for Garden Grove South Condominium is made and executed by Garden South I L.C., whose principal address is 11254 Eagle View Drive, Sandy, Utah 84092 (the "Declarant").

RECITALS:

A. This Declaration of Condominium affects that certain real property located in Salt Lake County, Utah described with particularity in Article II below (hereinafter referred to as the "Tract").

B. Declarant is the owner of the Tract.

C. Declarant has constructed, is in the process of constructing, or will construct upon the Tract a residential condominium project which shall include certain Units, Limited Common Area, Common Area, and other improvement. All of such construction has been, or is to be, performed in accordance with the plans contained in the Condominium Plat to be recorded concurrently herewith.

D. Declarant intends to sell to various purchasers the fee title to the individual Units contained in the Tract, together with an appurtenant undivided ownership interest in the Common Area and a corresponding membership interest in the Association of Unit Owners, subject to the Record of the Survey Map, and the covenants, conditions and restrictions set forth herein.

E. The Project will consist of one phase.

F. Declarant desires, by filing this Declaration of Condominium and Condominium Plat, to submit Phase 1 of the Tract and all improvements now or hereafter construct thereon to the provisions of the Utah Condominium Ownership Act (the "Act").

G. The Project is to be known as "Garden Grove South Condominium."

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

I. DEFINITIONS

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

1. Additional Charges shall mean and refer cumulatively to all collection and administrative costs, including but not limited to all attorney's fees, late charges, accruing interest, service fees, filing and recordation fees, and other expenditures incurred or charged by the Association.
2. Articles of Incorporation shall mean and refer to the Articles of Incorporation of the Garden Grove South Home Owners Association, Inc. on file or to be filed with the State of Utah.
3. Assessment shall mean and refer to any amount imposed upon, assessed or charged a Unit Owner or Resident at the Project.
4. Association shall mean and refer to all of the Unit Owners at Garden Grove South Condominium taken as or acting as, a group in accordance with the Declaration.
5. Building shall mean and refer to any of the structures constructed in the Project.
6. Business Use and Trade shall mean and refer to any occupation, work, or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether: a) such activity is engaged in full or part-time; b) such activity is intended to or does generate a profit; or c) a license is required therefore.
7. By Laws shall mean and refer to the By Laws of the Association, a copy of which is attached to and incorporated in this Declaration by reference as Exhibit "C".
8. Capital Improvement shall mean and refer to all new improvements intended to add to, enhance or upgrade the nature, scope, utility, value, or beauty of the Project, as opposed to ordinary repair and maintenance.
9. City shall mean and refer to the City of West Jordan.
10. Committee shall mean and refer to the Management Committee of the Association as duly constituted.

11. Common Areas shall mean and refer to all real property in the Project owned in common by the Unit Owners including but not limited to the following items:

a) The real property and interests in real property submitted hereby, including the entirety of the Tract and all improvements constructed thereon, excluding the individual Units.

b) All Common Areas and Facilities designated as such in the Condominium Plat;

c) All Limited Common Areas designated as such in the Condominium Plat;

d) All utility installations and all equipment connected with or in any way related to the furnishing of utilities to the Project and intended for the common use of all Unit Owners, such as telephone, electricity, gas, water, cable tv and sewer;

e) The Project's outdoor grounds, detention pond, lighting, perimeter fences, landscaping, sidewalks, parking, driving lanes, private streets and tot lot.

f) All portions of the Project not specifically included within the individual Units; and

g) All other parts of the Project normally in common use or necessary or convenient to the use, existence, maintenance, safety, operation or management of the Property owned by the Association for the common benefit of its Members.

Provided, however, utility installations such as telephone, electricity, gas, water, and sewer may be dedicated to the City and, if so, this definition shall not be construed to allow the Association to exclude the City from the ownership and control of the utility systems so dedicated.

12. Common Expense shall mean and refer to: (a) The expense of all irrigation water; (b) All sums lawfully assessed against the Owners; (c) Expenses of administration, maintenance, repair or replacement of the Project; (d) Expenses allocated by the Association among the Owners; (e) Expenses agreed upon as common expenses by the Association; and (f) Expenses declared common expenses by the Declaration.

13. Community shall mean and refer to the Project.

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

15. Condominium Plat shall mean and refer to the "Condominium Plat of the Garden Grove South Condominium" on file in the office of the County Recorder of Salt Lake County, as amended or supplemented from time to time.

16. Declaration shall mean and refer to this Declaration of Condominium for Garden Grove South Condominium.

17. Design Guidelines shall mean and refer to the architectural and engineering plans and specifications and guidelines prepared by the Declarant and approved by the City for the construction of the Buildings, Units, and other physical improvements in the Project, including by way of illustration but not limitation all structural components and Exterior Materials. The City shall assume no responsibility for enforcement of the Design Guidelines, but reserves the right to and may enforce any Design Guideline at any time and in its sole discretion.

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

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

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

21. Exterior Materials shall mean and refer to stone, rock, stucco, wood, or vinyl or cement fiber siding, finished lumber, brick, or other similar materials but shall not mean cinder block or concrete block or aluminum or vinyl siding. Exterior residence materials shall be of a noncombustible material as approved by the City. The City shall assume no responsibility for enforcement of the External Materials, but reserves the right to and may enforce any External Material requirement at any time and in its sole discretion. The determination whether any specific material constitutes an acceptable Exterior Material shall be made by Declarant or its designee.

22. Family shall mean one of the following: (1) a single person living alone; (2) a group of natural persons related to each other by blood or legally related to each other by marriage or adoption, such as a parent, child, grandparent, grandchild, brother, sister, uncle, aunt, nephew, niece, great-grandparent or great-grandchild, with an additional person or persons as domestic help or a caretaker; or (3) a group of not more than three unrelated persons living and cooking together as a single housekeeping unit and maintaining a common household, but not as a boarding or rooming house.

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

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

25. Limited Common Areas shall mean and refer to those Common Areas designated in this Declaration or in the Condominium Plat as reserved for the use of a certain Unit Owner to the exclusion of the other Unit Owners. Any portico, colonnade, Unit entry, doorsteps, landings, porches, balconies, decks, patios, private yard areas, garages, carports, assigned parking spaces, storage lockers, or other improvements intended to serve only a single Unit, shall constitute Limited Common Area appertaining to that Unit exclusively, whether or not the Condominium Plat makes such a designation.

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

27. Management Committee shall mean and refer to the volunteer committee of Owners elected to direct the affairs of the Association.

28. Manager shall mean and refer to the person or entity appointed or hired by the Association to manage and operate the Project and/or assist in the administration of the Association.

29. Map shall mean and refer to the Condominium Plat .

30. Member, unless the context clearly requires otherwise, shall mean and refer to the Owner of a Unit, each of whom is obligated, by virtue of his ownership to be a member of the Association.

31. Mortgage shall mean and refer to both a first mortgage or first deed of trust on any Unit.

32. Mortgagee shall mean and refer to a mortgagee under a first mortgage or a beneficiary under a first deed of trust on any Unit.

33. Owner shall mean and refer to the person who is the owner of fee simple title to a Unit, excluding a mortgagee or a beneficiary or trustee under a deed of trust unless and until such party has acquired title pursuant to foreclosure or any arrangement or proceeding in lieu thereof. The reputed Owner is the person or persons shown on the records in the office of the County Recorder of Salt Lake County, Utah.

34. Period of Declarant's Control shall mean and refer to a period of time commencing on the date this Declaration is recorded and terminating on the occurrence of the earliest of the following events: (a) five (5) years from the effective date of this Declaration, (b) not less than

120 days after 75% of the Units have been conveyed, or (c) the Declarant executes and records a written Waiver of his right to control.

35. Permanent Resident shall mean and refer to anyone who resides in the Project for more than four (4) consecutive weeks or for more than eight (8) weeks in any calendar year.

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

37. Project shall mean and refer to this the Garden Grove South Condominium Project.

38. Project Documents shall mean and refer to the Declaration, By Laws, Rules and Regulations, and Articles of Incorporation.

39. Property shall mean and refer to all of the land or real estate, improvements and appurtenances submitted to the Act and this Declaration.

40. Recreational, Oversized or Commercial Vehicle shall mean and refer to any recreational, commercial or oversized vehicle, heavy equipment, commercial non-passenger equipment, such as a bobcat, trailer (either with or without wheels), tractor, golf cart, motor home, or mobile home camper, camper trailer, boat or other watercraft, boat trailer, or any other recreational or commercial transportation device of any kind.

41. Repair shall mean and refer to merely correcting the damage done sometimes by accident or fire or other cause, but more often due to the ravages of time and the deterioration resulting from ordinary wear and tear, by substituting for the damage, decayed or worn-out parts, new material, usually similar to that replaced, and so restoring the structure to its original sound condition.

42. Resident shall mean and refer to any person living or staying at the Project. This includes but is not limited to all lessees, tenants and the family members, agents, representatives, or employees of Owners, tenants or lessees.

43. Single Family shall mean one family unit.

44. Single Family Residence shall mean and refer to both the architectural style of a Unit and the nature of the residential use permitted.

45. Unit shall mean and refer to a separate physical part of the Property intended for independent use, including one or more rooms or spaces located in one or more floors or part or parts of floors in a building. Mechanical equipment and appurtenances located within any one Unit, or located without said Unit but designated and designed to serve only that Unit, such as appliances, electrical receptacles and outlets, air conditioning compressors, furnaces, water

heaters, apparatus, systems or equipment, fixtures and the like, shall be considered part of the Unit; so shall all decorated surfaces of interior walls, floors and ceilings, including but not limited to all paint, wallpaper, wall coverings, windows, window units and window frames, doors, door units and door frames, trim, carpeting, tile, linoleum and so forth. All pipes, wires, conduits, or other utility lines or installations constituting a part of the Unit or serving only the Unit, and any structural members, parts, components or any other property of any kind, including fixtures or appliances within any Unit, which are removable without jeopardizing the integrity, soundness, safety or usefulness of the remainder of the Building within which the Unit is located shall be deemed to be part of the Unit.

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

II. SUBMISSION

The Land described with particularity on Exhibit "A" attached hereto and incorporated herein by this reference is hereby submitted to the Act.

The Land is hereby made subject to, and shall be governed by the Act, and the covenants, conditions and restrictions set for herein.

The Land is SUBJECT To the described easements and rights of way.

TOGETHER WITH all easements, rights-of-way, and other appurtenances and rights incident to, appurtenant to, or accompanying the above-described parcel of real property.

ALL OF THE FOREGOING IS SUBJECT TO: All liens for current and future taxes, assessments, and charges imposed or levied by governmental or quasi-governmental authorities; all Patent reservation and exclusions; any mineral reservations of record and rights incident thereto; all instruments of record which affect the above-described Tract or any portion thereof, including, without limitation, any mortgage or deed of trust; all visible and necessary easements and right-of-way; all easements and right-of-way of record; any easements, rights-of-way, encroachments, or discrepancies shown on or revealed by the Survey Maps or otherwise existing; an easement for each and every common area improvement, equipment, pipes, lines, cables, wires, utility systems, or similar facilities which traverse or partially occupy the above-describe Tract and all easements necessary for servicing, repairing, ingress to, egress from, maintenance of, and replacement of all such common are improvements, equipment, pipes, lines, cables, wires, utility systems, and similar facilities; and the secondary emergency entrance and gate for the fire department and other emergency vehicles.

III. COVENANTS, CONDITIONS, AND RESTRICTIONS

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

1. Description of Improvements. The significant improvements contained or to be contained in the Project will include eight Buildings and thirty-one Units, described more particularly as follows:

- A 4-plex containing Units 1, 2, 3 and 4;
- A 4-plex containing Units 5, 6, 7 and 8;
- A 3-plex containing Units 9, 10 and 11;
- A duplex containing Units 12 and 13;
- A 3-plex containing Units 14, 15 and 16;
- A duplex containing Units 17 and 18;
- A 3-plex containing Units 19, 20 and 21;
- A 3-plex containing Units 22, 23 and 24;
- A duplex containing Units 25 and 26;
- A duplex containing Units 27 and 28; and
- A 3-plex containing Units 29, 30 and 31.

The Units will be of stone, stucco veneer, asphalt shingle roofing, and interior walls of wood studs, plywood and dry wall plaster. Each Unit has been or will be assigned a parking space. A minimum of 4 parking spaces shall be handicap accessible per §89-6-603(c). Handicap accessible parking is also available in the driveways. Some open Common Area parking will also be available on a first come first served basis. There will be approximately 127 parking spaces. Primary access to the Project will be from 7000 South. There will also be a secondary emergency access furnished with a Knox box system and a 28' wide ornamental iron gate for the Fire Department and other emergency vehicles. The landscaping density will be approximately 40%. The rear yards are not included in the open space calculation. The landscaping shall be maintained by a permanent irrigation system per § 89-6-703(a)(2) and shall be designed for the most efficient use of water per § 89-6-704(a)(4). The plant material shall recognize the climatic limitations of the Salt Lake Valley and the need for water conserving per § 89-6-704(a). There will also be open space with a trail system on the perimeter and a tot lot. The Declarant shall provide 3 benches around the perimeter of the tot lot and additional benches and picnic tables with shade trees along the perimeter sidewalk to create gathering places for residents. There will be a landscape buffer along 7000 South. A 6' masonry wall, constructed with masonry pillars at 20' intervals that extend 3" from surface of the fence panels, will be installed along 7000 South. A recast concrete cap shall be placed on the top of each pillar per § 89-6-803(g) of the West Jordan Municipal Code. The Project will meet all requirements of the R-3-12 Zone and the Title 89, Chapter 3, Part 3 of the Zoning Ordinance. Unless the number is modified by West Jordan City, 45 trees will be planted; a minimum of 10 street trees along 7000 South, 20 interior trees per § 89-6-706(a)(2)(a) and (b) of the West Jordan Municipal Code. Deciduous trees will have a minimum 2" caliper and all evergreen trees will have a minimum height of 5' per § 89-6-705(b)(1). Not less than 80% of the trees shall be water-conserving species that can withstand dry conditions once established per § 89-6-704(a)(1). In addition to the trees required by § 89-6-706(a)(2)(a) and (b), a minimum of 15 landscape buffer trees shall be provided within the landscape buffer area per §89-6-708(b)(3). Compass Cove Condominium, a neighboring project,

has a perimeter fence bordering this Project on 3 sides. The Declarant will add a similar fence on the unfenced side to enclose the Project. The Project will also contain other improvements of a less significant nature, the location and configuration of which are depicted on the Plat Map.

2. Description and Legal Status of the Property. All Units shall be capable of being independently owned, encumbered and conveyed, and shall have an appurtenant undivided percentage of ownership interest in the Common Areas and Facilities.

a) Condominium Plat. The Condominium Plat shows the Unit Number of each Unit, its location, those Limited Common Areas and Facilities which are reserved for its exclusive use, and the Common Areas and Facilities to which it has immediate access.

b) Legal Description. A legal description of the Property using metes and bounds is set forth in Exhibit "A," attached hereto and incorporated herein by this reference.

c) Assignment of Parking Amenities. Until the termination of the Period of Declarant's Control, Declarant reserves the right to and may assign the exclusive right to use additional parking amenities to a Unit Owner or Owners for a fee. Any such assignment shall be memorialized by a written instrument entitled "Assignment of Parking Amenity" and recorded in the Registry of Assignments of Parking Amenities which shall be maintained with the books and records of the Association. The holder of an Assignment of Parking Amenity may re-assign the parking amenity conditional upon the following: (1) A re-assignment may only be made to another Unit Owner (and any attempt to assign a parking amenity to a non-Unit Owner shall be null and void *ab initio*); (2) the re-assignment must be in writing, clearly identifying the parking amenity and the name, address and phone number of both the assignor and assignee; (3) written notice of the re-assignment must be given to the Management Committee; (4) the re-assignment must be approved by the Management Committee, whose consent shall not be unreasonably withheld, conditioned or delayed; and (5) the re-assignment must be entered on the Registry of Assignments of Parking Amenities by the Secretary of the Association.

3. Membership in the Association. Membership in the Association is mandatory. Each Unit Owner shall be a member of the Association. Membership in the Association may not be partitioned from the ownership of a Unit. The percentage of ownership interest of each Owner in the Association is equal, as set for on Exhibit "B" attached hereto and incorporated herein by this reference.

4. Limited Common Areas. Limited Common Areas are also Common Areas. Limited Common Areas may not be partitioned from the Unit to which it is appurtenant. The exclusive use of Limited Common Area is reserved to the Unit to which it is assigned on the Survey Map or Maps, as amended from time to time.

5. Conveyancing. Any deed, lease, mortgage, deed of trust, or other instrument conveying or encumbering a Unit shall describe the interest or estate involved substantially as follows:

All of Unit No. ____, Garden Grove South Condominium, a Utah Condominium Project, as the same is identified in the Condominium Plat recorded in the office of the County Recorder of Salt Lake County, Utah and in the Declaration of Condominium of Garden Grove South Condominium, a Utah Condominium Project as recorded in office of the County Recorder of Salt Lake County, Utah.

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

6. Ownership and Use. Each owner, of whatever kind, shall be entitled to the exclusive ownership and possession of his Unit, to an undivided percentage of ownership interest in the Common Areas and Facilities, and to membership in the Association as set forth herein, subject to the following initial use restrictions:

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

b) Title to the Common Area. Each Unit Owner shall be entitled to a percentage of undivided ownership interest in and to the Common Areas and Facilities, free and clear of all liens (other than current years taxes, if any) prior to the Declarant's first conveyance of a Unit.

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

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

1) The right of the Association to limit the number of guests, and to adopt administrative rules and regulations from time to time governing the use and enjoyment of the Common Area;

2) The right of the Association to suspend voting rights and the privilege to use the recreational amenities by a member as set forth with particularity below;

3) Subject to the prior written consent of any governmental or quasi-governmental lenders, including FHA, FNMA and VA, if applicable, the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for the purpose of providing utilities and similar or related purposes. During the Declarant's Period of Control, any such dedication or transfer shall be effective only if approved in writing by the Declarant; and

4) The right of the Association to charge a reasonable admission or other fee for the use of any recreational facility situated upon the Common Area.

e) Rules and Regulations. The Association, acting through its Management Committee, shall have the power and authority to adopt administrative rules and regulations and, in its sole discretion, to impose reasonable user fees for the amenities. Such rules, regulations and use restrictions shall be binding upon all Owners and Residents, their guests and invitees.

f) Parties Bound. All provisions of the Declaration, By-Laws, Rules and Regulations shall be binding upon all Owners and Residents, their families, guests and invitees.

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

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

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

3. Unreasonable amounts of noise or traffic in, on or about any Unit or the Common Area, especially during quiet hours, after 10:00 p.m. and before 7:00 a.m. during the week and between midnight and 8:00 a.m. on weekends; and

4. Drug houses and drug dealing; the unlawful sale, manufacture, service, storage, distribution, dispensing or acquisition occurs of any controlled substance; gambling; criminal activity; parties which occur frequently which bother, annoy or disturb other reasonable residents or interfere with their quiet and peaceful enjoyment of the premises; prostitution; or other violation of U.C.A., Section 78-38-9 (1999) as amended or supplemented.

h) Signs. No "For sale" or "For rent" or other signs or banners are permitted in the Common Area or so as to be visible from the street, unless approved in writing by the Management Committee.

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

j) Subdivision or Partition of a Unit Prohibited. No Unit may be subdivided or partitioned.

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

k) Temporary Structures. No Owner or occupant shall place upon any part of the Project any temporary structures including but not limited to tents, trailers, or sheds, without the prior written consent of the Management Committee.

l) Trees, Shrubs and Bushes; Maintenance of Proper Sight Distance at Intersections. All property located at or near driveways, entrances, exits, walkways, paths and street intersections or corners shall be landscaped so as to remove any obstructions and to permit safe sight. No fence, wall, hedge, shrub, bush, tree or monument, real or artificial, shall be planted or placed by any Owner or occupant in, on or about the Common Areas without the prior written consent of the Management Committee. The Management Committee may alter or remove any objects planted or placed in violation of this subsection and shall not be guilty of a trespass.

m) Energy Conservation Equipment. No solar energy collector panels, other energy conservation equipment or attendant hardware shall be constructed or installed on the Project without the prior written consent of the Management Committee, unless expressly allowed by local, state or federal law.

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

the Management Committee. Notwithstanding the above, the leasing of a residence shall not be considered a trade or business within the meaning of this subsection.

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

1. The parking rules and regulations adopted by the Management Committee from time to time;

2. The parking areas are not designed for Recreational, Commercial or Oversized motor vehicles and the Management Committee has the right to make rules and regulations restricting or prohibiting their use. Unless otherwise determined by the Management Committee, all RV's shall be parked outside the Project, except for purposes of loading and unloading.

3. No motor vehicle or trailer, including but not limited to any car, automobile, truck, van, RV or any other transportation device of any kind may be parked or stationed (except for the purpose of loading and unloading), in such a manner so as to create an obstacle or potentially dangerous situation, along any street or road, or in front of any garage, walkway, driveway, Building or Unit, or in an unauthorized Common Areas.

4. Residents may only park their motor vehicles within their designated parking space or in other authorized parking amenity.

5. Residents may not park their motor vehicles in "red zones," "fire lanes," or unauthorized areas.

6. Visitors or guests shall park their motor vehicles in Common Areas designated for "guest" or "visitor" parking

7. No Owners or Residents shall repair or restore any vehicle of any kind in, on or about any Unit or the Common Area, except for emergency repairs, and then only to a proper repair facility.

8. The assembly or disassembly of motor vehicles and other mechanical devices in the Common Area is not permitted.

9. No motor vehicle shall be parked in such a manner as to inhibit or block access to a Building, Unit, parking space, driving lane, or sidewalk.

10. All parking areas shall be used solely for the parking and storage of motor vehicles used for personal transportation.

11. Notice of any alleged parking violations shall be posted on the vehicle. Except in the case of an emergency, the notice shall provide the vehicle owner with the right to a hearing with the Management Committee or Manager. Vehicles parked in violation of this Declaration or parking Rules and Regulations adopted by the Management Committee may, after notice and the Owner's sole expense. The Association, Management Committee and members of the Management Committee shall be indemnified and held harmless from any loss, damage or claim caused by or arising out of the impounding, towing or storing of a motor vehicle pursuant hereto.

p) Bicycles. Bicycles in the Common Area must be parked or stored in the bicycle racks or storage areas designated by the Management Committee.

q) Aerials, Antennas, and Satellite Systems. Aerials, Antennas, satellite dishes, amateur and emergency radio systems, and the like shall be prohibited within the Property, except (a) antennas or satellite dishes designed to receive direct broadcast satellite service which are one meter or less in diameter or diagonal measurement; (b) antennas or satellite dishes designed to receive video programming services via multipoint distribution services which are one meter or less in diameter or diagonal measurement; (c) antennas or satellite dishes designed to receive television broadcast signals, (d) The satellite television, high speed internet service, satellite radio and other services that are specifically designed and used for a master communications system provided to the Units by the Declarant, or (e) systems which strictly comply with state and F.C.C. guidelines ("Permitted Devices") shall be permitted, provided that any such Permitted Device is: (1) located in the attic, crawl space, garage, or other interior spaces of the Unit or another approved structure on the Property, so as not to be visible from outside the Unit or other structure; and (2) attached to or mounted in the Limited Common Area immediately adjacent to the Unit, such as a balcony, deck or patio in the rear of the building, and extending no higher than the eaves of that portion of the roof of the Unit directly in front of such antenna. The Management Committee may adopt rules establishing a preferred hierarchy of alternative locations and requiring screening of all Permitted Devices, so long as such rules do not unreasonably increase the cost of installation, maintenance, or use of the Permitted Device in the authorized areas.

r) Window Coverings. No-aluminum foil, newspapers, reflective film coatings, or any other similar materials may be used to cover the exterior windows of any residential structure on a Unit. Sun shades are not allowed on the exterior of any Building.

s) Windows and Window Units. All exterior glass, windows, window units and window panes in the Project shall be harmonious, and comparable in size, design and quality so as not to detract from uniformity in appearance and quality of construction.

t) Pets. Up to two (2) domestic pets, weighing no more than 40 pounds a piece, per Unit are allowed, provided the resident abides by any pet rules and regulations adopted by the Management Committee from time to time. Domestic pets will be considered to be dogs, cats fish, and birds. No pets, animals, livestock or poultry of any kind shall be bred in, on or

about the Project. Dangerous pets or pets which constitute a nuisance (e.g. unreasonable barking, whining or scratching) will not be tolerated within the Community. Owners and Residents shall clean up after their pets in the Common Areas and pets in the Common Area shall be kept in a cage or on a leash and under their owner's control at all times

u) Insurance. Nothing shall be done or kept in, on or about any Unit or in the Common Areas or Limited Common Areas which may result in the cancellation of the insurance on the Property or an increase in the rate of the insurance on the Property, over what the Management Committee, but for such activity, would pay.

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

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

x) Structural Alterations. Except in the case of an emergency repair, no structural alterations, plumbing, electrical or similar work within the Common Areas or Limited Common Areas shall be done or permitted by any Owner without the prior written consent of the Management Committee. Any such structural alteration made without the written consent of the Management Committee shall be considered non-conforming and shall be removed, and the property restored to its original condition, immediately upon request of the Management Committee.

7. Leases. Any agreement for the leasing, rental, or occupancy of a Unit (the "rental" or "lease") shall be in writing and a copy thereof shall be delivered to the Management Committee upon request. By virtue of taking possession of a Unit, each lessee agrees to be subject to and abide by these restrictive covenants, and that any covenant violation shall be deemed to constitute a default under the lease. No Owner shall be permitted to lease his Unit for transient, hotel or seasonal use and corporate use of a Unit is not permitted, which shall be considered any lease or rental agreement with an initial term of less than six (6) months or occupancy by the day, week or month.. No Owner may lease individual rooms to separate persons or less than his entire Unit. Other than as stated in this Section, there is no restriction on the right of the Owner to lease or otherwise grant occupancy rights to a Unit.

8. Easement – Support, Maintenance and Repair. There is hereby RESERVED and the Association is hereby GRANTED a non-exclusive easement over, across, through, above and under the Units and the Common Area for the operation, maintenance and regulation of the Common Area and Facilities.

9. Liability of Owners and Residents for Damage. Each Owner or Resident shall be liable to the Association, or other Owners or Residents for damages to person or property in the Community caused by his negligence.

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

11. Management Committee. The Association shall be managed by a Management Committee subject to the following:

a) Members. The Management Committee shall be comprised of three (3) Members of the Association who shall be duly qualified and elected.

b) Composition of Management Committee. At the Annual meeting of the Association, the percentage of undivided ownership interest appurtenant to a Unit may be voted in favor of as many candidates for Management Committee membership as there are seats on the Management Committee to be filled; provided, however, and anything herein to the contrary notwithstanding, Declarant alone shall be entitled to select all of the Management Committee Members until the termination of the Period of Declarant's Control.

c) Voting Restriction. Each Unit shall have one (1) vote. The following additional restrictions apply to voting on Association issues, including but not limited to the election of Management Committee Members:

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

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

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

12. Status and General Authority of Management Committee. Any instrument executed by the Management Committee that recites facts which, if true, would establish the

Management Committee's power and authority to accomplish through such instrument what is purported to be accomplished thereby, shall conclusively establish said power and authority in favor of any person who in good faith and for value relies upon said instrument. The Association shall, in connection with its exercise of any of the powers delineated in subparagraphs (a) through (j) below, constitute a legal entity capable of dealing in its Management Committee name. The Management Committee shall have, and is hereby granted, the following authority and powers:

a) Access. The right, power and authority to have access to each Unit: (1) from time to time during reasonable hours and after reasonable notice to the occupant of the Unit being entered, as may be necessary for the maintenance, repair or replacement of any of the Common Areas and Facilities; or (2) for making emergency repairs necessary to prevent damage to the Common Areas and Facilities or to another Unit or Units, provided that a reasonable effort is made to provide notice to the occupant of the Unit prior to entry.

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

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

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

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

f) Transfer Interests in Real Property. The power and authority to exchange, convey or transfer any interest in real property, so long as it has been approved by at least seventy five percent (75%) of the Association Members.

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

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

i) Borrow Money and Pledge Collateral. The power and authority to borrow money and pledge collateral so long as it has been approved by at least seventy-five percent (75%) of the Association Members.

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

k) Meetings. The authority to establish rules of order and decorum for all meetings of the Association and Management Committee, including but not limited to the power to retire to executive session and control of electronic devices at meetings.

l) Delegation of Authority. The power and authority to delegate its responsibilities over the management and control of the Common Areas and regulation of the Project to a professional manager, reserving the right, power and authority, however, to control and oversee the administration thereof.

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

Anything to the contrary notwithstanding, while Declarant controls the Association and before the end of the Period of Declarant's Control, any amendments to the Declaration or mergers must (where appropriate) be approved in writing and in advance by Federal Housing Administration of the United States Department of Housing and Urban Development (FHA), the Federal Home Loan Mortgage Corporation or the Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA), Government National Mortgage Association (GNMA) or the Department of Veterans Affairs (VA).

13. Delegation of Management Responsibilities: The Management Committee may delegate some of its management responsibilities to either a professional management company, an experienced on-site manager, an independent contractor, through service contracts, or any combination thereof. The Manager may be an employee or an independent contractor. The termination provision of any such contract must not require a termination penalty or any advance notice of any more than sixty (60) days, and no such contract or agreement shall be for a term greater than one (1) year. The Management Committee may also employ general laborers, grounds crew, maintenance, bookkeeping, administrative and clerical personnel as necessary to perform its management responsibilities. Provided, however, any management contract may be terminated for cause on thirty (30) days notice in accordance with Title 38, Code of Federal Regulations, Section 36.4360a (f), as it may be amended from time to time.

14. Owners Meetings. The Association shall meet at least annually at a time and place to be determined by the Management Committee.

15. Lists of Owners, Renters, Eligible Mortgagees, Insurers and Guarantors. The Management Committee shall maintain an up to date roster of Owners, Residents, Renters, Eligible Mortgagees, Insurers and Guarantors. The Owners, Residents, Renters, Mortgagees, Insurers and Guarantors have a duty to provide this information to the Management Committee.

16. Capital Improvements. All expenses for capital improvements shall be governed by and subject to the following conditions, limitations and restrictions:

a) Management Committee Discretion/Expenditure Limit. Any capital improvement to the Project which costs ten percent (10%) or less of the Total Annual Budget, and does not alter the nature of the Project, may be authorized by the Management Committee alone (the "Capital Improvement Ceiling").

b) Owner Approval/Expenditure Limit. Any capital improvement, the cost of which will exceed the Capital Improvement Ceiling, must, prior to the commencement of construction, be authorized by at least a majority of the percentage of undivided ownership interest in the Common Area.

c) Owner Approval/Changing the Nature of the Project. Any capital improvement which would materially alter the nature of the Project (e.g., changing the roofing materials, the construction of the external Building surfaces, color scheme, etc.) must, regardless of its cost and prior to being constructed or accomplished, be authorized by at least sixty-seven (67%) percent of the undivided ownership interest in the Common Areas.

17. Operation, Maintenance and Alterations. Each Unit, the Limited Common Area, Common Area shall be maintained, repaired, and replaced in accordance with the following covenants, conditions and restrictions:

a) Clean, Safe, Sanitary and Attractive Condition. The Units, Limited Common Area, and Common Area shall be maintained in a usable, clean, functional, safe, sanitary, attractive and good condition, consistent with Community Standards.

b) Landscaping. All landscaping in the Project shall be maintained and cared for in a manner consistent with the standards of design and quality originally established by Declarant and in accordance with Community Standards. Specific written guidelines, standards, controls, and restrictions on landscaping may be adopted or amended by the Management Committee from time to time. All landscaping shall be maintained in a neat and orderly condition. Any weeds or diseased or dead lawn, trees, ground cover or shrubbery shall be removed and replaced. All lawn areas shall be neatly mowed and trees, shrubs and bushes shall be neatly trimmed. In a word, all landscaping shall be tasteful, so as not to affect adversely the

value or use of any other Unit, or to detract from the uniform design and appearance of the Project.

c) Area of Common Responsibility. Unless otherwise expressly noted, the Association shall maintain, repair and replace as needed the Common Areas and Facilities, including by way of illustration but not limitation the Limited Common Area, sewer and other common utilities (collectively "Area of Common Responsibility"):

d) Area of Personal Responsibility. Each Owner shall maintain, repair and replace as needed his Unit, including by way of illustration but not limitation his individual utility services such as power, light and gas; hot and cold water; heating, refrigeration and air conditioning; fixtures, glass, windows and window units; and doors and door unit, subject to the design guidelines adopted by the Management Committee in order to maintain uniformity of appearance and quality of construction. Each Unit Owner shall keep his patio, balcony or deck broom clean and free of debris.

e) Damage. Each Unit Owner is liable for any damage, not covered by insurance, caused to the Common Areas and Facilities or another Unit by him or his family members, renters, guests or invitees, including negligence.

e) Default Provisions. If (except in the case of an emergency) after written notice and a hearing, it is determined that any responsible party has failed or refused to discharge properly his obligation with regard to the maintenance, repair, or replacement of the real property and improvements described herein, or that the need for maintenance, repair, or replacement thereof is caused through the willful or negligent act of any person, then the Association, or Management Committee may, but is not obligated to, provide such maintenance, repair, or replacement at the defaulting or responsible party's sole cost and expense (the "Default Maintenance Cost"). The Default Maintenance Cost is the debt of such defaulting or responsible party at the time the expense is paid and shall be collectible as such.

f) Alterations to the Common Area. The Declarant may make changes to the design and construction of the improvements located in or on the Common Areas without additional approval required, including without limitation the consent of the Management Committee or Members of the Association; provided, however, no Owner or Resident may make any structural alterations to the Common Area (including the Limited Common Area), without the express prior written consent of the Management Committee.

g) Certain Work Prohibited. No Unit Owner shall do any work or make any alterations or changes which would jeopardize the soundness or safety of the Property, reduce its value or impair any easement or hereditament, without in every such case the unanimous written consent of all the other Unit Owners being first had and obtained.

18. Common Expenses. Each Owner shall pay his Assessments subject to and in accordance with the procedures set forth below.

a) Declarant. Anything to the contrary notwithstanding, the Declarant shall not be obligated to pay Assessments on any Units owned by it until such time as: (1) the physical structures are substantially completed; (2) certificates of permanent occupancy are issued and the Units are sold or rented; or (3) Declarant elects in writing to pay the Assessments, whichever first occurs.

b) Purpose of Common Area Expenses. The Assessments provided for herein shall be used for the general purpose of operating the Project, promoting the recreation, health, safety, welfare, common benefit and enjoyment of the Owners and residents, including the maintenance of any real and personal property owned by the Association, and regulating the Community, all as may be more specifically authorized from time to time by the Management Committee.

c) Creation of Assessments. Since the Assessments shall pay for the common expenses of the Association, as shall be determined by the Management Committee from time to time, each Owner, by acceptance of a deed to a Unit, whether or not it shall be so expressed in such deed, covenants and agrees to pay to the Association in a timely manner all Assessments assessed by the Management Committee.

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

(1) Itemization. Shall set forth an itemization of the anticipated Common Expenses for the twelve (12) month calendar year, commencing with the following January 1.

(2) Basis. Shall be based upon advance estimates of cash requirements by the Management Committee to provide for the payment of all estimated expenses growing out of or connected with the maintenance and operation of the Common Areas and regulation of the Association, which estimate shall include but is not limited to expenses of management, irrigation water, grounds maintenance, power bill for garages, charges for satellite television, high speed internet service, satellite radio and other services that are specifically designed and used for a master communications system, taxes and special assessments, premiums for insurance, including by way of illustration but not limitation fire and extended coverage, liability, directors and officers, individual unit owner insurance to cover the deductible and contents, fidelity bond, common lighting and heating, water charges, trash collection, sewer charges and maintenance costs, maintenance and insurance of the detention pond, damages from sewer lateral backup, carpeting, painting, repairs and maintenance of the Common Areas and Facilities, and replacement of capital assets that must be replaced on a periodic basis, wages for Management Committee employees, legal and accounting fees, any deficit remaining from a previous period; the creation of a reasonable contingency reserve, surplus or sinking fund, capital improvement

reserve, and other expenses and liabilities which may be incurred by the Association for the benefit of the Owners under and by reason of this Declaration.

e) Apportionment. The common profits, losses and voting rights of the Project shall be distributed among and the common expenses shall be charged equally to the Unit Owners.

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

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

h) Personal Obligation of Owner. Owners are liable to pay all Assessments against their Units and Additional Charges; provided, however, no first mortgagee or beneficiary under a first deed of trust, who obtains title to a Unit pursuant to the remedies provided in the mortgage or trust deed shall be liable for unpaid Assessments which accrued prior to the acquisition of title.

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

j) Dates and Manner of Payments. The dates and manner of payment shall be determined by the Management Committee.

k) Reserve Account. The Management Committee shall establish and maintain a reserve account or accounts to pay for (1) unexpected operating expenses, (2) major repairs or the replacement of capital assets, and/or (3) self-insurance.

l) Capital Asset Replacement Report. The Management Committee shall prepare and update at least annually a written Capital Asset Replacement and Reserve Account Analysis, and make the report available to the Owners at the annual meeting of the Association.

m) Acceleration. In the event of default, the Management Committee may elect to accelerate the maturity of the entire annual Assessment.

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

o) Superiority of Assessments. All Assessments and liens created to secure the obligation to pay Assessments are superior to any homestead exemptions to which an Owner may be entitled which insofar as it adversely affects the Association's lien for unpaid Assessments each Owner by accepting a deed or other document of conveyance to a Unit hereby waives.

p) Suspension of Right to Vote for Non-Payment. At the discretion of the Management Committee, the right of an Owner to vote on issues concerning the Association may be suspended for up to ninety (90) days if the Owner is delinquent in the payment of his Assessments, and has failed to cure or make satisfactory arrangements to cure the default after reasonable notice of at least ten (10) days.

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

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

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

20. Benefit Assessments. If an Owner has the choice to accept or reject the benefit, then the Management Committee shall have the power and authority to assess an Owner in a particular area as follows:

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

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

Failure of the Management Committee to exercise its authority under this Section shall not be grounds for any action against the Association or the Management Committee and shall not constitute a waiver of the Management Committee's right to exercise its authority under this Section in the future with respect to any expenses, including an expense for which the Management Committee has not previously exercised its authority under this Section.

21. Individual Assessments. Individual Assessments shall be levied by the Management Committee against a Unit and its Owner to reimburse the Association for: (a) administrative costs and expenses incurred by the Management Committee in enforcing the Project Documents; (b) costs associated with the maintenance, repair or replacement of Common Area for which the Unit Owner is responsible; (c) any other fine, charge, fee, due, expense, or cost designated as an Individual Assessment in the Project Documents or by the Management Committee; and (d) attorneys' fees, interest, and other charges relating thereto as provided in this Declaration.

22. Collection of Assessments. The Owners must pay their Assessments in a timely manner. Payments are due in advance on the first of the month. Payments are late if received after the 10th day of the month in which they were due.

a) Delinquent Assessments. Any Assessment not paid when due shall be deemed delinquent and a lien securing the obligation shall automatically attach to the Unit, regardless of whether a written notice is recorded.

b) Late Fees and Default Interest. A late fee of up to fifty dollars (\$50.00) or five percent (5%) of the delinquent amount, whichever is greater, may be assessed on all payments received more than ten (10) days after the due date. Late fees may not be stacked. Default interest at the rate of up to one and one-half percent (1.5%) per month or eighteen percent (18.0%) per annum may be charged on all outstanding balances. Interest may not be compounded.

c) Lien. If any Unit Owner fails or refuses to make any payment of any Assessment or his portion of the Common Expenses when due, that amount shall constitute a lien on the interest of the Owner in the Property, and upon the recording of notice of lien by the Manager, Management Committee or their designee it is a lien upon the Owner's interest in the Property prior to all other liens and encumbrances, recorded or unrecorded, except: (1) tax and special assessment liens on the Unit in favor of any assessing unit or special improvement district; and (2) encumbrances on the interest of the Owner recorded prior to the date such notice is recorded which by law would be a lien prior to subsequently recorded encumbrances.

d) Remedies. To collect a past due account the Association may obtain a personal judgment, foreclose the lien, or both, or pursue any other remedy available by law or equity.

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

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

g) Duty to Pay Independent. No reduction or abatement of Assessments shall be claimed or allowed by reason of any alleged failure of the Association or Management Committee to take some action or perform some function required to be taken or performed by the Association or Management Committee under this Declaration or the By Laws, or for inconvenience or discomfort arising from the making of repairs or improvements which are the responsibility of the Association, or from any action taken to comply with any law, ordinance, or with any order or directive of any municipal or other governmental authority, the obligation to pay Assessments being a separate and independent covenant on the part of each Owner.

h) Application of Payments. Unless otherwise determined by the Management Committee, all payments shall be applied as follows: First toward Additional Charges, then delinquent Assessments, and finally current Assessments.

i) Foreclosure of Lien as Mortgage or Trust Deed. The lien for nonpayment of Assessments may be enforced by sale or foreclosure of the Owner's interest therein by the Management Committee. The sale or foreclosure shall be conducted in the same manner as foreclosures in deeds of trust or mortgages or in any other manner permitted by law. In any foreclosure or sale, the Owner shall pay the costs and expenses of such proceedings, including but not limited to the cost of a foreclosure report, reasonable attorney's fees, and a reasonable rental for the Unit during the pendency of the foreclosure action. The Association in the foreclosure action may require the appointment of a receiver to collect the rental without regard to the value of the mortgage security. The Management Committee may bid for the Unit at foreclosure or other sale and hold, lease, mortgage, or convey the same.

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

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

24. Insurance. The Manager, Management Committee or Association, will obtain insurance against loss or damage by fire and other hazards for: (a) all Common Elements and Facilities; and (b) all Buildings that contain more than one Unit, including any improvement which is a permanent part of a Building. The insurance coverage shall be written on the property in the name of the Manager, Management Committee or Association, as trustee for each of the Unit Owners in the percentages established in this Declaration. The insurance premiums shall be a Common Expense. This Section is without prejudice to the right of each Unit Owner to insure his own Unit for his benefit. The Manager, Management Committee or Association shall satisfy at least the following minimum requirements:

a) Property Insurance. Blanket property insurance using the standard "Special" or "All Risk" building form. Loss adjustment shall be based upon replacement cost. For purposes of this sub-section, the term "casualty insurance" shall not mean or refer to "earthquake" or other special risks not included in the standard 'condominium' casualty policy (the "Master Association Insurance Policy"). This additional coverage may be added by the Management Committee as it deems necessary in its best judgement and in its sole discretion. The Master Association Insurance Policy may have a deductible of up to \$10,000.00.

b) Flood Insurance. If any part of the Project's improvements are in a Special Flood Hazard Area -- which is designated as A, AE, AH, AO, A1-30, A-99, V, VE, or V1-30 on a Flood Insurance Rate Map (FIRM) -- the Association shall obtain a "master" or "blanket" policy of flood insurance and provide for the premiums to be paid as a common expense. The policy should cover any common element buildings and any other common property. The Unit Owner may also be required to purchase an individual policy. The amount of flood insurance

should be at least equal to the lesser of 100% of the insurable value of the facilities or the maximum coverage available under the appropriate National Flood Insurance Administration program.

c) Liability Insurance. A public liability policy covering the Common Area, the Association and its Members for all damage or injury caused by the negligence of the Association or any of its Members or agents. The public liability policy shall have at least a One Million (\$1,000,000) Dollar single person limit as respects bodily injury and property damage, a Two Million (\$2,000,000) Dollar limit per occurrence, if reasonably available, and a One Million (\$1,000,000) Dollar minimum property damage limit. If possible, the policy should be written on the comprehensive form and shall include non-owned and hired automobile liability protection.

d) Directors and Officers Insurance. A director's and officer's liability or errors and omissions policy, if reasonably available, with at least One Million (\$1,000,000) Dollars in coverage.

d) Unit Owner Insurance to Cover Deductible and Contents. The Management Committee may but is not obligated to purchase insurance coverage in behalf of each Unit Owner or Resident to cover the deductible on the Master Association Insurance Policy and contents, which shall be a Common Expense.

e) Self-Insurance. The Management Committee may establish and fund a reserve account to self-insure the deductible on the Master Association Insurance Policy or other small claims.

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

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

(2) Amount of Coverage. The total amount of fidelity bond coverage required shall be based upon the Management Committee's best business judgement, but shall not be less than the

estimated maximum amount of funds, including reserve funds, in the custody of the Management Committee, the Association, or the management agent as the case may be, at any given time during the term of each bond. Nevertheless, in no event may the amount of such bonds be less than a sum equal to three (3) months' aggregate assessments on all Lots, plus reserve funds.

(3) Quality of Coverage. The bonds required shall meet the following additional requirements: (a) they shall name the Management Committee, the Owners Association, and the Property Manager as obligee; (b) if the insurance contract or bond excludes coverage for damages caused by persons serving without compensation, and may use that exclusion as a defense or reason not to pay a claim, the insurance company shall, if possible, be required to waive that exclusion or defense; (c) the premiums on all bonds required herein for the Management Committee and the Association (except for premiums on fidelity bonds maintained by a management agent for its officers, employees and agents) shall be paid by the Management Committee or the Association as part of the Common Expenses; and (d) the bonds shall provide that they may not be canceled or substantially modified, including cancellation for nonpayment of premium, without at least ten days' prior written notice to the Management Committee and the Association, to any Insurance Trustee, and to each service of loans on behalf of any Mortgagee, and FNMA.

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

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

(1) Quality of Carrier. A "B" or better general policyholder's rating or a "6" or better financial performance index rating in Best's Insurance Reports, an "A" or better general policyholder's rating and a financial size category of "VIII" or better in Best's Insurance reports -- International Edition, an "A" or better rating in Demotech's Hazard Insurance Financial Stability Ratings, a "BBBq" qualified solvency ratio or a "BBB" or better claims-paying ability rating in Standard and Poor's International Confidential Rating Service -- if the carrier is issuing a master policy or an insurance policy for the common elements in the Project.

(2) The Insured. The name of the insured under each policy required to be maintained hereby shall be set forth therein substantially as follows: "Association of Unit Owners of GARDEN GROVE SOUTH Condominium, for the use and benefit of the individual Owners."

(3) Designated Representative. The Association may designate an authorized representative of the Association, including any Insurance Trustee with whom the Association has entered into an Insurance Trust Agreement, or any successor to such Trustee, for the use and benefit of the individual Owners.

(4) Beneficiary. In any policy covering the entire Project, each owner and his Mortgagee, if any, shall be beneficiaries of the policy in an amount equal to the Owner's percentage of undivided Ownership interest in the Common Areas and Facilities.

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

(6) Mortgage Provisions. Each policy shall contain a standard mortgage clause or its equivalent and shall provide that the policy may not be canceled or substantially modified without at least ten (10) days prior written notice to the Association and to each Mortgagee.

(7) Miscellaneous Provisions. Each insurance policy shall contain at least the following additional miscellaneous items: (a) A waiver of the right of a subrogation against Owners individually; and (b) A provision that the insurance is not prejudiced by any act or neglect of any individual Owner.

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

(9) Disbursement of Proceeds. Proceeds of insurance policies shall be disbursed to repair promptly and reasonably the damages. Any proceeds remaining thereafter shall be placed in the Capital Improvement Reserve Account and retained by and for the benefit of the Association. This is a covenant for the benefit of the Association and any Mortgagee of a Unit, and may be enforced by them.

(10) Special Endorsements. Each policy shall also contain or provide those endorsements commonly purchased by other Associations in similarly situated first class subdivisions in the county, including but not limited to a guaranteed replacement cost endorsement under which the insurer agrees to replace the insurable property regardless of the cost and,; or a Replacement Cost Endorsement under which the insurer agrees to pay up to 100% of the property's insurable replacement cost, but no more, and, if the policy includes a coinsurance clause, an Agreed Amount Endorsement which waives the requirement for coinsurance; an Inflation Guard Endorsement when it can be obtained, a Building Ordinance or Law Endorsement, if the enforcement of any building, zoning or land-use law will result in loss or damage, increased cost of repairs or reconstruction, or additional demolition and removal costs, and increased costs of reconstruction; Steam Boiler and Machinery Coverage Endorsement if the Project has any central heating or cooling.

(11) Restrictions on Policies. No insurance policy shall be maintained where:

a. Individual Assessments Prohibited. Under the term of the carrier's charter, By-Laws, or policy, contributions may be required from, or assessments may be made against, an Owner, a borrower, a Mortgagee, the Management Committee, the Association, FNMA, or the designee of FNMA.

b. Payments Contingent. By the terms of the Declaration, By-Laws, or policy, payments are contingent upon action by the carrier's board of directors, policyholder, or member; or

c. Mortgagee Limitation Provisions. The policy includes any limited clauses (other than insurance conditions) which could prevent the party entitled (including, without limitation, the Management Committee, the Association, an Owner, FNMA, or the borrowers) from collecting insurance proceeds.

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

(13) Deductible. The deductible on a claim made against the Association's Property Insurance Policy shall be paid for by the party who would be liable for the loss, damage, claim, or repair in the absence of insurance, and in the event of multiple responsible parties, the loss shall be allocated in relation to the amount each party's responsibility bears to the total. If a loss is caused by an act of God or nature or by an element, risk or peril beyond the control of the Unit Owner, then the Association shall be responsible for the deductible.

h) Adjusting Claims. The Management Committee has the authority to adjust claims.

25. Destruction, Condemnation, and Obsolescence. The following provisions shall apply with respect to the destruction, condemnation, or obsolescence of the Project.

a) Definitions. Each of the following terms shall have the meaning indicated:

(1) "Substantial Destruction" shall exist whenever, as a result of any damage or destruction to the Project or any part thereof, the excess of the estimated cost of restoration over the funds available is Twenty five percent (25%) percent or more of the estimated restored value of the Project.

(2) "Partial Destruction" shall mean any other damage or destruction to the Project or any part thereof.

(3) "Substantial Condemnation" shall exist whenever a complete taking of the Project or a taking of part of the Project has occurred under eminent domain or by grant or conveyance in lieu of condemnation, and the excess of the estimated cost of restoration

over the funds available is Twenty five (25%) percent or more of the estimated restored value of the Project.

(4) "Partial Condemnation" shall mean any other such taking by eminent domain or grant or conveyance in lieu thereof.

(5) "Substantial Obsolescence" shall exist whenever the Project or any part thereof has reached such a state of obsolescence or disrepair that the excess of the estimated cost of restoration over the funds available is Twenty five percent (25%) percent or more of the estimated restored value of the Project.

(6) "Partial Obsolescence" shall mean any state of obsolescence or disrepair which does not constitute Substantial Obsolescence.

(7) "Restored Value" shall mean the fair market value of the Project after Restoration as determined by an MAI or other qualified appraisal.

(8) "Estimated Cost of Restoration" shall mean the estimated costs of restoring the Project to its former condition.

(9) "Available Funds" shall mean any proceeds of insurance, condemnation awards, payments in lieu of condemnation, and any uncommitted funds of the Management Committee or Association. Available Funds shall not include that portion of insurance proceeds legally required to be paid to any party other than the Association, including a mortgagee, or that portion of any condemnation award or payment in lieu of condemnation payable to the Owner or Mortgagee for the condemnation or taking of the Unit in which they are interested.

b) Determination by Committee. Upon the occurrence of any damage or destruction to the Project or any part thereof, or upon a complete or partial taking of the Project under eminent domain or by grant or conveyance in lieu thereof, the Management Committee shall make a determination as to whether the excess of Estimated Costs of Restoration over Available Funds is twenty-five percent (25%) or more of the estimated Restored Value of the Project. In addition, the Management Committee shall, from time to time, review the condition of the Project to determine whether Substantial Obsolescence exists. In making such determinations the Management Committee may retain and rely upon one or more qualified appraisers or other professionals.

c) Restoration of the Project. Restoration of the Project shall be undertaken by the Management Committee promptly without a vote of the Owners in the event of Partial Destruction, Partial Condemnation, or Partial Obsolescence and shall also be undertaken in the event of Substantial Destruction, Substantial Condemnation, or Substantial Obsolescence unless the failure to make Restoration is consented to by Owners collectively holding at least sixty-seven percent of the Project's undivided Ownership interest and is further consented to by Eligible Mortgagees holding Mortgages on Units which have appurtenant at least fifty-one (51%)

percent of the undivided ownership interest in the Common Areas and Facilities which is then subject to Mortgages held by Eligible Mortgagees.

d) Notices of Destruction or Obsolescence. Within thirty (30) days after the Management Committee has determined that Substantial Destruction, Substantial Condemnation, or Substantial Obsolescence exists, it shall send to each Owner and Eligible Mortgagee a written description of the destruction, condemnation, or state of obsolescence involved, shall take appropriate steps to ascertain the preferences of the Eligible Mortgagees concerning Restoration, and shall, with or without a meeting of the Owners (but in any event in accordance with the applicable provisions of this Declaration), take appropriate steps to determine the preferences of the Owners regarding Restoration.

e) Excess Insurance. In the event insurance proceeds, condemnation awards, or payments in lieu of condemnation actually received by the Management Committee or Association exceed the cost of Restoration when Restoration is undertaken, the excess shall be paid and distributed to the Owners in proportion to their respective undivided interests in the Common Areas. Payment to any Owner whose Unit is the subject of a Mortgage shall be made jointly to such Owner and the interested Mortgagee.

f) Inadequate Insurance. If the cost of Restoration exceeds Available Funds, the Management Committee may elect to make a special assessment in accordance with Article III, Section 21 above to pay for the deficiency.

g) Reallocation in Event of Partial Restoration. In the event that all or any portion of one or more Units will not be the subject of Restoration (even though the Project will continue as a condominium project) or is taken in a condemnation proceeding or pursuant to any agreement in lieu thereof, the undivided Ownership interest in the Common Areas and Facilities shall be immediately reallocated to the remaining Units.

h) Sale of Project. Unless Restoration is accomplished as set forth above, the Project shall be sold in the event of Substantial Destruction, Substantial Condemnation, or Substantial Obsolescence. In the event of such sale, condominium Ownership under this Declaration and the Condominium Plat shall terminate and the proceeds of sale and any Available Funds shall be distributed by the Management Committee to the Owners in proportion to their respective undivided interests in the Common Areas. Payment to any Owner whose Unit is then the subject of a Mortgage shall be made jointly to such Owner and the interested Mortgagee.

i) Authority of Management Committee to Represent Owners in Condemnation or to Restore or Sell. The Management Committee, as attorney-in-fact for each Owner, shall represent all of the Owners and the Association in any condemnation proceeding or in negotiations, settlements, and agreements with the condemning authority for the acquisition of all or any part of the Common Areas and Facilities.

j) Settlement Proceeds. The award in any condemnation proceeding and the proceeds of any settlement related thereto shall be payable to the Association for the use and benefit of the Owners and their mortgagees as their interests may appear.

k) Restoration Power. The Management Committee, as attorney-in-fact for each Owner, shall have and is hereby granted full power and authority to restore or to sell the Project and each Unit therein whenever Restoration or sale, as the case may be, is undertaken as hereinabove provided.

l) Right of Entry. Such authority shall include the right and power to enter into any contracts, deeds or other instruments which may be necessary or appropriate for Restoration or sale, as the case may be.

m) Termination of Legal Status. Any action to terminate the legal status of the Project after Substantial Destruction or Condemnation occurs shall be agreed to by Unit Owners who represent at least sixty-seven (67%) percent of the total allocated votes in the Association and by Eligible Mortgage holders who represent at least fifty-one (51%) percent of the votes of the Units that are subject to mortgages held by eligible holders.

The termination of the legal status of the Project for reasons other than Substantial Destruction or Condemnation of the property shall be agreed to by Eligible Mortgage holders that represent at least sixty-seven (67%) percent of the votes of the mortgaged Units. However, implied approval may be assumed when an Eligible Mortgage holder (except (where appropriate) the Federal Housing Administration of the United States Department of Housing and Urban Development (FHA), the Federal Home Loan Mortgage Corporation or the Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA), Government National Mortgage Association (GNMA) or the Department of Veterans Affairs (VA)) fails to submit a response to any written proposal for an amendment within thirty (30) days after it receives proper notice of the proposal, provided the notice was delivered by certified or registered mail, with a "return receipt" requested.

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

a) Sixty-Day Limit. All necessary consents must be obtained prior to the expiration of sixty (60) days from the time the first written consent is obtained; and

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

c) Notice. If approved, written notice of the approval must be given to all Unit Owners at least ten (10) days before any action is required by them.

27. Mortgagee Protection. Nothing herein contained, and no violation of these covenants, conditions and restrictions, shall invalidate or impair the lien of any mortgage or deed of trust, given in good faith and for value. Mortgagees are excluded from any leasing or rental restrictions when obtaining or after obtaining a Unit in foreclosure. The lien or claim against a Unit for unpaid Assessments levied by the Management Committee or by the Association pursuant to this Declaration shall be subordinate to any Mortgage recorded on or before the date such Assessments become due. In addition:

a) Effects of Voluntary and Involuntary Sale. The lien or claim against a Unit for such unpaid Assessments shall not be affected by any sale or transfer of such Unit, except that a sale or transfer pursuant to a foreclosure of the Mortgage affecting such Unit or the exercise of a power of sale available thereunder shall extinguish any debt payable prior to such sale or transfer. Nevertheless, any such unpaid Assessments which are extinguished in accordance with the foreclosure or power of sale shall not relieve the purchaser or transferee of such Unit from liability for, nor such Unit the lien of any Assessments becoming due thereafter.

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

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

d) Management Contracts. Any agreement for professional management of the Project, and any contract for goods or services, or any lease which is entered into by the Management Committee shall provide, or be deemed to provide hereby, that:

(1) Either party may terminate the contract with cause upon at least thirty (30) days prior written notice to the other party; and

(2) No contract may be for an initial term greater than one (1) year.

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

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

(2) Delinquency. Any delinquency in the payment of Assessments owed by an Owner of a Unit subject to a Mortgage held, insured or guaranteed by such Eligible Insurer or Guarantor, which delinquency remains uncured for a period of sixty days.

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

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

f) Approval of Proposed Action or Transaction. Any Mortgagee who receives, by certified or registered mail, a written request, with a return receipt requested, to approve any act, transaction or amendment to the Declaration, and who does not return a negative response within thirty (30) days shall be deemed to have approved such request; provided, however and anything to the contrary notwithstanding, so long as Declarant is in control of the owner's association, such action or transaction must be approved in writing by the Department of Veterans Affairs (VA) pursuant to CFR, Title 38, Section 36.4357(b)(4) and, if any financing or the guaranty of any financing of a Unit is provided by the Federal Housing Administration of the United States Department of Housing and Urban Development (FHA), the Federal Home Loan Mortgage Corporation or the Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA), Government National Mortgage Association (GNMA), by such agencies.

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

a) Amendments by Declarant. Until after the termination of the Declarant's Period of Control, this document and the Condominium Plat may be unilaterally amended by the execution by Declarant of an instrument amending the same without any additional approval required, and no other amendment shall be valid or enforceable without the Declarant's prior written consent. Declarant expressly reserves the right to change in the first and/or all future

phases the definition of Common Area and/or Unit, and their designation on the Plat, in order to expand the definition of a Unit to include the roof, exterior walls, footings and foundations, etc., provided the maintenance, repair and replacement of such items remain part of the Area of Common Responsibility and the Project is developed in accordance with the approved development plan of the City's planning commission.

b) Consent of the Owners. After the termination of the Declarant's Period of Control, the affirmative vote of at least sixty seven percent (67%) of the Owners shall be required and shall be sufficient to amend the Declaration or the Condominium Plat. Provided, however, the modification of any provision expressly and specifically affecting the Commercial Units shall require the unanimous consent of all Commercial Unit Owners. Any amendment so authorized shall be accomplished through the recordation of an instrument executed by the Management Committee. In such instrument the Management Committee shall certify that the vote required by this Section for amendment has occurred, and, if approval of a specified percentage of Eligible Mortgagees is required for such amendment, that such approval has been obtained.

c) Protection of Declarant Rights. An amendment shall not terminate or decrease any unexpired development right, or Period of Declarant Control unless the Declarant approves or consents in writing.

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

e) Consent of Eligible Mortgagee to Terminate Legal Status of Project. The consent of at least sixty-seven percent (67%) of the Eligible Mortgagees shall be required to any amendment which would terminate the legal status of the Project.

f) Consent of Eligible Mortgagees to Add or Amend Any Material Provision. The consent of Eligible Mortgagees holding at least fifty-one (51%) percent of the undivided ownership interest in the Common Areas shall be required to add to or amend any material provision of this Declaration or the Condominium Plat which establishes, provides for, governs, or regulates any of the following:

- Voting rights;
- Increases in Assessments that raise the previously assessed amount by more than 25%, Assessment liens, or the priority of Assessment liens;
- Reductions in reserves for maintenance, repair, and replacement of Common Areas, Facilities and Elements;

- Responsibility for maintenance and repairs;
- Reallocation of interests in the Common Area, Limited Common Area, and general or limited common elements, or rights to their use;
- Redefinition of any Unit boundaries;
- Convertibility of Units into Common Area or Elements, or vice versa;
- Expansion or contraction of the Project, or the addition, annexation, or withdrawal of property to or from the Project;
- Hazard or fidelity insurance requirements;
- Imposition of any restrictions on the leasing of Units;
- Imposition of any restrictions on a Unit Owner's right to sell or transfer his Unit;
- A decision by the Association (if the Project consists of more than 50 Units) to establish self-management if professional management had been required previously by the Project Documents or by an Eligible Mortgage holder;
- Restoration or repair of the Project (after damage or partial condemnation) in a manner other than that specified in the documents; and
- Any provisions that expressly benefit Mortgage holders, insurers or guarantors.

Any addition or amendment shall not be considered material for purposes of this paragraph if it is for the clarification only or to correct a clerical error. Notice of any proposed amendment to any Eligible Mortgagee to whom a written request to approve an addition or amendment to this Declaration or the Condominium Plat is required shall be mailed postage prepaid to the address for such Mortgagee shown on the list maintained by the Association. Any Eligible Mortgagee who does not deliver to the Management Committee or the Association a negative response to the notice of the proposed amendment within thirty (30) days from the date of such mailing shall be deemed to have approved the proposal. The foregoing consent requirements shall not be applicable to amendments to this Declaration and the Condominium Plat or the termination of the legal status of the Project. If such amendments or such termination are made or accomplished in accordance with the provisions of this Declaration regarding Condemnation or Substantial Obsolescence.

29. Declarant's Sales Program. Anything to the contrary notwithstanding, until Declarant has sold all Units owned by it, or the expiration of five (5) years following the date on which the Declaration is filed for record in the Office of the Salt Lake County Recorder, whichever first occurs, the following provisions shall be deemed to be in full force and effect, none of which shall be construed so as to relieve the Declarant from any obligations of an Owner to pay his portion of the Common Expenses or other Assessments, except as herein otherwise provided. Neither the Owners, the Association, nor the Management Committee shall interfere with the completion of improvements and sale of Declarant's Units, and Declarant shall have the following rights in furtherance of any sales, promotions or other activities designed to accomplish or facilitate the sale of all Units owned by Declarant:

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

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

c) Common Area Use. Declarant shall have the right to use the Common Areas of the Project including but not limited to the right to use the Common Area or any portion hereof as a sales office and in any other way necessary to facilitate sales.

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

e) Restrictions in Favor of the Declarant. The recreational amenities or facilities at the Project may not be subject to any restriction or reservation in favor of the Declarant or any of its affiliates.

30. Limitation on Improvements by Association. Until such time as the earlier of the following events occur: (a) all of the Additional Land has been added and the Declarant has sold or rented all of the Units, or (b) seven (7) years after the date of the sale of the first Unit in Phase I, or (c) such time as Declarant chooses, neither the Association nor the Management Committee shall, without the written consent of Declarant, make any improvement to or alteration in any of the Common Areas and Facilities created or constructed by Declarant, other than such repairs, replacements, or similar matters as may be necessary to properly maintain the Common Areas as originally created or constructed by Declarant.

31. Completion Obligation. Declarant hereby covenants in favor of each Owner that within two (2) years from the date of any contract of sale:

a) Units. Each Unit which an Owner has contracted to purchase, the Building within which such Unit is contained or is to be contained, and the appurtenant Limited Common Area shall be substantially constructed, and ready for use or occupancy (as the case may be); and

b) Common Area. There shall be substantially completed and usable as part of the Common Areas all planned landscaping, green space, sidewalks, parking facilities, roads, fences, outdoor lighting, and utility lines and conduits adjacent to the Unit or Building in which a Unit is located, and necessary for its use.

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

33. Mortgagee Approval. Until the termination of the Period of Declarant's Control, the Declarant shall not annex additional properties or amend the Declaration without the prior written consent (where appropriate) of the Federal Housing Administration of the United States Department of Housing and Urban Development (FHA), the Federal Home Loan Mortgage Corporation or the Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA), Government National Mortgage Association (GNMA) or the Department of Veterans Affairs (VA).

34. Transfer of Management. Anything to the contrary notwithstanding, Declarant may at any time relinquish its reserved right to select the Members of the Management Committee and may elect to transfer the management of the Project to a Management Committee elected by the Owners. Upon the termination of the Period of Declarant's Control, or sooner if the Declarant so elects, Declarant shall notify Owners in writing of the effective date of such transfer (the "Transfer Date") at least forty five (45) days prior thereto. Thereupon, the Owners shall call a meeting to elect the Members of the Management Committee to take office as of the Transfer Date. Declarant covenants to cooperate with the Owners in effecting an orderly transition of management. Moreover, Declarant shall cause all obligations for Common Expenses of the Association prior to the Transfer Date to be paid in full on or before such date, and shall transfer any Association funds to the newly elected Management Committee.

35. Working Capital Fund. A working capital fund shall be established by the Declarant equal to or greater than two (2) months' Assessments for each Unit. Each Unit's share of the working capital fund shall be collected and transferred to the Management Committee at the time of closing of the sale of each Unit by Declarant. Notwithstanding the foregoing, the contribution to the working capital fund for each unsold Unit shall be paid to the Management Committee at the time such Unit is first occupied for residential purposes or a certificate of permanent occupancy is issued, whichever first occurs. With respect to each Unit for which the Declarant pays the contribution to the working capital fund, the Declarant shall be reimbursed for such contribution by the buyer of such Unit at the time of closing. The purpose of the working capital fund is to insure that the Management Committee will have cash available to satisfy unforeseen expenses or to acquire additional equipment or services necessary for the operation,

control and regulation of the Project. Sums paid into the working capital fund are not to be considered as advance payments or regular monthly payments of Common Expenses. Thereafter, the Management Committee may continue the working capital fund by charging a reasonable transfer or impact fee when Units are sold or rented.

36. Separate Taxation. Each Unit and its percentage of undivided interest in the Common Areas and Facilities shall be considered to be a parcel and shall be subject to separate assessment and taxation by each assessing unit and special district for all types of taxes authorized by law, including ad valorem levies and special assessments. Neither the Building or Buildings, the property nor any of the Common Areas and Facilities may be considered a parcel for tax purposes.

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

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

39. Enforcement and Right to Recover Attorneys Fees. Should the Association, Management Committee or an aggrieved Unit Owner be required to take action to interpret or enforce the Project Documents or to pursue any remedy provided hereunder or by applicable law, whether such remedy is pursued by filing suit or otherwise, the prevailing party may recover all Additional Charges, including a reasonable attorneys fee, which may arise or accrue.

40. Agent for Service of Process. The President of the Association is the person to receive service of process in the cases authorized by the Act and the office. The initial Registered Agent is Dennis Carlson and the initial office of the Registered Agent is 6375 South Highland Drive, Salt Lake City, Utah 84121.

41. Combination of Units. An owner of two or more adjoining units shall have the right upon approval of the Management Committee and the mortgagees of said units, to combine one or more adjoining units or portions thereof and to alter or amend the declaration and map to reflect such combination.

a) Such amendments may be accomplished by the unit owner recording an amendment or amendments to this declaration, together with an amended map or maps containing the same information with respect to the altered units as required in the initial declaration and map with respect to the initial units. All costs and expenses required in such amendments shall be borne by the unit owner desiring such combination.

b) All such amendments to the declaration and map must be approved by attorneys employed by the Management Committee to insure the continuing legality of the declaration and the map. The cost of such review by the attorneys shall be borne by the person wishing to combine the units.

c) Any amendments of the declaration or map pursuant to this paragraph 20 shall reflect the changes occasioned by the alteration. Such changes shall include a change in the percentage of undivided interest in the common areas and facilities which are appurtenant to the units involved in the alterations. The remaining combined unit, if two or more units are totally combined, will acquire the total of the percentage of undivided interest in the common areas and facilities appurtenant to the units that are combined as set forth in Exhibit "B". If a portion of one unit is combined with another, the resulting units shall acquire a proportionate percentage of the total undivided interest in the common areas and facilities of the units involved in the combination on the basis of area remaining in the respective, combined units. The percentage of undivided interest in the common areas and facilities appurtenant to all other units shall not be changed. All such amendments must, in all instances, be consented to by the Management Committee and also all other persons holding interest in the units affected. The consent of other unit owners need not be obtained to make such amendments or alterations valid, providing the percentages of undivided interest in the common areas and facilities of the other unit owners remain unchanged.

d) Certificate of Combination. No combination of Units shall be valid until such time as a Certificate of Combination and amended Plat has been filed in the office of the County Recorder of Salt Lake County, Utah.

42. Fines. Each Owner and Resident is responsible for adhering to the Project Documents governing the Project. Pursuant to U.C.A., Section 57-8-37 (2001), a breach of these restrictive covenants and rules is subject to enforcement pursuant to the declaration and may include the imposition of a fine. Each Owner is also accountable and responsible for the behavior of his or her residents, tenants and/or guests. Fines levied against residents, tenants, and guests are the responsibility of the Owner. The Management Committee shall react to each material violation in the following manner:

a) Fines imposed are final unless appealed in writing to the Management Committee within thirty (30) days of written notification of the violation. If a request for a hearing is not submitted to the Management Committee within thirty (30) days, the right to a hearing is waived, and the fine imposed will stand. A request for a hearing to appeal should be sent in writing to the Manager or Secretary of the Association.

b) Before assessing a fine under Subsection (a), the Management Committee shall give notice to the Unit Owner of the violation and inform the owner that the fine will be imposed if the violation is not cured within the time provided in the declaration, bylaws, or rules, which shall be at least forty-eight (48) hours.

c) A fine assessed under Subsection (a) shall:

1) be made only for a violation of a restrictive covenant, rule or regulation;

2) be in the amount specifically provided for in the declaration, bylaws, or association rules for that specific type of violation, not to exceed \$500.00; and

3) accrue interest and late fees as provided in the declaration, bylaws, or association rules.

d) Cumulative fines for a continuing violation may not exceed \$500.00 per month.

e) An Owner who is assessed a fine under Subsection (a) may request an informal hearing to protest or dispute the fine within thirty (30) days from the date the fine is assessed. The hearing shall be conducted in accordance with standards of due process adopted by the Management Committee. No finance charge, default interest, or late fees may accrue until after the hearing has been conducted and a final decision has been rendered.

f) An Owner may appeal a fine issued under Subsection (a) by initiating a civil action within one hundred and eighty (180) days after: (1) A hearing has been held and a final decision has been rendered by the Management Committee under Subsection (e); or (2) The time to request an informal hearing under Subsection (e) has expired without Owner making such a request.

g) A fine assessed under Subsection (a) which remains unpaid after the time for appeal has expired becomes a lien against the Owner's interest in the property in accordance with the same standards as a lien for the nonpayment of common expenses under Section 26(c) above.

43. Termination of Utilities and Right to Use Amenities for Non-Payment of Assessments.

a) If an owner fails or refuses to pay any assessment when due, the Management Committee may (1) terminate the owner's right to receive utility services paid as a common expense; and (2) terminate the owner's right of access and use of recreational facilities., after giving notice and an opportunity to be heard.

b) Before terminating utility services or right of access and use of recreational facilities, the manager or Management Committee shall give written notice to the owner in the manner provided in the declaration, bylaws, or association rules. The notice shall state:

1) utility services or right of access and use of recreational facilities will be terminated if payment of the assessment is not received within the time provided in the declaration, bylaws, or association rules, which time shall be stated and be at least 48 hours;

2) the amount of the assessment due, including any interest or late payment fee; and

3) the right to request a hearing.

c) An owner who is given such notice may request an informal hearing to dispute the assessment by submitting a written request to the Management Committee within 14 days from the date the notice is received. A notice shall be considered received on the date (a) it is hand delivered, (b) it is delivered by certified mail, return receipt requested, or (c) five (5) days after it is deposited in the U.S. Mail, postage prepaid, addressed to the owner's last known address on the books and records of the Association

d) The hearing shall be conducted in accordance with the standards provided in the declaration, bylaws, or association rules.

e) If a hearing is requested, utility services or right of access and use of recreational facilities may not be terminated until after the hearing has been conducted and a final decision has been entered.

f) Upon payment of the assessment due, including any interest or late payment fee, the manager or Management Committee shall immediately take action to reinstate the terminated utility services to the unit and right to use of recreational facilities.

44. Assignment of Rents.

a) If the owner of a unit who is leasing the unit fails to pay any assessment for a period of more than 60 days after it is due and payable, the Management Committee may demand the tenant to pay to the association all future lease payments due the owner, commencing with the next monthly or other periodic payment, until the amount due to the association is paid;

provided, however, the manager or Management Committee must give the owner written notice, in accordance with the declaration, bylaws, or association rules, of its intent to demand full payment from the tenant. This notice shall:

- 1) provide notice to the tenant that full payment of remaining lease payments will commence with the next monthly or other periodic payment unless the assessment is received within the time period provided in the declaration, bylaws, or association rules;
- 2) state the amount of the assessment due, including any interest or late payment fee;
- 3) state that any costs of collection, not to exceed \$150, and other assessments that become due may be added to the total amount due; and
- 4) provide the requirements and rights described herein.

b) If the owner fails to pay the amount of the assessment due by the date specified in the notice, the manager or Management Committee may deliver written notice to the tenant, in accordance with the declaration, bylaws, or association rules, that demands future payments due to the owner be paid to the association pursuant hereto. A copy of the notice must be mailed to the owner at his last known address as shown on the books and records of the Association. The notice provided to the tenant must state:

1) that due to the owner's failure to pay the assessment within the time period allowed, the owner has been notified of the Management Committee's intent to collect all lease payments due to the association pursuant hereto.

2) that until notification by the association that the assessment due, including any interest or late payment fee, has been paid, all future lease payments due to the owner are to be paid to the association; and

3) payment by the tenant to the association in compliance herewith will not constitute a default under the terms of the lease agreement. If payment is in compliance with this Subsection (6) suit or other action may not be initiated by the owner against the tenant for failure to pay.

c) All funds paid to the association pursuant hereto shall be deposited in a separate account and disbursed to the association until the assessment due, together with any cost of administration which may not exceed \$25, is paid in full. Any remaining balance must be paid to the owner within five business days of payment in full to the association.

d) Within five business days of payment in full of the assessment, including any interest or late payment fee, the manager or Management Committee must notify the tenant

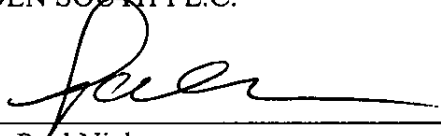
in writing that future lease payments are no longer due to the association. A copy of this notification must be mailed to the owner.

e) As used in this section, the terms "lease" or "leasing" shall mean and refer to regular, exclusive occupancy of a unit by any person or persons, other than the owner, for which the owner receives any consideration or benefit, including a fee, service, gratuity, or emolument.

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

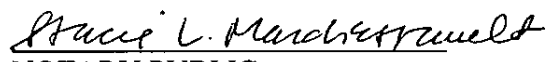
Dated the 23 day of June, 2006.

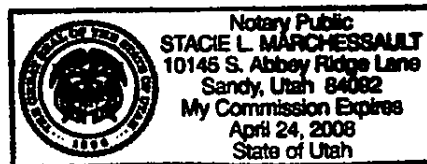
GARDEN SOUTH I L.C.

By: 
Name: Paul Nielsen
Title: Managing member

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

On the 23rd day of June, 2006, personally appeared before me Paul Nielsen, who by me being duly sworn, did say that he is the Managing Member of Garden South I L.C. a Utah Limited Liability Company, and that the within and foregoing instrument was signed in behalf of said corporation by authority of its Articles of Organization, and said Paul Nielsen duly acknowledged to me that said company executed the same.


NOTARY PUBLIC
Residing At: Sandy, UT
Commission Expires: 4/24/08



**LEGAL DESCRIPTION OF TRACT
EXHIBIT "A"**

The Land described in the foregoing document is located in Salt Lake County, Utah and is further described as follows:

Lot 7, 8, and 9, KUWAHARA SUBDIVISION, according to the plat thereof as recorded in the offices of the Salt Lake County Recorder.

21-27-201-008

EXHIBIT "B"

PERCENTAGES OF UNDIVIDED OWNERSHIP INTEREST

Unit No.	Percentage of Ownership Interest
1	3.225%
2	3.225%
3	3.225%
4	3.225%
5	3.225%
6	3.225%
7	3.225%
8	3.225%
9	3.225%
10	3.225%
11	3.225%
12	3.225%
13	3.225%
14	3.225%
15	3.225%
16	3.225%
17	3.225%
18	3.225%
19	3.225%
20	3.225%
21	3.225%
22	3.225%
23	3.225%
24	3.225%
25	3.225%
26	3.225%
27	3.225%
28	3.225%

Unit No.	Percentage of Ownership Interest
29	3.225%
30	3.225%
31	3.225%
TOTAL:	100.0%

“EXHIBIT C”
BY-LAWS OF GARDEN GROVE SOUTH HOME OWNERS ASSOCIATION, INC.

I. IDENTITY

These are the By-Laws of GARDEN GROVE SOUTH CONDOMINIUM, AN EXPANDABLE UTAH CONDOMINIUM PROJECT and the GARDEN GROVE SOUTH HOME OWNERS ASSOCIATION, INC., duly made and provided for in accordance with the Utah Condominium Ownership Act (the “Act”) and the Declaration. Any term used herein which is defined in the Act or Declaration, to which these By-Laws are appended, shall have the meaning ascribed therein.

II. REGISTERED AGENT AND OFFICE

The President of the Association is the person to receive service of process in the cases authorized by the Act and the office. The initial Registered Agent is Dennis Carlson and the initial office of the Registered Agent is 6375 South Highland Drive, Salt Lake City, Utah 84121.

III. APPLICATION

All present or future owners, tenants, of any other persons who might use the facilities at the Project in any manner are subject to the restrictions set forth in these By-Laws. The mere acquisitions or rental of any of the Units, or the mere act of occupancy or use of any of said Units or the Common Areas and Facilities will signify that these By-Laws are accepted, ratified, and will be complied with by said persons.

IV. ASSOCIATION

1. Members. The members of the Association shall consist of all persons owning a Unit at the Project, in fee simple as shown in the records of the County Recorder of Salt Lake County, Utah. No mortgagee or a beneficiary or trustee under a deed of trust shall be a member unless and until such a party has acquired title pursuant to foreclosure or any arrangement or proceeding in lieu thereof. The interest of a member in the funds and assets of the Association cannot be assigned, hypothecated or transferred in any manner except as an appurtenance to the member’s Unit.

2. Place of Meetings. Meetings of the Association shall be held at such place within the State of Utah as the Management Committee may specify in the notice, except as herein otherwise specified.

3. Annual Meetings. The annual meeting of the Association shall be held at 7:00 p.m. on the second Wednesday of August of each year or at such other time and place determined by the Management Committee; provided, however, that whenever such date falls on a legal holiday, the meeting shall be held on the next succeeding business day, and further provided that the

Management Committee may by resolution fix the date of the annual meeting on such date or at such other place as the Management Committee may deem appropriate.

4. Special Meetings. Special meetings of the Association may be called at any time by the Management Committee or by Unit Owners who collectively hold at least thirty (30%) of the total vote. Such meeting shall be held at such place as the Management Committee may specify and the notice thereof shall state the date, time, and matters to be considered.

5. Notices. Written or printed notice stating the place, day and hour of all meetings of the Association and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) days before the date of the meeting, either personally or by mail to each Unit Owner. If mailed, such notice shall be deemed to be delivered when deposited in the U.S. mail addressed to the member at his address as it appears on the records of the Association, with postage thereon prepaid.

6. Quorum. At the meeting of the Association, the Owners of more than fifty (50%) percent in the aggregate of interest in the undivided ownership of the Common Areas and Facilities shall constitute a quorum for any and all purposes, except where express provisions of these By-Laws or the Declaration require a vote of more than fifty (50%) percent of the Association, in which event a quorum shall be the percentage of interest required for such vote. In the absence of a quorum, the President of the meeting may adjourn the meeting from time to time, without notice other than be announcement at the meeting, and those persons present, either in person or by proxy, at the reconvened meeting shall constitute a quorum. At any such reconvened meeting at which a quorum shall be present any business may be transacted which might have been transacted at the meeting as originally notified.

7. Voting. When a quorum is present at any meeting, the vote of the Unit Owners representing more than fifty (50%) percent of the undivided interest present at the meeting either in person or represented by proxy, shall decide any question of business brought before such meeting, including the election of the Management Committee, unless the question is one upon which, by express provision of the Declaration and these By-Laws, a greater vote is required, in which case such express provision shall govern and control the decision of such question. All voters may be cast either in person or by proxy. All proxies shall be in writing, and in the case of proxies for the annual meeting, they shall be delivered to the Secretary at least five (5) days prior to said annual meeting. Proxies for special meetings must be of record with the Secretary at least two (2) days prior to said meeting. An Owner shall be deemed to be in good standing and entitled to vote at any annual or special meeting if, and only if, he shall have fully paid all due installments of assessments made or levied against him and his Unit by the Management Committee, together with all Additional Charges, if properly chargeable to him and against his Unit, at least three (3) days prior to the date fixed for such annual or special meeting.

8. Proxies. The votes appertaining to any Unit may be cast pursuant to a proxy or proxies duly executed or on behalf of the Unit Owner, or, in cases where the Unit Owner is more than one person, by or on behalf of all such persons. No such proxy shall be revocable except by

actual notice to the person presiding over the meeting, by the Unit Owner or by any of such persons, that it be revoked. Any proxy shall be void if it is not dated, or if it purports to be revocable without notice as aforesaid. The proxy of any person shall be void if not signed by a person having authority, at the time of the execution thereof, to execute deeds on behalf of that person. Any proxy shall terminate automatically upon the adjournment of the first meeting held on or after the date of that proxy. All proxies must be individual Unit Owners or the legal representatives of an organizational Owner.

9. Waivers of Notice. Any Unit Owner may at any time waive any notice required to be given under these By-Laws, or by statute or otherwise. The presence of a Unit Owner in person at any meeting of the Unit Owners shall be deemed such waiver.

10. Conduct of Meetings. The President, or in his absence the Vice-President shall preside over all meetings of the Association and the Secretary shall keep the minutes of the meeting and record in a Minute Book all resolutions adopted by the meeting as well as a record of all transactions occurring thereat.

V. MANAGEMENT COMMITTEE

1. Purposes and Powers. The business, property and affairs of the Association shall be managed and governed by the Management Committee consisting of five (5) members. The Management Committee shall have all of the powers and duties necessary for the administration of the affairs of the Association in accordance with the provisions of the Declaration, and may do all such acts and things as are not by the Act or by these By-Laws directed to be exercised and done by the Association. The Management Committee shall have the power from time to time to adopt any rules and regulations deemed necessary for the enjoyment of the Project provided such rules and regulations shall not be in conflict with the Act, the Declaration or these By-Laws. The President shall have the authority to act on behalf of the Management Committee on all matters relating to the duties of the Manager, if any, which might arise between meetings of the Management Committee. Subject to any limitations or provisions contained in the Declaration, the Management Committee shall be responsible for the following:

- a) Preparation of an annual budget;
- b) Levying Assessments;
- c) Maintaining the Area of Common Responsibility;
- d) Collecting Assessments;
- f) Adopting rules and regulations;

g) Enforcing by legal means the provisions of the Declaration, By-Laws and any rules and regulations adopted by the Management Committee from time to time for use of the Property, and bringing any proceedings which may be instituted on behalf of the Owners;

j) Obtaining insurance;

k) Keeping books with detailed accounts of the receipts and expenditures affecting the Property and the administration of the Project, specifying the maintenance and repair expenses of the Common Areas and any other expenses incurred. The said books and vouchers accrediting the entries thereupon shall be available for examination by the Owners, their duly authorized agents or attorneys, during general business hours on working days at the times and in the manner that shall be set and announced by the Management Committee for the general knowledge of the Owners. All books and records shall be kept in accordance with generally accepted accounting practices, and the same, upon resolution of the Association, shall be audited, reviewed or compiled at least once a year by an outside auditor employed by the Committee who shall not be a resident of the Project or an Owner therein. The cost of such audit, review or compilation shall be a Common Expense. A copy of the annual auditor's report shall be supplied to any first Mortgagee who requests a copy in writing from the Secretary; and

m) Doing such other things and acts not inconsistent with the Act, the Declaration or By-Laws or by a resolution of the Association.

2. Composition of Management Committee. Management Committee members of the Association shall be duly elected and removed, and vacancies shall be filled in the manner provided by the Declaration and By-Laws.

3. Election. The Management Committee shall be elected as provided in the Declaration.

4. Vacancies. Vacancies on the Management Committee shall be filled as provided in the Declaration.

5. Regular Meetings. A regular annual meeting of the Management Committee shall be held immediately after the adjournment of the annual meeting of the Unit Owners or at such other time determined by the Management Committee. Regular meetings, other than the annual meeting, shall or may be held at regular intervals at such places and at such times as either the President of the Management Committee may from time to time designate.

6. Special Meetings. Special meetings of the Management Committee shall be held whenever called by the President, Vice President, or by two (2) or more members of the Management Committee. By unanimous consent of the Management Committee, special meetings may be held without call or notice at any time or place.

7. Quorum. A quorum for the transaction of business at any meeting of the Management Committee shall consist of a majority of the members of the Management Committee then in office.

8. Compensation. No compensation shall be paid to the Members for their services as such. No remuneration shall be paid to a Member for services performed by him for the Management Committee in any other capacity, unless a resolution authorizing such remuneration shall have been unanimously adopted by the Management Committee before the services are undertaken.

9. Waiver of Notice. Before or at any meeting of the Management Committee, any member thereof, may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the Management Committee at any meeting thereof shall be a waiver of notice by his of the time and place thereof.

10. Action Without Meeting. Any action which may be taken at a meeting of the Management Committee may be taken without a meeting if authorized by a writing signed by all of the persons who would be entitled to vote upon such action at a meeting, and filed with the Secretary.

11. Adjournments. The Management Committee may adjourn any meeting from day to day or for such other time as may be prudent or necessary, provided that not meeting may be adjourned for longer than thirty (30) days.

12. Indemnification. Every Management Committee member and every officer of the Association shall be indemnified by the Association against all expenses and liabilities, including attorney's fees, reasonably incurred by or imposed upon him in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being or having been a Management Committee member or officer of the Association, or any settlement thereof, whether or not he is a Management Committee member or officer at the same time such expenses are incurred, except in such cases wherein the Management Committee member or officer is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided that in the event of a settlement the indemnification herein shall apply only when the Management Committee approves such settlement and reimbursement as being for the best interest of the Association. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such Management Committee member or officer may be entitled.

13. Report of Management Committee. The Management Committee shall present at each annual meeting, and when called for by vote of the Association at any special meeting of the Association, a full and clear statement of the business and condition of the Project.

VI. OFFICERS

1. Designation and Election. The principal officers of the Association and Management Committee shall be a President, a vice President, a Secretary, and a Treasurer, all of whom shall be elected by and from the Management Committee. The Management Committee may appoint an assistant Secretary and an assistant Treasurer and such other officers as in their judgment by be necessary or desirable. Such election or appointment shall regularly take place a the first meeting of the Management Committee immediately following the annual meeting of the Association of Unit Owners; provided, however, that elections of officers may be held at any other meeting of the Management Committee.

2. Other Officers. The Management Committee may appoint such other officers, in addition to the officers hereinabove expressly named, as they shall deem necessary, who shall have authority to perform such duties as may be prescribed from time to time by the Management Committee.

3. Removal of Officers and Agents. All officers and agents shall be subject to removal, with or without cause, at any time by the affirmative vote of the majority of the then members of the Management Committee. A Member of the Management Committee removed as and officer remains a Member of the Management Committee unless his membership on the Management Committee is also terminated pursuant to Section 11 of the Declaration.

4. President. The President shall be the chief executive of the Management Committee, and shall exercise general supervision over its property and affairs. He shall sign on behalf of the Project all conveyances, mortgages and contracts relating to its business, and shall do and perform all acts and things which the Management Committee may require of him. He shall preside at all meetings of the Unit Owners and the Management Committee. He shall have all the general powers and duties which are normally vested in the office of the President of the corporation, including, but not limited to, the power to appoint committees from among the members (or otherwise) from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Project.

5. Vice President. The vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. I neither the President nor the vice President is able to act, the Management Committee shall appoint some other member thereof to do so on an interim basis. The vice President shall also perform such other duties as shall from time to time be prescribed by the Management Committee.

6. Secretary. The Secretary shall the keep the minutes of all meetings of the Management Committee and of the Unit Owners; he shall have charge of the books and papers as the Management Committee may direct; and he shall in general, perform all the duties incident to the office of Secretary.

7. Treasurer. The Treasurer shall have the responsibility for the funds and securities of the Management Committee and shall be responsible for keeping full and accurate accounts of all receipts of all disbursements in books belonging to the Management Committee. She shall be responsible for the deposit of all monies and all other valuable effects in the name, and to the credit of, the Management Committee in such depositories as may from time to time be designated by the Management Committee.

8. Compensation. No compensation shall be paid to the officers for their services as officers. No remuneration shall be paid for an officer for services performed by him for the Management Committee in any other capacity, unless a resolution authorizing such remuneration shall have been unanimously adopted by the Management Committee before the services are undertaken.

9. Agreement, Contracts, Deeds, Checks, etc. All agreements, contracts, deeds, leases, checks and other instruments of the Project for expenditures or obligations shall be executed by any two officers of the Committee or by such other person or persons as may be designated by the Management Committee except that the President shall be one of the signatories on all conveyances, mortgages and contracts.

VII. ACCOUNTING

1. Books and Accounts. The books and accounts of the Management Committee shall be kept under the direction of the Treasurer and in accordance with the reasonable standards of accounting procedures.

2. Report. At the close of each accounting year, the books and records of the Management Committee shall be reviewed by a person or firm approved by the Unit Owners. Report of such review shall be prepared and submitted to the Unit Owners at or before the annual meeting of the Unit Owners. Provided, however, a certified audit prepared by a certified public accountant approved by the Unit Owners (not an Owner or Resident in the Project), shall be made if Owners representing at least seventy-five percent (75%) of the undivided interest in the Common Areas and Facilities determine to require the same, or if the Project consists of fifty(50) or more Units, then the Association shall make an audited statement for the preceding fiscal year (if the Project has been established for a full fiscal year) available to the holder, insurer, or guarantor of any first mortgage that is secured by a Unit in the Project on submission of a written request for it, which audited financial statement shall be available within one hundred twenty (120) days of the Association's fiscal year-end. If the Project consists of fewer than fifty (50) Units and there is no audited statement available, then any mortgage holder may have an audited statement prepared at its own expense.

3. Inspection of Books. All books and records at the Association shall be available at the principal office of the Management Committee and may be inspected by any Unit Owner, holders, insurers and guarantors or first mortgages that are secured by Units in the Project, their agent or attorney, for any proper purpose during reasonable business hours.

4. Fiscal Year. The fiscal year of the Association shall consist of the twelve month period commencing on January 1 or each year and terminating on December 31 of the same year. The fiscal year herein established shall be subject to change by the Management Committee should it be deemed advisable or in the best interest of the Association.

VIII. BUILDING RULES

The Management Committee shall have the power to adopt and establish, by resolution, such building, management, operational and administrative rules and regulations as it may deem necessary for the maintenance, operation, management and control of the Project and the Management Committee may from time to time, by resolution, alter, amend, and repeal such rules and regulations. Unit Owners shall at all times obey such rules and regulations and use their best efforts to see that they are faithfully observed by their lessees and the persons over whom they have or may exercise control or supervision, it being clearly understood that such rules and regulations shall apply and be binding upon all Unit Owners and Residents of the Project, their guests and invitees. Provisions of the Act pertaining to rules and regulations are incorporated herein by reference and shall be deemed a part hereof.

IX. AMENDMENT OF THE BY-LAWS

These By-Laws may be altered or amended in the same manner and subject to the same conditions as apply with respect to amendment of the Declaration; provided, however, so long as the Declarant controls the Association and until the occurrence of the Events, the By-Laws may not be amended without the prior written approval of the Secretary of Veterans Affairs.

X. PERCENTAGE OF VOTES REQUIRED TO AMEND THE BY-LAWS

These By-Laws may be altered or amended by the members of the Association whenever the need arises. A vote to change or amend any part of the by laws must be approved by at least fifty-one percent (51.0%) of the undivided ownership interest in the Common Areas and Facilities.

XI. OPERATIONS AND MAINTENANCE OF PROJECT

The Management Committee shall be responsible for the maintenance, control, operation and management of the Project in accordance with the provisions of the Act, the Declaration, these By-Laws and such rules and regulations as the Association of Unit Owners may adopt from time to time as herein provided, and all agreements and determinations lawfully made and entered into by the Association of Unit Owners.

XII. NOTICE

1. Manner of Notice. All notices, demands, bills, statements or other communications provided for or required under these By-Laws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by U.S. Mail, first class postage prepaid, (a) if to an Owner, at the address of his Unit and at such other address as the Owner may have designated by notice in writing to the Secretary, or (b) if to the Management Committee, at the residence of the President or Secretary of the Association, or (c) if to the Manager, at the principal office of the Manager, or (d) at such other address as shall be designated and delivered by notice in writing in accordance herewith.

2. Waiver of Notice. Whenever any notice is required to be given under the provisions of the statutes, the Declaration or of these By-Laws, a waiver thereof, in writing, signed by the person or persons entitled to such notice, whether signed before or after the time started therein, shall be deemed equivalent thereto, unless such waiver is ineffective under the provisions of the Act.

XIII. COMPLIANCE, CONFLICT, AND MISCELLANEOUS PROVISIONS

1. Compliance. These By-Laws are set forth in compliance with the requirements of the Act.

2. Conflict. These By-Laws are subordinate and subject to all provisions of the Declaration and to the provisions of the Act. All of the terms hereof, except where clearly repugnant to the context, shall have the same meaning as they are defined to have in the Declaration or the Act. In the event of any conflict between these By-Laws and the Declaration, the provisions of the latter shall control; and in the event of any conflict between the Declaration and the Act, the provisions of the Act shall control.

3. Severability. These By-Laws are set forth to comply with the requirements of the State of Utah. In case any of the By-Laws are in conflict with the provisions of any of its statutes, the provisions of the statutes will apply. If any provisions of these By-Laws or any section, sentence, clause, phrase, or word, or the application thereof in any circumstance is held invalid, the validity of the remainder of these By-Laws, shall not be affected thereby and to this end, the provisions hereof are declared to be severable.

4. Waiver. No restrictions, condition, obligation or provision of these By-Laws shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same.

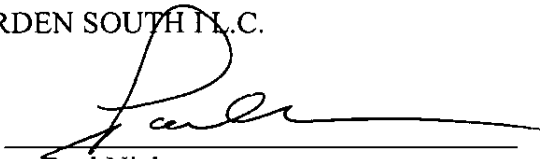
5. Captions. The captions contained in these By-Laws are for convenience only and are not part of these By-Laws and are not intended in any way to limit or enlarge the terms and provisions or these By-Laws.

6. Miscellaneous. Whenever in these By-Laws the context so requires, the singular number shall include the plural and converse; and the use of any gender shall be deemed to include all genders.

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


Dated the 23 day of June, 200^{6 pm}~~8~~.

GARDEN SOUTH I.L.C.

By: 
Name: Paul Nielsen
Title: Managing Member

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

On the 23rd day of June, 2006, personally appeared before me Paul ^{Nielsen}~~Neilsen~~, who by me being duly sworn, did say that he is the Managing Member of Garden South I L.C., a Utah Limited Liability Company, and that the within and foregoing instrument was signed in behalf of said company on by authority of its Articles of Organization or a resolution, and said Paul Nielsen duly acknowledged to me that said company executed the same.


NOTARY PUBLIC
Residing at: Sandy, UT
Commission Expires: 4/24/08

