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and When Recorded Mail to:

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KARL DIXON
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McKellar Development
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**DECLARATION OF
COVENANTS, CONDITIONS, AND RESTRICTIONS
ESTABLISHING A PLAN OF CONDOMINIUM OWNERSHIP
FOR MILLCREEK CONDOMINIUMS**

This Declaration is made as of April 29, 1985, by McKELLAR DEVELOPMENT OF LA JOLLA, a California corporation dba Clear Creek Development Company ("Declarant").

RECITALS:

A. Declarant is the Owner of real property located in Salt Lake County, Utah, described as follows:

SEE APPENDIX "A"

(hereinafter "the Real Property").

Declarant has improved or intends to improve the Real Property in the manner hereinafter described.

B. Declarant has or will hereafter file with the Recorder of said Salt Lake County, a Record of Survey Map covering the Real Property (hereinafter "Phase One"), as follows:

C. Declarant has improved, or intends to improve, Phase One by constructing thereon Condominium Units and related facilities, and to establish a Condominium project under the provisions of the Utah Condominium Ownership Act, Title 57, Chapter 8, Utah Code Annotated, 1953 as amended.

D. The development of Phase One is the first Phase of a planned multiple Phase Condominium project. Phase One will consist of sixty-four Units (as hereinafter defined) and will have a swimming pool, a spa, and restrooms located upon the Common Area (as hereinafter defined). Five buildings will be constructed for the Units. The Owners (as hereinafter defined) in Phase One will receive title to a Unit together with an undivided fractional interest as tenant-in-common to the Common Area (as hereinafter defined) located within Phase One. In the event the Development is expanded, this Declaration

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shall be appropriately amended to provide Owner's of Phase 1 and subsequent phases an undivided fractional interest as tenants-in-common to all Common Areas include in Phase 1 and subsequently annexed phases. In addition, each Owner will receive the exclusive right to use and occupancy of that portion of the Common Area appurtenant to his Unit designated as the "Limited Common Areas and Facilities" all as shown on the Record of Survey Map (as hereinafter defined) applicable to that Phase. If all Phases are completed as planned, there will be a total of 500 condominiums in the Condominium Project. Each Condominium shall have appurtenant to it a membership in the Association.

E. The Common Area for Phase One will include the recreational facilities described above, walkways, landscaping, parking areas, and Exclusive Use Areas appurtenant to the Units consisting of patios or balconies. Development of Phase One will be consistent with the Record of Survey Map submitted to the Veterans Administration.

DECLARATION:

Declarant declares that the real property is held, and shall be held, conveyed, hypothecated, encumbered, leased, rented, used, occupied and improved subject to the following limitations, Restrictions, easements, covenants, conditions, liens and charges, all of which are declared and agreed to be in furtherance of the project depicted upon the Record of Survey Map as described in Title 57, Chapter 8, of the Utah Code Annotated, 1953, as amended for the subdivision, improvement, protection, maintenance, and sale of condominiums upon the real property, and all of which are declared and agreed to be for the purpose of enhancing, maintaining and protecting the value and attractiveness of the real property. All of the limitations, restrictions, easements, covenants, conditions, liens and charges shall run with the land, shall be binding on and inure to the benefit of all parties having or acquiring any right, title or interest in the Development, and shall be binding on and inure to the benefit of the successors in interest of such parties. Declarant further declares that it is its express intent that this Declaration satisfy the requirements of Title 57, Chapter 8, Utah Code Annotated 1953, as amended.

1. DEFINITIONS

1.1 The "Articles" means the Articles of Incorporation of Millcreek Homeowners Association, as amended.

1.2 The "Association" means the Association of Homeowners for Millcreek, a Utah nonprofit mutual benefit corporation, its successors and assign.

1.3 The "Bylaws" means the Bylaws of Millcreek Homeowners' Association, as amended.

1.4 The "Common Area" or "Common Areas and Facilities" means and includes: The land on which the building is located and all portions of the property not contained within any unit, including, but not by way of limitation: the foundations, columns, girders, beams, supports, main walls, roofs, halls, and exist of the building; the grounds, basements, gardens, parking areas used for storage of janitorial supplies, maintenance equipment and materials; installations of all central services, including power, light, water, hallway heating and air conditioning, and garbage collection, and in general all apparatus and installations existing for common use; all patios, courts and driveways; any utility pipe, lines or systems servicing more than a single unit and all wires, conduits and

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other accessories and utility installations to the outlets used outdoors and for the common areas and not used in units or limited common areas therewith; all limited common areas and facilities as hereinafter described; all other parts of the property necessary or convenient to its existence, maintenance and safety, or normally common in use, or which have been designated as common areas and facilities upon the Record of Survey Map, and all repairs and replacements of any of the foregoing.

1.5 A "Condominium" means an estate in real property consisting of (i) a separate, fee interest in a single Unit, (ii) an undivided interest as a tenant-in-common in the Common Area and (iii) membership in the Association and as defined in Utah Code Annotated, Section 57-8-3(1).

1.6 The "Record of Survey Map" means the plats of survey of land and recorded pursuant to Utah Code Annotated, Section 57-8-13.

1.7 The "Declarant" means McKELLAR DEVELOPMENT OF LA JOLLA, a California corporation, d/b/a Clear Creek Development Company, its successors and assigns.

1.8 The "Development" means all Real Property, together with all structures and improvements thereon which is subject to this Declaration including additional real property and improvements annexed pursuant to Section 16 of this Declaration. The Development shall constitute a statutory condominium project as defined in Utah Code §57-8-3(2).

1.9 The "Limited Common Areas and Facility" shall mean and include those common areas and facilities designated in this Declaration or on the Record of Survey Map as reserved for the specific use of a certain unit or units to the exclusion of other units.

1.10 The "Management Committee" means the committee as provided for herein authorized and empowered pursuant to Section 5 of this Declaration to make and enforce the rules and regulations prescribed in the Articles and By-laws of the Association.

1.11 A "Member" means every person or entity who holds a membership in the Association.

1.12 A "Mortgage" means a mortgage or deed of trust encumbering a Condominium or other portion of the Development. A "Mortgagee" shall include the beneficiary under a deed of trust, including assignees of any original beneficiary. An "institutional" Mortgagee is a Mortgagee that is a bank of savings and loan association, or established mortgage company or other entity chartered under federal or state laws, any corporation or insurance company, or any federal or state agency. A "first Mortgagee" is a Mortgagee which is prior and senior to all other Mortgagees encumbering the same property.

1.13 An "Owner" or "Unit Owner" as defined in Utah Code Annotated, Section 57-8-3(8) as amended means each person or entity holding a recorded ownership interest in a Condominium, including Declarant. "Owner" or "Unit Owner" shall not include persons or entities who hold an interest in a Condominium merely as security for the performance of an obligation or as a contract purchaser.

1.14 A "Unit" means the physical part of a Condominium that is not owned in common with the other Owners of Condominiums in the Development. Such Units and

their respective elements are more particularly described in the Record of Survey Map. The existing physical boundaries of a Unit or of a Unit reconstructed in substantial accordance with the Record of Survey Map shall be conclusively presumed to be its boundaries rather than the description expressed in the deed or Record of Survey Map, regardless of minor variances between boundaries shown upon the Record of Survey Map or in the deeds and those of the building regardless of settling or lateral movement of the building. Whenever reference is made in this Declaration, in the Record of Survey Map, in any deed or elsewhere to a Unit or condominium it shall be assumed that such reference is made to the Unit as a whole, including each of its component elements.

2. DESCRIPTION OF COMMON INTERESTS, PROPERTY RIGHTS, RIGHTS OF ENJOYMENT AND EASEMENTS

2.1 Elements of Condominium; Easements. Ownership of each Condominium within the Development shall include (i) a Unit, (ii) the respective undivided interest in the Common Area of the Development, including annexations pursuant to Section 16 hereof, (iii) a membership in the Association, and (iv) any exclusive or nonexclusive easement or easements appurtenant to such Unit (including Limited Common Use Areas).

2.2 Owners' Nonexclusive Easements of Enjoyment. Every Owner of a Condominium shall have nonexclusive easements (i) for use and enjoyment in, to and throughout the Common Area of the Development, and (ii) for ingress, egress and support over and through the Common Area. However, such nonexclusive easements shall be subordinate to, and shall not interfere with, exclusive easements over the Common Area, if any, appurtenant to Units. Each such easement shall be appurtenant to and pass with the title to every Unit, subject and subordinate to the following rights and Restrictions:

2.2.1 The right of the Association to limit the number of guests, and to adopt Association rules and regulations ("Association rules") regulating the use and enjoyment of the Common Area.

2.2.2 The right of the Association to borrow money to improve the Common Area.

2.2.3 The right of the Association to assign, rent, license or otherwise designate and control use of parking and storage spaces within the Common Area. The Management Committee shall have the right to revoke any such assignments.

2.2.4 The right of Declarant or its designees to enter the Development, together with any expendable areas, to construct the Development and to make repairs and remedy construction defects if such entry shall not interfere with the use of any occupied Unit unless authorized by the Unit Owner. Any damage caused by an entry onto a Lot by the Declarant or its designees shall be repaired by the entering party.

2.2.5 The right of the Association, or its agents, to enter any Unit and/or Limited Common Area or Facility to perform its obligations under this Declaration, including obligations with respect to construction, maintenance or repair for the benefit of the Common Area or the Owners in common or to make necessary repairs that the Unit Owner has failed to perform. The Association shall request the right to enter in advance and such entry shall be at a time convenient to the Owner whose Unit is being entered. The right shall be immediate in case of an emergency originating in or threatening such Unit, and the obligation can be performed whether or not the Owner is present. Such action shall be made with as little inconvenience to the Unit Owner as possible and exterior access, if reasonably available, shall be used and any damage caused thereby shall be repaired by or at the expense of the Association.

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2.2.6 The right of any Owner or his representatives, to enter the Unit or Limited Common Area of Facility of any other Owner to perform permissible installations, alterations or repairs to heating, plumbing, mechanical or electrical services, including installation of television antennas and related cables, if requests for entry are made in advance and such entry is at a time convenient to the Owner whose Unit is being entered. In case of emergency such right of entry shall be immediate. Such action shall be made with as little inconvenience to the Unit Owner as possible and any damage caused thereby shall be repaired by the entering Owners.

2.3 Delegation of Use; Contract Purchasers; Tenants. Any Owner may delegate his rights of use and enjoyment in the Development, including any recreational facilities, to the members of his family, his guests, and invitees, and to such other persons as may be permitted by the Bylaws and the Association rules, subject however, to this Declaration, to the Bylaws and to the Association rules. However, if an Owner of a Condominium has sold his Condominium to a contract purchaser or rented it, the Owner, members of his family, his guests and invitees shall not be entitled to use and enjoy the recreational facilities of the Development while the Owner's Condominium is occupied by such contract purchaser, or tenant. Instead, the contract purchaser, or tenant, while occupying such Condominium, shall be entitled to use and enjoy the recreational facilities of the Development and can delegate the rights of use and enjoyment in the same manner as if such contract purchaser, or tenant were the Owner of such Condominium during the period of his occupancy. Each Owner shall notify the secretary of the Association of the names of any contract purchaser or tenant of such Owner's Condominium. Each Owner, contract purchaser or tenant also shall notify the secretary of the Association of the names of all persons to whom such Owner, contract purchaser, or tenant has delegated any rights of use and enjoyment in the Development and the relationship that each such person bears to the Owner, contract purchaser, or tenant. Any delegated rights of use and enjoyment are subject to suspension to the same extent as are the rights of Owners.

2.4 Encroachments. If any portion of the Common Area encroaches on any Unit or if any portion of a Unit encroaches on the Common Area, regardless of the cause, a valid easement exists for such encroachment and for the maintenance of it as long as it remains and all Units and the Common Area are made subject to such easements. If any structure containing a Unit is partially or totally destroyed and then rebuilt and any encroachment results, a valid easement exists for such encroachment and for the maintenance of it as long as it remains, and all Units and the Common Area are made subject to such easements.

2.5 Easements Granted by Association. The Association shall have the power to grant and convey to any third party and the Declarant hereby reserves unto itself easements and rights-of-way in, on, over or under the Common Area for the purpose of constructing, erecting, operating or maintaining lines, cables, wires, conduits, or other devices for electricity, cable television, power, telephone and other purposes, public sewers, storm water drains and pipes, water systems, sprinkling systems, water, heating and gas lines or pipes, and any similar public or quasi-public improvements or facilities. Further, Declarant reserves unto itself a transferable easement over or upon the common areas and facilities, access roads or similar property within the Development for the purpose of constructing, developing, maintaining, improving or expanding the Development or properties owned by the Declarant, its successors or assigns which are adjacent to the Development. Such easement shall entitle Declarant the use of all access roads within the Development and to tie into all utility lines, sewage and drainage systems within or transversing the project. Such retained easements shall permit the

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Declarant, its successors or assigns to maintain a sales office and model units for each phase of the development together with such signs, landmarks, and similar promotional material and rights of ingress and egress as may be reasonably necessary for the marketing, development and sale of the Development. Each Owner, in accepting a deed to a Condominium, expressly consents to such easement. However, no such easement can be granted by the Association if it would interfere with (i) the use, occupancy or enjoyment by any Owner of his Unit, (ii) any Limited Common Area or Facility appurtenant to the Unit, or (iii) the recreational facilities of the Development, and any damage caused thereby shall be repaired by the Association.

3. USE, RESTRICTIONS, AND MAINTENANCE

3.1 Residential Use. Units shall be used for residential purposes only. Nothing in this Declaration shall prevent an Owner from leasing or renting his Condominium. No Owner may lease less than his entire Condominium. However, any lease or rental agreement shall be in writing and any tenant shall abide by and be subject to all provisions of this Declaration, the Articles, the Bylaws, and the Association rules and any lease or rental agreement must specify that failure to abide by such provisions shall be a default under the lease or rental agreement. With the exception of a Mortgagee in possession of a Condominium following a default under a first Mortgage, a foreclosure proceeding or any deed or other arrangement in lieu of foreclosure, no Owner shall rent, lease or let his Unit for transient or hotel purposes. Any lease or rental which is either for a period of less than thirty (30) days or pursuant to which the Lessor provides any services primarily associated with a hotel or is a "time share" disposition shall be deemed to be for transient or hotel purposes.

3.2 Commercial Use. Except as otherwise provided in this Declaration, including paragraph 3.1, no part of the Development shall be used or caused, allowed, or authorized to be used in any way, directly or indirectly, for any business, commercial, manufacturing, mercantile, storing, vending, mineral excavation or other such non-residential purpose.

3.3 Right to Decorate. Each Owner shall have the right at his sole expense to maintain, repair, paint, paper, panel, plaster, tile and finish the interior surfaces of the ceilings, floors, window frames, door frames, trim, perimeter walls of the Units and surfaces of the bearing walls and the partitions located within such Unit. Each Owner shall also have the right to substitute new finished surfaces in place of those existing on the ceilings, floors and walls. The Owner shall have the right to maintain floors and walls. The Owner shall have the right to maintain, repair, paint, finish, alter, substitute and add or remove any fixtures attached to such ceiling, floors and walls. Notwithstanding the foregoing, windows can be covered only by drapes and shades and cannot be painted or covered by foil, paper or other similar materials.

3.4 Offensive Conduct; Nuisances. No noxious or offensive activities, including but not limited to, repair of automobiles or other motorized vehicles (other than emergency repairs) and the use of amplified or other instruments or sound speakers which can be heard in adjoining or proximate Units, shall be carried on, or within the Development. Nothing shall be done on or within the Development that may be or may become an annoyance or nuisance to the residents of the Development, or that in any way interferes with the quiet enjoyment of occupants of Condominiums. Unless otherwise permitted by the Association, no Owner shall (i) use power tools or maintain a hobby shop and/or (ii) serve food or beverages, cook, barbecue, or engage in similar activities, except within such Owner's Unit or Limited Common Area or Facility appurtenant to such Unit.

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3.5 Parking Restrictions; Use of Parking Area. Unless otherwise permitted by the Management Committee, no automobile, boat, trailer, recreational vehicle, camper, truck or commercial vehicle shall be parked or left on any street or any part of the Development other than in any parking area designated by the Management Committee for the parking and storage of such vehicles. However, parking (i) for passenger vans and trucks not larger than the parking area assigned to each Unit, and (ii) by commercial vehicles for the purpose of making deliveries, shall be permitted in accordance with the Association rules. Except with the written consent of the Management Committee, no Owner shall have or maintain more motor vehicles than there are parking spaces owned by, or assigned to, such Owner.

3.6 Signs. No sign of any kind shall be displayed to the public view on or from any Condominium or any portion of the Development without the approval of the Management Committee, except such signs as may be used by the Declarant or its designees, for the purpose of developing, selling and improving Condominiums within the Development. However, one sign of customary and reasonable dimensions advertising a Condominium for sale or for rent may be placed within each Unit or within the Common Area immediately adjacent thereto by the Owner of such Unit, the location and design of such sign to be subject to approval by the Management Committee.

3.7 Antennas and External Fixtures. No television or radio poles, antennas, flag poles, clotheslines, or other external fixtures other than those originally installed by Declarant or approved by the Management Committee, and any replacements, shall be constructed, erected or maintained on or within the Development or any structures on it. No wiring, insulation, air conditioning, or other machinery or equipment other than that originally installed by Declarant or approved by the Management Committee, and their replacements shall be constructed, erected or maintained on or within the Development, including any structures on it. Each Owner shall have the right to maintain television or radio antennas within completely enclosed portions of his Unit; provided, if cable television is or becomes available to such Owner his right to maintain television antennas within completely enclosed portions of his Unit shall terminate immediately unless the Management Committee continues to authorize their maintenance of such antennas by the Owners thereof.

3.8 Fences. No fences, awnings, sunshades or walls of any nature shall be erected or maintained on or around any portion of any structure or elsewhere within the Development except those that are installed in accordance with the original construction of the Development, and their replacements, or as are authorized and approved by the Management Committee.

3.9 Animals. No animals, reptiles, rodents, birds, fish, livestock or poultry shall be kept in any Condominiums or elsewhere within the Development except that two (2) domestic dogs (not over 20 pounds in weight) or two (2) cats (or one of each), fish in aquariums and birds inside bird cages may be kept as household pets within any Unit, if (i) they are not kept, bred or raised for commercial purposes, and (ii) their maintenance is approved by the Management Committee. Each person bringing or keeping a pet on the Development shall be liable pursuant to laws of the State of Utah to other Owners, their family members, guests, invitees, tenants, and contract purchasers, and their respective family members, guests, and invitees for any damage to persons or property caused by any pet brought on or kept on the Development by such person or by members of his family, his guests or invitees.

3.10 Restricted Use of Recreational Vehicles. No boat, truck, trailer, camper, recreational vehicle or tent shall be used as a living area while located on the

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Development. However, trailers or temporary structures for use incidental to the construction of the Development or the sales of Units may be maintained within the Development until Declarant has conveyed the last Condominium, including any Phase of development which may be annexed to and made a part of the Development pursuant to the Section hereof entitled "Annexation."

3.11 Trash Disposal. Trash, garbage or other waste shall be kept only in sanitary containers. No Owner of a Condominium shall permit or cause any trash or refuse to be kept on any portion of the Development other than in the receptacles customarily used for it, which shall be located only in places specifically designated for such purpose (including trash chutes) or within the Owner's Unit (except on the scheduled day for trash pickup).

3.12 Outside Drying and Laundering. No exterior clothesline shall be erected or maintained and there shall be no exterior drying or laundering of clothes on balconies, patios, porches, railings or other areas.

3.13 Structural Alterations. No structural alterations to the interior of any Unit shall be made and no plumbing or electrical work within any bearing or common walls shall be made by any Owner or permitted to be made, without the prior written consent of the Management Committee.

3.14 Exterior Alterations. No Owner shall at his expense or otherwise make or permit to be made any alterations or modifications (including painting) to the exterior of the buildings, fences, railings, walls or landscaping situated within the Development without the prior written consent of the Management Committee (who shall consider harmony with external design, color and location with the Development as a whole).

3.15 Patio and Balcony Exclusive Use Areas. The Development has been designed to include in the Common Area an open patio or balcony appurtenant to some of the Units. The Owner of each such Unit shall have an exclusive appurtenant easement to use such patio or balcony Exclusive Use Area, and such easement shall be specifically described in the deed for such Unit. The general location of such patios or balconies adjacent to each such Unit is set forth on the Record of Survey Map. Each such Exclusive Use Area shall be subject to the terms of this Declaration. Each Owner shall have the right to place furniture and potted plants upon his patio or balcony Exclusive Use Area, if any. Except as provided in this Section 3.15, nothing contained herein shall give any Owner the right to paint, decorate, remodel or alter said Exclusive Area Areas without the prior written consent of the Management Committee.

3.16 Owner's Obligation to Repair. Each Owner at his expense shall be responsible for the maintenance and repair of the interior of his Unit, his Limited Common Areas and Facilities (if any), the windows of his Unit, the appliances and equipment located in his Unit, and the plumbing, heating and cooling systems servicing his Unit, whether such systems are located within, above or underneath the Unit or within the exterior or interior bearing walls of such Unit. The Association shall be responsible for the maintenance and repair of any of the above-described systems if such work would affect the structural integrity of any portion of the Common Area or if such work involves equipment or facilities used in common by all or any of the Owners; provided, however, that in the event such maintenance or repair is attributable to the extraordinary use or abuse of an Owner or a few Owners, the cost of such work may be assessed to such Owner or Owners.

3.17 Association's Obligation to Repair. The Association shall maintain and

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repair the Common Area and all improvements, landscaping, equipment, furnishings and facilities thereon, except any Limited Common Areas and Facilities for which the respective Owners thereof have the duty to maintain and repair.

3.18 Right of Entry. In making repairs or effecting maintenance, each Owner and the Association shall have the rights of entry on the terms and in the manner provided in paragraphs 2.2.6 and 2.2.7.

3.19 Compliance With Laws. Nothing shall be done or kept in any Unit or in the Development that might increase the rate of, or cause the cancellation of, insurance on the Development, or any portion of the Development, without the prior written consent of the Management Committee. No Owner shall permit anything to be done or kept in his Unit that violates any permit, law, ordinance, statute, rule or regulation of any local, county, state or federal body. No Owner shall allow furniture, furnishings, or other personal property belonging to such Owner to remain within any portion of the Development except in such Owner's Unit or Limited Common Area or Facility and except as may otherwise be permitted by the Management Committee.

3.20 Indemnification. Each Owner shall be liable pursuant to the laws of the State of Utah to the remaining Owners for any damage to the Development that may be sustained by reason of the negligence of that Owner, members of his family, his contract purchasers, tenants, guests or invitees.

3.21 Owner's Obligation for Taxes. To the extent allowed by law, each Unit (including the pro rata undivided interest in the Common Area and the membership of an Owner in the Association) shall be separately assessed and taxed so that all taxes, assessments and charges which may become liens prior to the first Mortgages under local law shall relate only to the individual Units and not to the Development as a whole. Each Owner shall be obligated to pay any taxes or assessments assessed by the county assessor of said County against his Condominium and against his personal property.

3.22 Future Construction. Nothing in this Declaration shall limit the right of Declarant, or its successors and assigns, to complete construction of improvements to, the development of the Common Area, and to Units owned by Declarant, or to alter them or to construct additional improvements as Declarant deems advisable before completion and sale of the entire Development. The rights of Declarant in this Declaration may be assigned by Declarant to any successor as to all or any part of the Declarant's interest in the Development as developer, by an express assignment incorporated in a Recorded deed that transfers an interest to a successor.

3.23 Enforcement. The failure of any Owner or the Association to comply with any provision of this Declaration or the Articles or Bylaws shall give rise to a cause of action in the Association and/or any aggrieved Owner for the recovery of damages or for injunctive relief, or both, and for attorneys' fees incurred thereby.

4. THE ASSOCIATION.

4.1 Purpose. The purpose of the Association is to manage, maintain and preserve the Common Areas and to perform such other duties as specifically set forth in this Declaration, the Articles and Bylaws of the Millcreek Homeowners Association.

4.2 Association Action; Management Committee and Officers. Except as to matters requiring the approval of Members as set forth in this Declaration, the Articles, or the Bylaws, the Affairs of the Association shall be conducted by the Management

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Committee and such officers as the Management Committee may elect or appoint. Such election or appointment shall be in accordance with this Declaration or the Bylaws and any amendments thereto.

4.3 Powers and Duties of Association.

4.3.1 Powers. The Association shall be a nonprofit corporation organized under the Nonprofit Corporation Act of Utah subject only to such limitations on the exercise of such powers as are set forth in the Articles, the Bylaws and this Declaration. It shall have the power to do any lawful thing that may be authorized, required, or permitted to be done by the Association under this Declaration, the Articles and the Bylaws, and to do and perform any act that may be necessary or proper for or incidental to, the exercise of any of the express powers of the Association, including, without limitation, the following:

4.3.1.1 Assessments. The Association shall have the power to establish, fix, and levy assessments against the Owners of Condominiums and to enforce payment of such assessments in accordance with the provisions of Article 6 of this Declaration.

4.3.1.2 Right of Enforcement. The Association in its own name and on its own behalf, or on behalf of any Owner who consents, can commence and maintain actions for damages or to restrain and enjoin any actual or threatened breach of any provisions of this Declaration or of the Articles or Bylaws, or of the Association rules or any resolutions of the Management Committee, and to enforce by mandatory injunction, or otherwise, all of those provisions.

4.3.1.3 Delegation of Powers. The Association, acting by and through the Management Committee, can delegate its powers, duties, and responsibilities to committees or employees, and may employ a professional managing agent for the Development ("manager"). Any agreement for professional management of the Development shall be terminable by either party with or without cause and without payment of a termination fee on thirty (30) days' written notice. The term of any such agreement shall not exceed one (1) year (although such agreement may be renewed from year to year by the Management Committee) unless the terms thereof have been approved by the Federal Housing Administration and the Veterans Administration. The Management Committee may appoint an executive committee and any other committees or may hire employees and delegate to such committees or employees any of the powers and duties of the Management Committee, subject to any limitations contained in the Bylaws.

4.3.1.4 Association Rules. The Association shall have the power to adopt, amend and repeal its rules as it deems reasonable. The Association rules shall govern the use of the Common Area (including, but not limited to the use and assignment of all parking areas, any recreational facilities and private streets), by the Owner or his family, guests, invitees or by any contract purchaser, or tenant or their respective family members, guests or invitees. However, the Association rules shall not be inconsistent with or materially alter any other provisions of this Declaration, the Articles or the Bylaws. A copy of the Association rules as adopted, amended or repealed, shall be mailed or otherwise delivered to each Owner and a copy shall be posted in a conspicuous place within the Development. In case any conflict between any Association rules and any other provisions of this Declaration, the Articles or Bylaws, such provisions of the Association rules shall be deemed to be superseded by the provisions of this Declaration, the Articles or the Bylaws to the extent of any such inconsistency.

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4.3.1.5 Actions. The Association may prosecute or defend, in the name of the Association, any action affecting or relating to the Common Area, or property owned by the Association, and any action in which all or substantially all of the Owners have an interest.

4.3.2. Duties of the Association. In addition to the powers delegated to it by its Articles or the Bylaws, and without limiting their generality, the Association, acting by and through the Management Committee, or persons or entities described in Section 4.3.1.3, has the obligation to conduct all business Affairs of common interest to all Owners and to perform each of the following duties:

4.3.2.1 Operation and Maintenance of Common Area. The Association shall operate, maintain, and otherwise manage or provide for the operation, maintenance and management of the Common Area, and all its facilities, improvements, and landscaping, including but not limited to the use and assignment any parking areas, any private driveways and private streets, and any other property acquired by the Association, including personal property, in a good condition and in a good state of repair. In this connection, the Association may enter into contracts for services or materials for the benefit of the Association or the Common Area, including contracts with Declarant. The term of any such service contract shall not exceed one (1) year and shall be terminable by either party with or without cause and without payment of a termination fee upon thirty (30) days' written notice.

4.3.2.2 Water and Other Utilities. The Association shall acquire, provide and pay for water, sewer, garbage disposal, electrical, telephone, gas and other necessary utility services for the Common Area. The term of any contract to supply any of the listed services shall not exceed one (1) year or, if the supplier is a regulated public utility, the shortest term not to exceed one (1) year for which the supplier will contract at the applicable regulated rate.

4.3.2.3 Insurance. The Association shall obtain, from reputable insurance companies, and maintain the insurance described in Section 8.

4.3.2.4 Enforcement of Restrictions and Rules. The Association shall perform such other acts, including the maintenance of reserve for legal fees and costs, whether or not expressly authorized by this Declaration, that may be reasonably necessary to enforce any of the provisions of this Declaration, the Articles and Bylaws, and the Association rules and Management Committee resolutions.

4.3.2.5 Reserves. The Association shall maintain an adequate reserve fund for maintenance, repairs and replacement of those common elements that must be replaced on a periodic basis, and such reserve shall be funded by monthly assessments.

4.3.3 Limitations on Authority of Management Committee. Except with the vote or written assent of (i) holders of a majority of the voting power of the Association and (ii) of holders of a majority of the voting power of the Association excluding Declarant, the Management Committee shall not take any of the following actions.

4.3.3.1 Incur expenditures for capital improvements to the Common Area in any fiscal year; or

4.3.3.2 Sell during any fiscal year property of the Association; or

4.3.3.3 Pay compensation to members of the Management Committee or to officers of the Association for services performed in the conduct of the Association's business. However, the Management Committee may cause a Member of the Management Committee or an officer to be reimbursed for expenses incurred in carrying on the business of the Association; or

4.3.3.4 Purchase liability insurance for a term of more than three years provided the policy shall provide for short rate cancellation.

4.3.3.5 Fill a vacancy on the Management Committee caused by the removal of a Management Committee member.

4.3.3.6 Any special assessment pursuant to Section 6.4.2 or increase in regular assessments in excess of 10% above the maximum annual assessment for the previous year pursuant to Section 5.4.1.

4.4 Personal Liability. No Member of the Management Committee, or of any committee of the Association, or any officer of the Association, or any manager of Declarant, or any agent of Declarant, shall be personally liable to any Owner or to any other party, including the Association, for any damage, loss or prejudice suffered or claimed on the account of any act, omission, error or negligence of any such person or entity if such person or entity has, on the basis of such information as may be possessed by him or it, acted in good faith without willful or intentional misconduct.

4.5 Meetings and Notice. An organizational meeting shall be held as soon as practicable after incorporation of the Association, and the directors elected then shall hold office until the first annual meeting. All offices of the Management Committee of directors shall be filled at the organizational meeting.

The first annual meeting of Members of the Association shall be held within forty-five (45) days after the closing of the sale of the Condominium that represents the fifty-first (51st) percentile interest. Thereafter, regular meetings of Members of the Association shall be held at least once in each calendar year at a time and place as prescribed in the Bylaws. Special meetings may be called as provided for in the Bylaws. Notice of all Members' meetings, regular or special, shall be given as prescribed in the Bylaws, and Mortgagees, upon written request, shall be entitled to such notice.

As long as (i) the Declarant holds or directly controls 25% or more of the voting power of the Association, or (ii) there are two outstanding classes of membership in the Association (whichever is longer), the election of twenty percent (20%) of the management committee members (the "specially elected management committee members") shall be determined at a special election held immediately before the regular election of management committee members (except in the case of the election of a specially elected management committee members following removal of his predecessor). At the duly constituted meeting of Members, nominations for the specially elected management committee members shall be made from the floor. When nominations have been closed, the special election shall take place. Declarant shall not have the right to participate in or vote in such special election (although Declarant or Declarant's representatives may be present), and the candidates receiving the highest number of votes up to the number of specially elected management committee members to be elected shall be deemed to be the specially elected management committee members, and their term shall be the same as that of any other management committee members. Unless Members (excluding Declarant) holding a majority of all voting rights (excluding any voting rights held by Declarant) assent by vote or written consent, such specially elected management committee members cannot be removed. In case of the

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death, resignation, or removal of a specially elected management committee members, his successor shall be elected at a special meeting of Members, and the provisions set forth in this section respecting the election of a specially elected management committee members shall apply as to the election of a successor. Except as provided in this Declaration, the provisions of this Declaration and of the Articles and Bylaws applicable to management committee members including their election and removal, shall apply to a specially elected management committee members.

4.6 Document Availability. A current copy of the Declaration, Articles, Bylaws, rules and regulations governing the Condominiums, and the most recent annual financial statement, together with all other books, records and financial statements of the Association, shall be made available for inspection, upon request, at the office of the Association during normal business hours by any prospective purchaser of a Unit, Owners, first Mortgagee and any holders, insurers, or guarantors of a first Mortgagee.

5. MEMBERSHIP AND VOTING RIGHTS AND MANAGEMENT COMMITTEE.

5.1 Membership.

5.1.1 Qualifications. Each Owner of a Condominium, including Declarant, shall be a Member of the Association. No owner shall hold more than one membership in the Association even though such Owner may own, or own an interest in, more than one Condominium. Ownership of a Condominium or interest in it shall be the sole qualification for membership in the Association. Each Owner shall remain a Member of the Association until his ownership or ownership interest in any Condominium in the Development ceases, at which time his membership in the Association shall automatically cease. Persons or entities who hold an interest in a Condominium pursuant to an executory contract of sale shall not be considered the Unit Owner entitled to membership in the Association, unless the contract parties shall so agree and the tract Seller shall notify the Management Committee of such agreement, in writing.

5.1.2 Members' Rights and Duties. Each Member shall have the rights, duties, and obligations set forth in this Declaration, the Articles, the Bylaws and the Association rules and all amendments thereto. Except as set forth in this Declaration, rights, interests and privileges of each Owner in good standing shall be equal. Each Owner shall be and become a Member of the Association contemporaneously with his acquisition of a Unit without further documentation of any kind.

5.1.3 Transfer of Membership. The Association membership of each person or entity who owns, or owns an interest in, one or more Condominiums shall be appurtenant to each such Condominium, and shall not be assigned, transferred, pledged, hypothecated, conveyed or alienated in any way except on a transfer of title to each such Condominium or interest in it and then only to the transferee. Any attempt to make a prohibited transfer shall be void. Any transfer of title to a Condominium or interest in it shall operate automatically to transfer the appurtenant membership rights in the Association to the new Owner.

5.2 Voting.

5.2.1 Number of Votes. The Association shall have two (2) classes of voting membership:

Class A: Class A Members shall be all Owners, with the exception of Declarant. Each Class A Member shall be

entitled to one (1) vote for each Condominium in which such class Member owns an interest. However, when more than one Class A Member owns an interest in a Condominium, the vote for such Condominium shall be exercised as they themselves determine, but in no case shall more than one (1) vote be cast with respect to any one Condominium.

Class B: The Class B Member shall be the Declarant who shall be entitled to three (3) votes for each Condominium owned.

5.2.2 Approval of Classes. As long as two classes of Members exist, no action by the Association that must have the prior approval of the Association Members shall be deemed approved by the Members unless approved by the appropriate percentage of both classes of Members.

5.2.3 Joint Owner Votes. The voting rights for each Condominium may not be case on a fractional basis. If the joint owners of a Condominium are unable to agree among themselves as to how their voting rights shall be case, they shall forfeit the vote on the matter in question. If any Owner exercises the voting rights of a particular Condominium, it will be conclusively presumed for all purposes that he was acting with the authority and consent of all other Owners of the same Condominiums. If more than one (1) person or entity exercises the voting rights for a particular Condominium, their votes shall not be counted and shall be deemed void.

5.3 Management Committee. The Management Committee shall consist of five (5) members. Members of the Management Committee may be removed at any time without cause by the person appointing or electing such member as provided herein.

5.4 Rights of Appointment.

5.4.1 By Declarant. Declarant reserves the right to appoint some or all of the management committee and to exercise all powers and responsibilities associated with committee membership until the first of the following occurs:

(a) Six years from the date of the Declaration, or

(b) 75% of the undivided interest in the common areas and facilities have been conveyed to Unit Owners other than the Declarant or all additional property has been annexed to the Development pursuant to Article 16, whichever occurs last.

5.4.2 By the Owners. The Owners shall have the right to elect those members of the Management Committee which Declarant is not authorized to appoint until such time as Declarant's rights of appointment shall have expired, and thereafter the Owners shall have the right to elect and remove all members of the Management Committee.

6. ASSESSMENTS

6.1 Agreement to Pay. Declarant, for each Condominium owned by it, covenants and agrees, and each purchaser of a Condominium by his acceptance of a deed, covenants and agrees, for each Condominium so owned, to pay to the Association regular assessments and special assessments, such assessments to be established, made and collected as provided in this Declaration.

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6.2 Personal Obligations. Each assessment or installment, together with any interest, collection costs and reasonable attorneys' fees, shall be the personal obligation of the person or entity who was an Owner at the time such assessment, or installment, became due and payable. If more than one person or entity was the Owner of a Condominium at the time the assessment or installment accrued, the personal obligation to pay such assessment, or installment, respecting such Condominium shall be the joint and several obligation of all owners. The grantee of a voluntary conveyance of a unit shall be jointly and severally liable with the grantor(s) of the unit for all unpaid assessments against the unit pursuant to Section 6 of this Declaration accruing up to and including the time of conveyance. However, the grantee shall be entitled to a statement from the management committee setting forth the amounts of the unpaid assessment against the grantor, and the grantor shall not be liable for nor shall the unit conveyed be subject to a lien for any unpaid assessments against the grantor in excess of the amount set forth. No Owner of a Condominium may exempt himself from payment of assessments, or installments, by waiver of the use or enjoyment of all or any portion of the Common Area or by waiver of the use or enjoyment of, or by abandonment of, his Condominium.

6.3 Purpose of Assessments; Maintenance or Reserves. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the Members of the Association, the improvement, replacement, repair, operation and maintenance of the Common Area and the performance of the duties of the Association as set forth in this Declaration. Assessments may also be used to cover expenses for repair of defects or failures in the Development. The regular assessments shall include adequate reserve funds for contingencies and for maintenance, repairs, and replacement of the Common Area improvements that must be replaced on a periodic basis sufficient to satisfy the requirements of any first Mortgage. This limitation shall not affect the liability of any supplier or manufacturer of any product included in the Development. Unless the Association is exempt from federal or state taxes, all reserves shall be accounted for as contributions to the capital of the Association and as trust funds segregated from the regular income of the Association or in any other manner authorized by law or regulations of the Internal Revenue Service and the Utah State Tax Commission that will prevent such funds from being taxed as income of the Association.

6.4 Determination of Amount of Assessments.

6.4.1 Regular Assessments. Until January 1st of the year immediately following conveyance of the first Condominium to an Owner (the first assessment period), the maximum annual regular assessment per Condominium shall be in the amount set forth opposite the Unit designated in Schedule B.

(i) From and after January 1st of the year immediately following the conveyance of the first Condominium to an Owner, the maximum annual regular assessment may be increased no more than ten percent (10%) above the maximum annual regular assessment for the previous year without a vote of the membership of the Association.

(ii) From and after January 1st of the year immediately following the conveyance of the first Condominium to an Owner, the maximum annual regular assessment may be increased more than ten percent (10%) above the maximum annual regular assessment for the previous year by the vote or written assent of the majority or more of each class of Members of the Association; provided, however, that following the conversion of the Class B membership to Class A membership, the maximum annual regular assessment may be increased more than ten percent (10%) above the maximum

annual regular assessment for the previous year by the vote or written assent of (1) holders of a majority of the voting power of the Association, and (2) holders of a majority of the voting power of the Association, excluding Declarant. The Management Committee may fix the annual regular assessment at an amount not in excess of the maximum.

6.4.2 Special Assessments. In addition to the annual regular assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area (except as provided in Section 9 hereof), including fixtures and personal property related thereto, provided that any such assessment shall have the vote or written assent of a majority or more of each class of Members of the Association; provided, however, that following the conversion of the Class B membership to Class A membership, any such assessment shall have the vote or written assent of (i) holders of a majority of the voting power of the Association, and (ii) holders of a majority of the voting power of the Association excluding the Declarant. All proceeds from any special assessment shall be segregated and deposited into a special account and shall be used solely for the purpose or purposes for which it was levied or it shall be otherwise handled and used in a manner authorized by law or regulations of the Internal Revenue Service and the Utah State Tax Commission in order to avoid, if possible, its taxation as income of the Association.

6.4.3 Member Action. Any action authorized under Sections 6.4.1 or 6.4.2 above requiring membership approval shall be taken at a meeting called for that purpose, written notice of which shall be sent to all Members not less than ten (10) days nor more than ninety (90) days in advance of the meeting. A quorum for such meeting shall be fifty-one percent (51%) of each class of Members of the Association. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum for the preceding meeting. If the proposed action is favored by a majority of the votes cast at such meeting, but such vote is less than required, Members who were not present in person or by proxy may give their assent in writing, provided the same is obtained by the appropriate officers of the Association not later than thirty (30) days from the date of such meeting.

6.5 Uniform Rate of Assessment. Except as provided in this Declaration, regular and special assessments must be fixed at a uniform rate for all Condominiums. Regular and special assessments for insurance, gas, water and reserves for roofing, painting, waterheaters or such other areas as the Declarant or Management Committee may deem necessary, shall be determined by multiplying the amount by the proportionate fee ownership included in each Condominium then within the Development as set forth (i) in Section 17 hereof for Phase One or (ii) in the Amended Declaration of Annexation and Record of Survey Map for each annexed parcel, and subject to assessments, and may be collected on a monthly basis or otherwise as the Management Committee may determine. A special assessment against Members to raise funds for the rebuilding or major repair of a portion of the structural Common Area shall be levied upon the basis of the ratio of the square footage of the floor area of the living Unit of the Condominium to be assessed to the total square footage of the aggregate floor area of living Units in all Condominiums to be assessed.

6.6 Assessment Period. The initial assessment period for all Units, including those owned by Declarant, shall commence on the first day of the calendar month following the date on which the first sale of a Condominium to a purchaser is closed and

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recorded (the "initiation date") and shall terminate on December 31 of the year in which the initial sale is closed and recorded. Thereafter, the regular assessment period shall commence on January 1 of each year and shall terminate on December 31 of such year, and regular assessments shall be payable in equal monthly installments unless the Management Committee adopts some other basis for collection. The Association shall not change the pro rata interest or obligation of any Condominium for purposes of levying assessments unless 75% of the Owners and Mortgagees holding 75% of all first Mortgages have given their prior written consent. Voting rights attributable to the respective Condominiums shall not vest until assessments against such Condominiums have been paid.

6.7 Notice and Assessment Installment Due Dates. A single ten (10) day prior written notice of each annual regular assessment and each special assessment shall be given to any Owner of every Condominium subject to assessment in which the due dates for the payments of installments shall be specified. The due dates for the payment of installments normally shall be the first day of each month unless some other due date is established by the Management Committee. Each installment of regular assessments and special assessments shall become delinquent if not paid within thirty (30) days after its due date. There shall accrue with each delinquent installment a late charge which shall include any late charge previously assessed and unpaid, and which shall be computed on the outstanding balance from month to month as follows: (i) one and one-half percent (1.5%) of any delinquent assessments not exceeding one thousand dollars (\$1,000.00), (ii) one percent (1%) or the excess over one thousand dollars (\$1,000.00), (iii) if the late charge so computed is less than ten dollars (\$10.00) for any month, the late charge shall be ten dollars (\$10.00). No such late charge shall exceed the maximum amount allowable law.

6.8 Estoppel Certificate. The Management Committee or manager, on not less than twenty (20) days' prior written request and upon the payment of a handling fee not exceeding \$50.00 per certificate, shall execute, acknowledge and deliver to the party making such request a statement in writing stating whether or not to the knowledge of the Association, a particular Owner is in default as to his Condominium under the provisions of this Declaration and further stating the dates to which installments of assessments, regular or special, have been paid as to such Condominium. Any such certificate delivered pursuant to this Section 6.8 may be relied on by any prospective purchaser or Mortgagee of the Condominium, but reliance on such certificate may not extend to any default not involving the payment of assessments of which the signer had no actual knowledge.

6.9 Initial Capitalization. Upon acquisition of Record title to a Unit from Declarant, each Owner shall contribute to the capital of the Association an amount equal to one-sixth (1/6) the amount of the projected annual assessment for that Unit. This amount shall be deposited by the buyer into the purchase and sale escrow and disbursed from the escrow to the Association. Prior to expiration of six (6) months after receipt of the first reservation from a buyer, the Declarant shall deposit into an escrow an amount equal to one-sixth (1/6) of the then annual assessment for any and all Units not yet sold or shall provide bond for such assessment payable to the Association, or hold such bond pending sale of any such Unit and deposit of the assessment with the Association. Escrow shall remit these funds to the Association. Upon the close of escrow of any Unit for which the capitalization fund was prepaid by Declarant, escrow shall remit the capitalization fee collected from the buyer to the Declarant.

7. COLLECTION OF ASSESSMENTS: LIENS

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7.1 Right to Enforce. The right to collect and enforce assessments is vested in the Management Committee acting by and on behalf of the Association. The Management Committee or its authorized representative, including any manager, can enforce the obligations of the Owner to pay assessments provided for in this Declaration by commencement and maintenance of a suit at law or in equity, or the Management Committee may foreclose by judicial proceedings or through the exercise of the power of sale pursuant to Section 7.2 to enforce the lien rights created. Suit to recover a money judgment for unpaid assessments together with all other amounts described in Section 6.2 shall be maintainable without foreclosing or waiving the lien rights.

7.2 Creation of Lien. If there is a delinquency in the payment of any assessment or installment on a Condominium, as described in Section 6.7, any amounts that are delinquent, together with a late charge computed in accordance with Section 6.7, and all costs that are incurred by the Management Committee or its authorized representatives in the collection of the amounts, including reasonable attorneys' fees, shall be a lien against such Condominium upon the recordation in the office of the County Recorder of Salt Lake County of a notice of lien executed by an authorized representative of the Association pursuant to Utah Code Annotated, Section 57-8-20, as amended.

7.3 Notice of Default; Foreclosure.

7.3.1 Each assessment or installment, together with any interest, collection costs and reasonable attorney's fees, shall be the personal obligation of the person or entity who was an Owner at the time such assessment, or installment, became due and payable. If more than one person or entity was the Owner of a Condominium, the personal obligation to pay such assessment, or installment, respecting such Condominium shall be both joint and several. The grantee of a voluntary conveyance of a unit shall be jointly and severally liable with the grantor(s) of the unit for all unpaid assessments against the unit pursuant to Section 6 of this Declaration accruing up to and including the time of conveyance. However, the grantee shall be entitled to a statement from the management committee setting forth the amounts of the unpaid assessment against the grantor, and the grantee shall not be liable for, nor shall the unit conveyed be subject to a lien for any unpaid assessments against the grantor in excess of the amount set forth. No owner of a Condominium may exempt himself from payment of assessments, or installments, by waiver of the use or enjoyment of all or any portion of the Common Area or by waiver of the use or enjoyment of, or by abandonment of, his Condominium.

7.3.2 Assessment. Each owner shall be liable for a proportionate share of the common expenses such shares being the same as the percentage of undivided interest in the common areas and facilities appurtenant to the unit owned by the unit owner as set forth in Appendix "B". Such assessment shall accrue from the date the first unit is conveyed to a purchaser and will be due and payable in advance.

7.3.3 Lien. A lien for unpaid assessments shall also secure reasonable attorney's fees and all costs and expenses, if any, incurred by the Management Committee incident to the collection of such assessment or enforcement of such a lien.

7.3.4 Foreclosure. In any foreclosure of a lien for assessments, the unit owner subject to the lien shall be required to pay a reasonable rental for the unit, and the Management Committee shall be entitled to the appointment of a receiver to collect the same. Foreclosure of liens for unpaid assessments shall proceed as authorized by the Act.

7.4 Waiver of Exemptions. Each Owner, to the extent permitted by law, waives,

to the extent of any liens created pursuant to this Section 7, the benefit of any homestead or exemption laws of Utah in effect at the time any assessment or installment becomes delinquent or any lien is imposed.

8. INSURANCE

8.1 Liability Insurance. The Association shall obtain and maintain comprehensive public liability insurance including property damage insuring the Association, any manager, the Declarant and the Owners and occupants of Condominiums, and their respective family members, guests, invitees, and the agents and employees of each, against any liability incident to the ownership or use of the Common Area and any transportation vehicle owned by the Association and including, if obtainable, a cross-liability or severability of interest endorsement insuring each insured against liability to each other insured. The limits of such insurance shall not be less than \$1,000,000.00 covering all claims for death, personal injury and property damage arising out of a single occurrence. Such insurance shall include coverage against water damage liability, liability for nonowned and hired automobiles, liability for property of others and any other liability or risk customarily covered with respect to projects similar in construction, location, and use.

8.2 Fire and Extended Coverage Insurance. The Association also shall obtain and maintain a master or blanket policy of fire insurance for the full insurable value of all of the improvements within the Development. The form, content, and term of the policy and its endorsements and the issuing company must be satisfactory to all institutional first Mortgagees. If more than one institutional first Mortgagee has a loan of Record against the Development, or any part of it, the policy and endorsements shall meet the maximum standards of the various institutional Mortgagees represented in the Development. The policy shall contain an agreed amount endorsement or its equivalent, an increased cost of construction endorsement or a contingent liability from operation of building laws endorsement or their equivalent, an extended coverage endorsement, vandalism, malicious mischief coverage, a special form endorsement and a determinable cash adjustment clause or a similar clause to permit cash settlement covering full value of the improvements in case of partial destruction and a decision not to rebuild. The policy shall be in the amounts as shall be determined by the Management Committee. The policy shall name as insured the Association, the Owners and Declarant, as long as Declarant is the Owner of any Condominiums and all institutional first Mortgagees as their respective interests may appear, and may contain a loss payable endorsement in favor of the trustee described in this Declaration.

8.3 Individual Fire Insurance Limited. Except as provided in this Section, no Owner can separately insure his Unit or any part of it against loss by fire or other casualty covered by any insurance carrier under Section 8.2. If any Owner violates this provision, such Owner will be liable for any diminution in insurance proceeds otherwise payable pursuant to the provisions of Section 8.4 that result from the existence of such other insurance to the Association to the extent of any such diminution. An Owner can, however, insure his personal property against loss. In addition, any improvements made by an Owner within his Unit maybe separately insured by the Owner, but the insurance is to be limited to the type and nature of coverage commonly known as tenant's improvements. All such insurance that is individually carried must contain a waiver of subrogation rights by the carrier as to other Owners, the Association and Declarant.

8.4 Trustee. All insurance proceeds payable under Sections 8.2 and 8.3, and subject to the rights of the Mortgagees under Section 8.8, may be paid to a trustee, to be held and expended for the benefit of the Owners, Mortgagees and others, as their

respective interests shall appear. Said trustee shall be a commercial bank in Salt Lake County that agrees in writing to accept such trust.

8.5 Other Insurance. The Management Committee may and, if required by any Mortgagee, shall purchase and maintain demolition insurance in adequate amounts to cover demolition in case of total or partial destruction and a decision not to rebuild. The Management Committee also shall purchase and maintain worker's compensation insurance, to the extent that it is required by law, for all employees of the Development. The Management Committee shall purchase and maintain fidelity bonds or insurance covering Members of the Management Committee, officers, and employees of any management agent, whether or not such persons are compensated for their services, naming the Association as obligee and written in an amount that is one hundred and fifty percent (150%) of the estimated annual assessments plus reserves of the Association. The Management Committee shall purchase and maintain such insurance on personal property owned by the Association, and any other insurance, that it deems necessary or that is required by any Mortgagee.

8.6 Owner's Insurance. An owner may carry whatever personal liability and property damage liability insurance with respect to his Condominium that he desires. However, any such policy shall include a waiver of subrogation clause acceptable to the Management Committee and to any Mortgagee.

8.7 Adjustment of Losses. The Management Committee is appointed attorney-in-fact by each Owner (with the exception of the Administrator of Veterans Affairs, an officer of the United States of America) to negotiate and agree on the value and extent of any loss under any policy carried pursuant to Sections 8.1, 8.2 and 8.5. The Management Committee is granted full right and authority to compromise and settle any claim or enforce any claim by legal action or otherwise and to execute releases in favor of any insurer.

8.8 Distribution to Mortgagees. Any Mortgagee has the option to apply insurance proceeds payable on account of a Condominium, in reduction of the obligation secured by the Mortgage of such Mortgagee.

8.9 Additional Insurance — FNMA. Notwithstanding any other provisions herein, the Association shall continuously maintain in effect such casualty, flood and liability insurance and a fidelity bond meeting the insurance and fidelity bond requirements for Condominium projects established by Federal National Mortgage Association and Government National Mortgage Association, so long as either is a Mortgagee or Owner of a Condominium within the project, except to the extent such coverage is not available or has been waived in writing by Federal National Mortgage Association or Government National Mortgage Association.

8.10 Errors and Omissions Insurance. The Association shall acquire insurance for errors and omissions of Management Committee Members of the Association on such sums as the Management Committee, from time to time, shall deem appropriate.

8.11 Notice of Lapse, Cancellation or Modification. Each policy of insurance shall provide that notice shall be given to the Association and each First Mortgagee listed as a scheduled holder of a first Mortgage in said insurance policy at least ten (10) days prior to cancellation or substantial modification of any policy or fidelity bond, and upon lapse of any policy or fidelity bond.

9. DESTRUCTION OF IMPROVEMENTS

9.1 Destruction; Proceeds 95% or More of Reconstruction Costs. If there is a total or partial destruction of the improvements in the Development, and if the available proceeds of the insurance carried pursuant to Article 8 are sufficient to cover not less than ninety-five percent (95%) of the costs of repair and reconstruction, the improvements shall be promptly rebuilt unless, within ninety (90) days from the date of destruction, Members then holding at least seventy-five percent (75%) of the total voting power of each class of Members present and entitled to vote, in person or by proxy, at a duly constituted meeting, determine that such repair and reconstruction shall not take place. If repair and reconstruction is to take place, the Management Committee shall be required to execute, acknowledge and record in the office of the Salt Lake County Recorder, not later than one hundred twenty (120) days from the date of such destruction, a certificate declaring the intention of the Members to rebuild.

9.2 Destruction; Proceeds Less Than 95% of Reconstruction Costs. If the proceeds of insurance are less than ninety-five percent (95%) of the costs of repair and reconstruction, repair and reconstruction may nevertheless take place if, within ninety (90) days from date of destruction, Members then holding at least fifty-one percent (51%) of the total voting power of each class of Members present and entitled to vote, in person or by proxy, at a duly constituted meeting, determine that such repair and reconstruction will take place. If repair and reconstruction is to take place, the Management Committee shall be required to execute, acknowledge and record in the office of the Salt Lake County Recorder, not later than one hundred twenty (120) days from the date of such destruction, a certificate declaring the intention of the Members to rebuild.

9.3 Rebuilding Procedures. If the Members determine to rebuild, pursuant to Section 9.1 or 9.2, the Owner of each Unit located within a structure that has been totally or partially destroyed shall be obligated to contribute his proportionate share of the cost of reconstruction or restoration of the structure containing his Unit, over and above the available insurance proceeds. All Owners shall contribute their proportionate share of the cost of reconstruction or restoration of any portion of the Common Area not comprising the structure within which a Unit is located. The proportionate share of each Owner shall be equal to the ratio of the square footage of the floor area of said Owner's Units to the total square footage of the floor area of all Units. If any Owner fails or refuses to pay his proportionate share, the Management Committee may levy a special assessment against the Condominium of such Owner which may be enforced under the lien provisions contained in Article 7 or in any other manner provided in this Declaration. If any Owner disputes the amount of his proportionate liability under this section, such Owner may contest the amount of his liability by submitting to the Management Committee within ten (10) days after notice to the Owner of his share of the liability, written objections supported by cost estimates or other information that the Owner deems to be material and may request a hearing before the Management Committee at which he may be represented by counsel. Following such hearing, the Management Committee shall give written notice of its decision to all Owners, including any recommendation that adjustments be made with respect to the liability of any Owners. If such adjustments are recommended, the notice shall schedule a special meeting for Members for the purpose of acting on the Management Committee's recommendation, including making further adjustments, if deemed by the Members to be necessary or appropriate. All adjustments shall be affirmed or modified by a majority of the total voting power of each class of Members. If no adjustments are recommended by the Management Committee the decision of the Management Committee shall be final and binding on all Owners, including any Owner filing objections.

9.4 Rebuilding Contract. If the Members determine to rebuild, the Management

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Committee or its authorized representative shall obtain bids from at least two reputable contractors and shall award the repair and reconstruction work to the lowest bidder. The Management Committee shall have the authority to enter into a written contract with the contractor for such repair and reconstruction, and the insurance proceeds held by the trustee shall be disbursed to the contractor according to the terms of the agreement. It shall be the obligation of the Management Committee to take all steps necessary to assure the commencement and completion of authorized repair and reconstruction at the earliest possible date.

9.5 Rebuilding Not Authorized or Permitted. If the Members determine not to rebuild or if the Development cannot legally be reconstructed, then, subject to the rights of Mortgagees under Section 8.8, any insurance proceeds then available for such rebuilding shall be distributed to the Owner of each Condominium in proportion to his respective percentage interest in the Development determined by reference to an appraisal of the value of all Units immediately prior to the destruction prepared by an independent appraiser selected by the Management Committee, to be completed within sixty (60) days of the Recordation of the certification not to rebuild. The Management Committee shall have the duty, within one hundred twenty days (120) days from the date of such destruction, to execute, acknowledge and record in the office of the County Recorder of said County, a certificate declaring the intention of the Members not to rebuild.

9.6 Minor Repair and Reconstruction. In any case, the Management Committee shall have the duty to repair and reconstruct improvements, without the need for consent of Members and irrespective of the amount of available insurance proceeds, in all cases of partial destruction when the estimated cost of repair and reconstruction does not exceed Twenty Thousand Dollars (\$20,000.00). The Management Committee is expressly empowered to levy a special assessment for the cost of repairing and reconstructing the improvements to the extent insurance proceeds are unavailable, such assessment to be levied as described in Section 9.3 (but without the consent or approval of Members despite any contrary provisions) in this Declaration.

9.7 Revival of Right to Partition. On recordation of a certificate described in Section 9.5, the right of any Owner to partition through legal action as described in Section 11 shall revive immediately.

10. CONDEMNATION

10.1 Sale by Unanimous Consent. If an action for condemnation of all or a portion of the Development is proposed or threatened by any governmental agency having the right of eminent domain, timely written notice shall be given all first Mortgagees. On unanimous written consent of all the Owners and after written notice to all Mortgagees, the Development, or a portion of it, may be sold.

10.2 Distribution of Proceeds of Sale or Award. On a sale or award occurring under Section 10.1 or 10.3 (below), the proceeds shall be distributed to the Owner and the Mortgagees of each Condominium affected as their respective interest may appear in proportion to the relative value of each affected Unit as determined by reference to an appraisal of the value of all such affected Units (as of the date immediately prior to the condemnation), conducted by an independent appraiser selected by the Management Committee. The cost of such appraisal shall be deducted from the proceeds or award.

10.3 Distribution of Condemnation Award. If the Development, or a portion of it, is not sold but is instead taken, the judgment or agreement of condemnation shall by

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its terms apportion the award among the Owners and their respective Mortgagees, and if it does not, then the proceeds shall be apportioned pursuant to Section 10.2 above.

10.4 Revival of Right to Partition. On sale or on taking that renders more than fifty percent (50%) of the Units in the Development uninhabitable, the right of any Owner to partition through legal action shall revive immediately.

11. PARTITION

11.1 Suspension. The right of partition is suspended pursuant to Utah Code Annotated, §57-8-7(3) as to the Development. The Development cannot be partitioned unless the subject property has been removed from the provisions of these Articles and the Utah Condominium Ownership Act pursuant to Utah Code Sections 57-8-22 and 57-8-31. Nothing in this Declaration shall prevent partition or division of interest between joint or common Owners of one (1) condominium.

Proceeds or property resulting from a partition shall be distributed to and among the respective Owners and their Mortgagees in accordance with Section 10.2.

11.2 Power of Attorney. Pursuant to Utah Code Section 57-8-32, each Owner may grant the Association an irrevocable power of attorney to sell the Development for the benefit of the Owners, which power of attorney shall be exercised by the signature of any two (2) Management Committee members, who are authorized to record a certificate of exercise in the office of the County Recorder, Salt Lake County, which certificate shall be conclusive evidence thereto in favor of any person relying thereon in good faith. Exercise of the power may be made only upon the prior written consent of Members holding in the aggregate 75% of the interests in the Common Area, but said power of attorney shall not apply to the Administrator of Veterans Affairs, an officer of the United States of America.

12. NON-SEVERABILITY OF COMPONENT INTERESTS IN A CONDOMINIUM

12.1 Prohibition Against Severance. An Owner shall not be entitled to sever his Unit in any Condominium from his membership in the Association, and shall not be entitled to sever his Unit and his membership from his undivided interest in the Common Area for any purpose. None of the component interests can be severally sold, conveyed, encumbered, hypothecated or otherwise dealt with, and any violation or attempted violation of this provision shall be void. Similarly, no Owner can sever any Limited Common Area or Facility appurtenant to his Unit over the Common Area from his Condominium, and any attempt to do so shall be void.

12.2 Conveyances. After the initial sales of the Condominiums, any conveyance of a Unit, or of the component interest in the Common Area, by the Owner of any Condominium, shall be presumed to convey the entire Condominium.

13. TERMS OF DECLARATION

This Declaration shall be in effect for a period of fifty (50) years from the date first set forth above, and shall be automatically extended for successive periods of twenty (20) years each thereafter unless within six (6) months prior to the expiration of the initial term or of any succeeding twenty-year term a written agreement executed by Owners owning a majority of the Units, with the consent of such Owners' Mortgagees, shall be placed of record in the Office of the County Recorder of Salt Lake County terminating the effectiveness of this Declaration in whole or in part as to all or part of

the Development.

14. PROTECTION OF MORTGAGEES

14.1 Mortgage Permitted. Any Owner may encumber his Condominium with a Mortgage.

14.2 Subordination. The lien of the assessments including interests, costs, and attorneys' fees as provided for herein, shall be subordinate to the lien of any first Mortgage upon any Condominium. Sale or transfer of any Condominium shall not affect the assessment lien. However, the sale or transfer of any Condominium pursuant to judicial or nonjudicial foreclosure of a first Mortgage shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No such sale or transfer shall relieve such Condominium from lien rights for any assessments thereafter becoming due. Where the Mortgagees of a first Mortgage of Record obtains title, it shall not be liable for the share of the Common Expenses or assessments by the Association chargeable to such Condominium which became due prior to the acquisition of title to such Condominium by the first mortgagee. Such unpaid share of Common Expense or assessments shall be deemed to be Common Expenses collectible from all of the Condominiums including such acquirer, his successors and assigns.

14.3 Amendment. The prior written consent of (i) seventy-five percent (75%) of the holders of all first Mortgages (based upon one vote for each Mortgage held) and (ii) so long as there is a Class B membership in the Association, and/or a loan secured by any Unit is guaranteed by the Veterans Administration (U.S.A.), or any Unit is owned by the United States pursuant to foreclosure thereunder, the Veterans Administration shall be required for any material amendment to this Declaration, to the Articles and to the Bylaws. As used in this Section 14.3, the term "any material amendment" is defined to mean amendments to the provisions of this Declaration, to the Articles or the Bylaws governing the following subjects:

14.3.1 The purpose for which the Development may be used;

14.3.2 Voting;

14.3.3 Assessments, collection or assessments, creation and subordination of assessment liens;

14.3.4 Reserves for repair and replacement of Common Area or Recreational Lot improvements;

14.3.5 Maintenance of Common Area or the Recreational Lot and improvements thereon;

14.3.6 Casualty and liability insurance;

14.3.7 Rebuilding or reconstruction of Common Area or the Recreational Area and improvements thereon, in the event of damage or destruction;

14.3.8 Rights of use to and in the Common Area and the Recreational Lot;

14.3.9 Annexation of additional property; and

14.3.10 Any provision, which by its terms, is specifically for the benefit of

first Mortgagees, or specifically confers rights on first Mortgagees.

14.4 Restrictions on Certain Changes. Unless at least seventy-five percent (75%) of the first Mortgages encumbering Condominiums (based upon one (1) vote for each Mortgage) have given their prior written approval, neither the Association nor the Owners shall be entitled:

14.4.1 By act or omission to seek to abandon or terminate the Condominium project, except for abandonment provided by statute in case of substantial loss to the Development or to terminate the legal status of the project under the Utah Condominium Ownership Act;

14.4.2 To change the pro rata interest or obligations of any Unit for purposes of levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards or for determining the pro rata share of ownership of each Unit and the Common Area;

14.4.3 To partition or subdivide any Unit;

14.4.4 By act or omission to seek to abandon, partition, subdivide, encumber, sell or transfer the Common Area, except partition of the Common Area. The granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Area by the Association or the Owners shall not be deemed a transfer within the meaning of this clause;

14.4.5 To use hazard insurance proceeds for losses to Units or Common Area in the Development for other than the repair, replacement or reconstruction of improvements, except as provided by statute in case of substantial loss to the Development;

14.5 Right to Examine Books and Records. First Mortgagees can examine the books and Records of the Association as provided in Section 4.8 and can require the submission of financial data concerning the Association, including annual audit reports and financial statements as furnished to the Owners.

14.6 Distribution of Insurance and Condemnation Proceeds. No Unit owner, or any other party, shall have priority over any right of first Mortgagees of Units pursuant to their Mortgages in case of a distribution to Unit Owners of insurance proceeds or condemnation awards for losses to or a taking of Units or Common Area. Any provision to the contrary in this Declaration or in the Bylaws or other documents relating to the Development is to such extent void. All applicable fire and all physical loss or extended coverage insurance policies shall contain loss payable clauses acceptable to the affected Mortgagees naming the Mortgagees, as their interest may appear.

14.7 Amenities. All amenities (such as parking, recreation and service area) shall be available for use by Owners and all such amenities with respect to which regular or special assessments for maintenance or other uses may be levied shall constitute Common Area. All such amenities shall be owned in fee by the Owners in undivided interests except for any easements granted for public utilities or for other public purposes consistent with the intended use of such property by Owners or the Association.

14.8 Notices to Mortgagees of Record. On any loss to, or taking in condemnation of, any Unit covered by a Mortgage, or such loss exceeds One Thousand Dollars (\$1,000.00), or on any loss to the Common Area, if such loss exceeds Ten

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Thousand Dollars (\$10,000.00), or on any taking of the Common Area, notice in writing of such loss or taking shall be given to each Mortgagee of Record if such Mortgagee has filed a written request for such notice with the Association. If any Owner of a Unit is in default under any provision of this Declaration, or under any provision of the Bylaws or the rules and regulations adopted by the Association, which default is not cured within thirty (30) days after written notice to such Owner, the Association shall give to the Mortgagee of Record of such Owner written notice of such default and of the fact that said thirty (30) day period has expired, if such Mortgagee has filed a written request for such notice with the Association.

14.9 Payments by Mortgagees. Mortgagees of Condominiums may, jointly or singularly, pay taxes or other charges which are in default and which may or have become a charge against the Common Area and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for Common Area improvements or other insured property of the Association and, upon making any such payments such Mortgagees shall be owed immediate reimbursement therefor from the Association. This provision shall constitute an agreement by the Association for the express benefit of all Mortgagees and upon request of any Mortgagee the Association shall execute and deliver to such Mortgagee a separate written agreement embodying the provisions of this Section 14.9.

14.10 Effect of Breach. No breach of any provision of this Declaration shall invalidate the lien of any Mortgage in good faith and for value, but all of these covenants, conditions and restrictions contained herein shall be binding on any Owner whose title is derived through foreclosure sale, trustee's sale, or otherwise.

14.11 Effect of Foreclosure. If any Condominium is encumbered by a first Mortgage made in good faith and for value, the foreclosure of any lien created by any provision set forth in this Declaration for assessments or installments of assessments shall not operate to affect or impair the lien of the first Mortgage. On foreclosure of the first Mortgage, the lien for assessments or installments that have accrued up to the time of foreclosure shall be subordinate to the lien of the Mortgage, with the foreclosure-purchaser taking title to the Condominium free of the lien for assessments or installments that have accrued up to the time of the foreclosure sale. On taking title to the Condominium the foreclosure-purchaser shall only be obligated to pay assessments or other charges levied or assessed by the Association after the foreclosure-purchaser acquired title to the Condominium. The subsequently levied assessments or other charges may include previously unpaid assessments provided all Owners, including the foreclosure-purchaser, and his successors and assigns, are required to pay their proportionate share as provided in this section.

14.12 Non-Curable Breach. Any Mortgagee who acquires title to a Condominium by foreclosure or by deed in lieu of foreclosure or assignment in lieu of foreclosure shall not be obligated to cure any breach of this Declaration that is noncurable or of a type that is not practical or feasible to cure.

14.13 Loan to Facilitate. Any Mortgage given to secure a loan to facilitate the resale of a Condominium after acquisition by foreclosure or by a deed in lieu of foreclosure or by assignment in lieu of foreclosure shall be deemed to be a loan made in good faith and for value and entitled to all of the rights and protections of Section 14.

14.14 Appearance at Meetings. Because of its financial interest in the Development, any first Mortgagee may appear (but cannot vote) at meetings of the Members and the Management Committee to draw attention to violations of this

Declaration that have not been corrected or made the subject of remedial proceedings or assessments.

14.15 Right to Furnish Information. Any Mortgagee can furnish information to the Management Committee concerning the status of any Mortgage.

14.16 Inapplicability of Right of First Refusal to Mortgagee. No right of first refusal or similar restriction on the right of an Owner to sell, transfer or otherwise convey the Owner's Condominium shall be granted or reserve to the Association in any deed or conveyance document without the consent of any Mortgagee of the Condominium. Any right of first refusal or adoption to purchase a Unit that may be granted to the Association (or other person, firm or entity) shall not apply to any conveyance or transfer of title to such Unit, whether voluntary or involuntary, to a Mortgagee which acquires title to or ownership of the Unit pursuant to the remedies provided in its Mortgage or by reason of foreclosure of the Mortgage of deed (or assignment) in lieu of foreclosure.

14.17 Contracts with Declarant. Any agreement between the Association and Declarant pursuant to which the Declarant agrees to provide services shall provide for termination by either party without cause or payment of a termination fee on thirty (30) days' written notice and shall have a maximum contract term of one (1) year; provided that the Management Committee can renew any such contract on a year-to-year basis.

14.18 Approval by FHA and VA. So long as there is a Class B membership in the Association, the following action shall require the prior approval of the Federal Housing Administration and the Veterans Administration: mergers and consolidations, any amendment of this Declaration or the annexation of additional property, and any annexation.

14.19 Conflicts. In the event of any conflict between any of the provisions of this Section 14 and any other provisions of this Declaration, the provisions of this Section 14 shall control.

15. AMENDMENT

15.1 Amendment Before Close of First Sale. Before the close of the first sale of a Condominium in the Development to a purchaser other than Declarant, this Declaration and any amendments to it may be amended in any respect or revoked by the execution by Declarant and any Mortgagee of Record of an instrument amending or revoking the Declaration. The amending or revoking instrument shall make appropriate reference to this Declaration and its amendments and shall be acknowledged and recorded in the office of the Salt Lake County Recorder.

15.2 Amendment After Close of First Sale. After the close of the first sale of a Condominium in the Development to a purchaser other than Declarant, this Declaration may be amended or revoked in any respect by the vote or written consent of the holders of not less than seventy-five percent (75%) of the votes of Members. However, if any provision of this Declaration requires a greater or lesser percentage of the voting rights of any class of Members in order to take affirmative or negative action under provision, also, if the consent or approval of any governmental authority, Mortgagee or other person, firm, agency or entity is required under this Declaration with respect to any amendment or revocation of any provision of this Declaration, no such amendment or revocation shall become effective unless such consent or approval is obtained. Otherwise, no other limitation shall inhibit or bar the amendment of this Declaration

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except as provided herein. Any amendment or revocation subsequent to the close of such first sale shall be evidenced by an instrument certified by the secretary or other duly authorized officer of the Association and shall make appropriate reference to this Declaration and its amendments and shall be acknowledged and recorded in the office of the Salt Lake County Recorder.

15.3 Reliance on Amendments. Any amendments made in accordance with the terms of this Declaration shall be presumed valid by anyone relying on them in good faith.

16. EXPANSION OF THE DEVELOPMENT.

16.1 Declarant reserves the right to expand the condominium. The expansion shall, at the option of Declarant, take place in phases. However, the Declarant is not required to expand the Development. The total expandable area shall be the real property described on Appendix "D" which is attached hereto and which is hereby incorporated by reference. Said exhibit reflects the expected phases as indicated by Phases 2, 3, 4, 5, 6, 7, 8, 9 and 10. Not all of those phases will necessarily become part of the Development, nor is there any limitation on the segmented order in which the development of the remaining phases will take place.

16.2 The Development is not required to expand the Development. However, if expansion is elected, the expansion of the project will take place by the filing of an Amended Record of Survey Map and Amended Declaration specifying the additional land to be included and the number of units thereon, as well as common areas and limited common areas. The number of units to be included in the expansion shall be approximately 328. However, the Declarant may not expand the condominium project to include all such units. As indicated, additional land may be added to the condominium project at different times. The Declarant, however, reserves the right to adjust the amount of additional property which may be added to the project at some future date. The Declarant is not limited as to the location of where improvements may be put on said additional land. However, the Declarant anticipates putting units on the land as set forth on the attached Schedule "D". However, the number of Units and their actual location is subject to adjustment based upon Declarant's future plans. The declarant agrees that in the event the phases as outlined in this section are not followed in accordance with the terms, that in any event there shall not be a greater density than the density in Phase 1 exclusive of the swimming pool area.

16.3 All expansion shall occur within seven years of the date of the first recording of this Declaration.

16.4 The effective date for assigning assessments and granting of voting rights shall be after the occupancy of the first unit of each phase of the the expanded area. Areas may be expanded in phases and only those units actually added to the condominium shall be subject to assessment or be entitled to voting rights.

16.5 All improvements intended for any one phase shall be substantially completed prior to that phase being annexed.

16.6 The formula for determining the undivided interest in the total common areas of the Development shall be allocated to the owners of the annexed units on an equal basis depending upon the number of units annexed to the project.

16.7 The annexation documents shall be an Amended Declaration.

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16.8 Approval of Veterans Administration. Prior to any annexation under this Section, a detailed plan for the development of the property to be annexed must be submitted to the Veterans Administration and/or Federal National Mortgage Association, as applicable, and the Veterans Administration and/or the Federal National Mortgage Association, as applicable, must determine that such detailed plan is in accordance with the overall general plan heretofore approved by them and so advise Declarant. No other approval by the Management Committee or the consent of the Unit Owners will be required for the expansion of the project.

16.9 All future improvements shall be consistent with the initial improvements in terms of the quality of construction, and materials used. In addition, there may be play areas incorporated in the future improvements. It is anticipated, but not required, that the basic floor plan of unit in Phase One will be continued with respect to the additional land to be included. The Limited Common Areas and Facilities in the additional land will be similar to the Limited Common Areas and Facilities in the Development, including but not limited to balconies and patios. There is no assurance that units created on the additional land will be substantially identical to the units on the original land, however, any material modification in the basic floor plans, architectural style or methods of construction shall be made subject to the approval of the Veterans Administration or other applicable agency.

16.10 The Declarant shall have a transferrable easement over and on the common areas and facilities for the purpose of making improvements on the land within the Development or on any additional land under the Declaration and for the purpose of doing all things reasonably necessary and proper in connection with the same and the expansion of the Development.

17. GENERAL PROVISIONS

17.1 Headings. The headings used in this Declaration are for convenience only and are not to be used to interpret the meaning of any of the provisions of this Declaration.

17.2 Severability. The provisions of this Declaration shall be deemed independent and severable, and the invalidity, or partial invalidity, illegality or unenforceability of any provision hereof shall not affect or invalidate any other provisions hereof, and all other provisions shall remain in full force and effect.

17.3 Cumulative Remedies. Each remedy provided for in this Declaration shall be cumulative and not exclusive. Failure to exercise any remedy provided for in this Declaration shall not, under any circumstances, be construed as a waiver thereof.

17.4 Violations as Nuisance. Every act or omission in violation of the provisions of this Declaration shall constitute a nuisance and, in addition to all other remedies set forth herein, may be abated or enjoined by any Owner, any Member of the Management Committee, or the Association.

17.5 Number; Gender. The singular shall include the plural and the plural the singular unless the context requires the contrary, and the masculine, feminine and neuter shall include the masculine, feminine or neuter, as the context requires.

17.6 Exhibits. All exhibits referred to are attached to this Declaration and incorporated by reference.

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17.7 Easements Reserved and Granted. Any easements referred to in this Declaration shall be deemed reserved or granted, or both reserved and granted, by reference to this Declaration in a deed to any Condominium.

17.8 Binding Effect. This Declaration shall inure to the benefit of and be binding on the successors and assigns of the Declarant, and the heirs, personal representatives, grantees, tenants, successors and assigns of the Owners.

17.9 Unsegregated Real Estate Taxes. Until such time as real property taxes have been segregated by the Salt Lake County Assessor, they shall be paid by the respective Owners of Condominiums. The proportionate share of the taxes for a particular Condominium shall be determined by dividing the initial sales price or offered initial sales price of the Condominium by the total initial sales prices and offered initial sales prices of all Condominiums within the Development (the term "offered initial sales price" means the price at which an unsold Condominium is then being offered for sale by Declarant). If, and to the extent, that the taxes are not paid by any Owner of a Condominium and are allowed to become delinquent, they shall be collected from the delinquent Owner by the Association.

17.10 Notice to Owner. In each instance in which a notice is given to an Owner and/or Owners, the same shall be in writing and may be delivered personally, in which case personal delivery of such notice to one or two or more co-Owners or to any general partner of a partnership owning a Condominium shall be deemed delivery to all the co-Owners or to the partnership, as the case may be, and personal delivery of the notice to any officer or agent for the service of process of a corporation owning such Condominium shall be deemed to be delivery to the corporation or such notice may be delivered by regular United States mail, postage prepaid, addressed to the Owner and/or Owners at the most recent address furnished by such Owner to the Association; or if no such address shall have been furnished, then to the street address of such Unit. Such notice shall be deemed to be delivered 48 hours after the time of such mailing, except for notice of a meeting of Members or Directors in which case the notice provisions of the Bylaws shall control.

17.11 Notice to Association. Any notice to be given to the Association may be delivered personally to any Member of the Management Committee or delivered by United States mail, postage prepaid, addressed to the Management Committee at such address as it shall fix from time to time and circulate to all Owners. Such notice shall be deemed to be delivered 48 hours after the time of such mailing.

17.12 Notice to Declarant, Registered Agent. Notice to Declarant shall be delivered by United States mail, postage prepaid, addressed to Declarant at the address shown on the signature page of this Declaration, or such other address as it shall designate to the Management Committee from time to time. Such notice shall be deemed to be delivered 48 hours after the time of such mailing. The Registered Agent for the Declarant shall be Richard A. Rappaport; Cohne, Rappaport & Segal; 66 Exchange Place, Salt Lake City, Utah 84111.

17.13 Allocation of Interests in Common Area. The fee ownership of interests in the Common Area of each Owner shall be equal.

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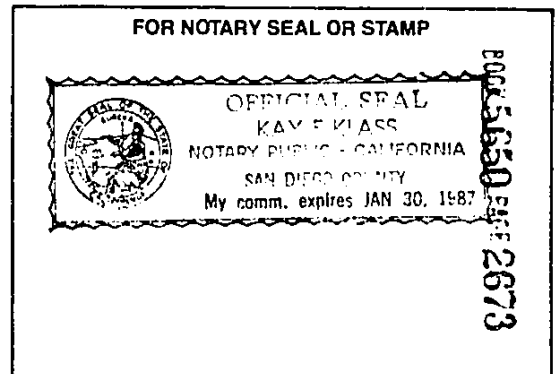
SAFECO Stock No. CAL-374 (Rev. 10-82) Ack. Corporation

Staple

Staple

STATE OF CALIFORNIA } s.s.
 COUNTY OF San Diego
 On this the 29th day of April 1985, before me,
 the undersigned, a Notary Public in and for said County and State,
 personally appeared Christopher S. McKellar
 _____, personally
 known to me or proved to me on the basis of satisfactory evidence to be
 the _____ President, and W.F. Miller, Jr.
 _____, personally
 known to me or proved to me on the basis of satisfactory evidence to be
the President ~~Secretary~~ of the corporation that executed the within
 instrument on behalf of the corporation therein named, and acknow-
 ledged to me that such corporation executed the within instrument
 pursuant to its by-laws or a resolution of it's board of directors.

Signature Kay E. Klass



SCHEDULE "A"

PHASE 1 PROPERTY DESCRIPTION

A parcel of land located in the northwest one-quarter (1/4) of Section 33, Township 1 South, Range 1 East, Salt Lake Base and Meridian, being more particularly described as follows:

Beginning at a point South 2363.71 feet, West 1670.20 feet and North 30°00'00" East 313.38 feet from the North one-quarter (1/4) corner of Section 33, Township 1 South, Range 1 East, Salt Lake Base and Meridian; thence North 60°00'00" West 83.55 feet; thence South 30°00'00" West 6.00 feet; thence North 60°00'00" West 12.00 feet; Thence North 30°00'00" East 6.00 feet; thence North 60°00'00" west 33.72 feet; thence West 114.55 feet; thence South 88.00 feet; thence West 111.50 feet; thence North 263.30 feet; thence North 89°50'00" West 83.11 feet; thence South 181.96 feet; thence West 124.00 feet; thence North 244.36 feet; thence South 89°50'00" East 867.32 feet to the Westerly right of way line of Highland Drive; thence along said westerly right of way line, South 24°47'27" East 115.55 feet; thence leaving said westerly right of way line west 257.99 feet; thence South 30°00'00" West 225.34 feet to the point of beginning in Salt Lake County, Utah.

Contains 4.05 acres more or less.

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SCHEDULE "B"

Unit No.

Initial Maximum Assessment

All Units \$107.51

SCHEDULE "C"

Project Property Description

Project Phase Plan

A parcel of land located in the NW 1/4 of Section 33 and the NE 1/4 of Section 32, T1S, R1E, SLB & M and being more particularly described as follows:

Beginning at a point which lies South 2363.71 Feet and West 1670.20 feet (Deed Description = South 2334.94 feet and West 1665.95 feet) from the north 1/4 corner of said Section 33 and running thence West 485.85 feet; thence South 5.28 feet; thence West 154.80 feet to a point on the east side of an existing irrigation ditch; thence N 35° 46' W, 131.59 feet; thence West, 517.86 feet to a point on the east line of the 1300 East Street right-of-way; thence along said right-of-way line N0° 18' 43" E (Deed = North), 54.00 feet; Thence West, 33.00 feet to a point on the monument line of 1300 East Street; thence along said monument line N0° 18' 43" E, (Deed = North), 75.00 feet; thence East 457.24 feet; thence N35° 46' W, 262.75 feet; thence N72° 28' E, 400.70 feet; thence N84° 57' E, 111.20 feet; thence S89° 50' E, 994.23 feet to a point on the centerline of Highland Drive Street; thence along said centerline 24° 47' 27", 93.38 feet (Deed = S30° 59' E, 21.10 feet and S24° 32' E, 79.00 feet); thence West, 36.35 feet; thence S24° 47' 27" E, 22.03 feet; thence West 265.70 feet; thence S30° 00' W, 538.71 feet more or less to the point of beginning, containing 14.667 acres.

Exclusive of the following parcels:

Parcels of land located in the NW 1/4 of Section 33, and the NE 1/4 of Section 32, T1S, R1E, SLB & M; currently included as part of the Millcreek Condominiums, and to be dedicated as public right-of-way. Said parcels being more particularly described as follows:

Parcel I

Beginning at a point on the monument line of 1300 East Street said point lying S0° 18' 43" W, 444.84 feet along the monument line from the Salt Lake County Monument at the intersection of Murphy Lane and 1300 East; said point also being South 2169.95 feet, and West 287.16 feet from the Northwest corner of said Section 33 and running thence East 40.00 feet; thence S0° 18' 43" W, 129.00 feet; thence West 7.00 feet; thence N0° 18' 43" E, 54.00 feet; thence West 33.00 feet to the monument line of 1300 East Street; thence along said monument line N0° 18' 43" E, 75.00 feet to the point of beginning, containing 0.078 acres.

Parcel II

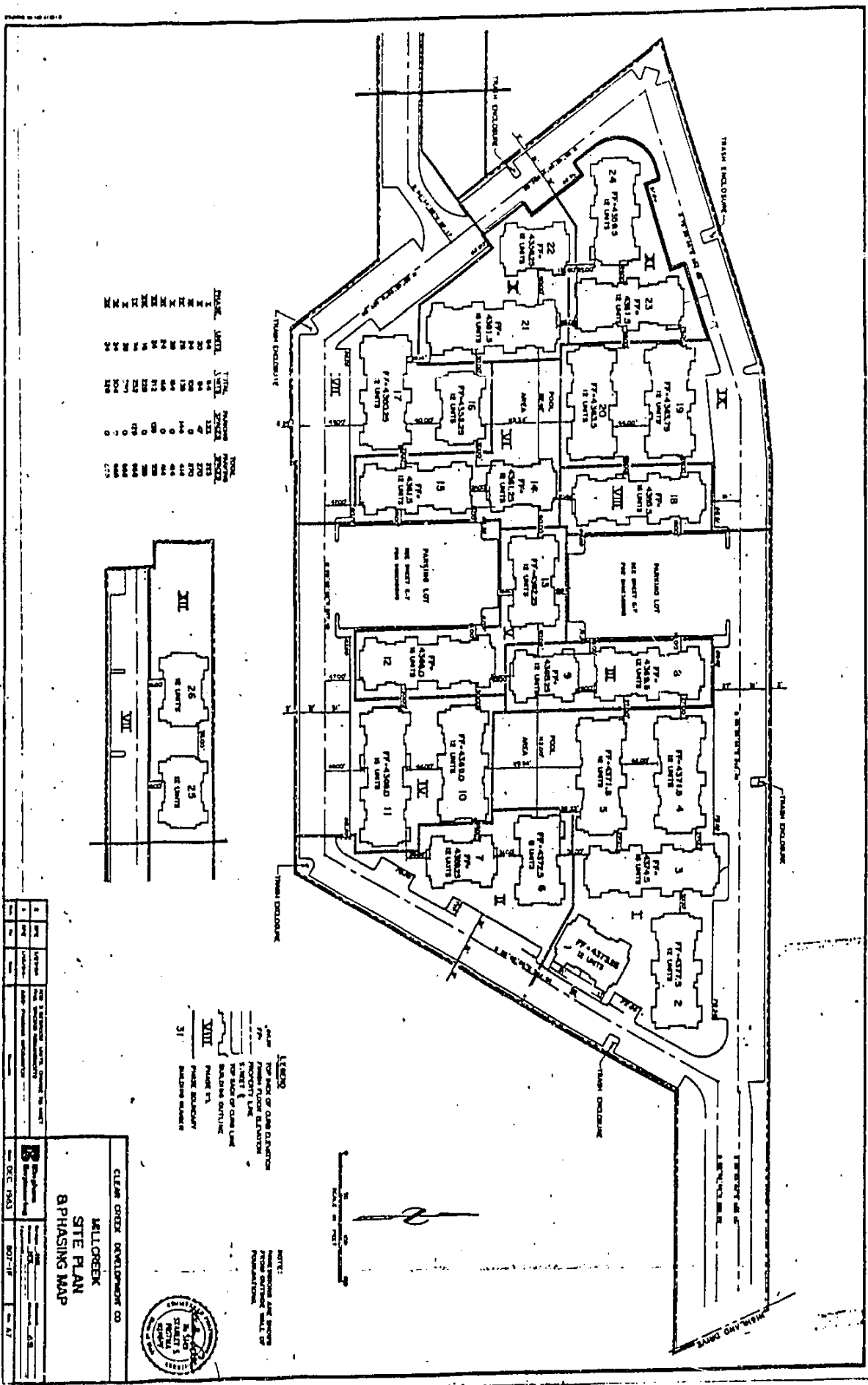
Beginning at a point on the monument line of Highland Drive, said point being N24° 47' 27" W, 512.02 feet along the monument line from the Salt Lake County Monument at the intersection of Highland Drive and Siggard Drive, said point also lying South 1792.39 feet and West 1147.18 feet from the N 1/4 corner of said Section 33 and running thence S24° 47' 27" E, 93.38 feet; thence West 36.35 feet; thence S24° 47' 27" E, 22.03 feet; thence West 7.71 feet; thence N24° 47' 27" W, 115.55 feet; thence S89° 50' 00" E, 44.12 feet to the point of beginning, containing 0.089 acres.

Millcreek3

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SCHEDULE "D"

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MILLORECK
STE PLAN
B PHASING MAP

NO.	DATE	DESCRIPTION	BY	CHECKED
1	1/1/78	PRELIMINARY PLAN		
2	1/1/78	FINAL PLAN		