

DECLARATION OF CONDOMINIUM

OF

LAS PALMAS RESORT CONDOMINIUMS II

(A Utah Expandable Condominium Community)

THIS DECLARATION OF CONDOMINIUM is made and executed this 20th day of March, 1996, by Ronald W. Snow and Jeff Chapman, jointly (hereinafter referred to as the "Declarant"), pursuant to the provisions of the Utah Condominium Ownership Act, Utah Code Annotated, Sections 57-8-1 through 57-8-36 (1953, as amended) (the "Act").

WITNESSETH:

WHEREAS, Declarant is the fee owner of that certain real property (hereinafter sometimes referred to as the "Subject Property") more particularly described in Article II hereof; and

WHEREAS, Declarant has constructed, or is in the process of constructing, upon the Subject Property a Condominium Project consisting of various improvements, all of such construction having been, or is to be, performed in accordance with the Record of Survey Map and the terms and conditions contained herein; and

WHEREAS, Declarant intends by recording this Declaration and the Record of Survey Map to submit the Subject Property, and all improvements now or hereafter constructed thereon, to the provisions of the Act as a Condominium Project and to impose upon the Property mutually beneficial restrictions under a general plan of improvement for the benefit of all Units within said Condominium Project and the Owners thereof.

NOW, THEREFORE, the Declarant hereby makes the following Declaration:

1. DEFINITIONS

When used in this Declaration, including the recitals hereto, the following terms shall have the meaning indicated. Any term used herein which is defined by the Act shall, to the extent permitted by the context hereof, have the meaning ascribed by the Act.

1.1 "Act" shall mean and refer to the Utah Condominium Ownership Act. (Sections 57-8-1 through 57-8-36 Utah Code Annotated (1953)) as the same may be amended from time to time.

1.2 "Additional Land" shall mean that real property located in Washington County, State of Utah, more particularly described upon Exhibit "D" attached hereto and incorporated herein by reference, which Additional Land or a portion thereof, may be added to the Project, subject to the requirements, conditions and restrictions of the Act and Article VI hereof.

1.3 "Articles" shall mean the Articles of Incorporation for the Association filed with the Utah Division of Corporations and Commercial Code.

1.4 "Association" shall mean the Las Palmas Resort II Owners Association, a non-profit Owner's Association of Las Palmas Resort Condominiums II, which Association is established as provided herein.

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1.5 "Building" or "Buildings" shall mean those certain building(s) that have been or will be constructed on the Subject Property, as such building(s) are shown on the Map.

1.6 "Bylaws" shall mean the Bylaws of the Association, attached hereto as Exhibit C.

1.7 "Common Areas and Facilities" or "Common Areas" shall mean, refer to, and include:

(a) The real property (Subject Property) and interests in real property which this Declaration submits to the provisions of the Act, but excluding Units.

(b) All Common Areas designated as such on the Map.

(c) All Limited Common Areas and Facilities, if any.

(d) All foundations, columns, girders, beams, supports, main walls, roofs, halls, corridors, lobbies, stairs, stairways, fire escapes, and entrances and exists of any and all Buildings.

(e) All installations for any and all equipment connected with the furnishing of Project utility services such as electricity, heating, air conditioning, water and sewer.

(f) All tanks, pumps, motors, fans, compressors, ducts, and in general all apparatus, installations and facilities included within the Project and existing for common use.

(g) The outdoor lighting, fences, landscaping, walkways, driveways, open parking spaces, yards, roads and fences.

(h) All portions of the Project not specifically included within the individual Units.

(i) All Common Areas and Facilities as defined in the Act, whether or not enumerated herein.

(j) All other parts of the Project normally in common use or necessary or convenient to its use, existence, maintenance, safety or management.

1.8 "Common Expenses" shall mean all sums which are assessed against and expended on behalf of all Owners and all sums which are required by the Association to perform or exercise its functions, duties, or rights under the Act, this Declaration, the management agreement for the operation of the Project, if any, and such rules and regulations of the Association as may be adopted from time to time. By way of illustration, but not in limitation, Common Expenses shall include: (i) expenses of administration, maintenance, operation, repair and replacement of those components of the Common Areas that must be maintained and/or replaced on a periodic basis, together with such reserves as may be from time to time established for the same by the Association; (ii) expenses agreed upon by the Association, or the Owners, and lawfully assessed against the Owners in accordance with the Declaration; (iii) expenses declared to be Common Expenses by the Act, by this Declaration, or the Bylaws; (iv) any valid charge against the Project as a whole; (v) taxes and insurance; and (vi) any expense necessary or desirable to enable the Association to perform or fulfill its obligations, functions, or purposes under this Declaration or the Act.

1.9 "Condominium Unit" and or "Unit" shall mean a separate physical part of the Property intended for independent use, consisting of rooms or spaces located in a Building as designated on the Map and the Percentage Interest appurtenant thereto. Mechanical equipment and appurtenances located within any one Unit or located without said Unit but designated and designed to serve only that Unit shall be considered part of the Unit, as shall all decorated interiors, all surfaces of interior structural walls, floors and ceilings, windows and window frames, doors and door frames, and trim, consisting of, among other items, and as appropriate, wallpaper, paint, flooring, carpeting and tile. All pipes, wires, conduits or other utility lines or installations constituting a part of a Unit and serving only such Unit, and any structural members or any other property of any kind, including fixtures and appliances within such Unit, which are removable without jeopardizing the soundness, safety, or usefulness of the remainder of the Building within which such Unit is situated shall be considered part of the Unit. A Unit shall not include pipes, wires, conduits, or other utility lines running through it which are used for or which serve more than one Unit, and shall not include any load-bearing walls or floors comprising a part of a Building in which the Unit is located. Each Unit shall include its appurtenant Percentage Interest in the Common Areas and Facilities.

1.10 "Declarant" shall mean and refer to Ronald W. Snow and Jeff Chapman, jointly, and any successor and assign of Declarant which either by operation of law or through a voluntary conveyance transfer, or as a result of the foreclosure on an encumbrance granted by Declarant, or assignment, comes to stand in the same relation to the Project as did its predecessor.

1.11 "Declaration" shall mean and refer to this instrument and all modifications, amendments and/or supplements made in accordance with the Act and the provisions hereof.

1.12 "Expandable Condominium Project" shall mean the Project, and the Additional Land, Units, Buildings, and Improvements that may be added to the Project as provided in Article VI of this Declaration.

1.13 "Limited Common Areas" shall mean those Common Areas and Facilities designated herein or on the Map as reserved for the use of a certain Unit or Units to the exclusion of other Units.

1.14 "Management Committee" or "Committee" shall mean the committee charged by this Declaration with and having the responsibility and authority on behalf of the Association to make and enforce all of the reasonable rules and regulations covering the operation and maintenance of the Property. The Management Committee or Committee is also synonymous with the term Trustees as used in the Bylaws and Articles and the members of such Committee shall be the Trustees.

1.15 "Manager" shall mean the person, firm, or company, if any, designated from time to time by the Association, by order of the Committee, to manage, in whole or in part, the business and affairs of the Association and the Project.

1.16 "Member" shall mean a member of the Association

1.17 "Mortgage" shall mean and include a mortgage, a deed of trust or other security instrument by which a Unit or any part thereof is encumbered:

1.18 "Mortgagee" shall mean and include a mortgagee under a first mortgage on any Unit, a beneficiary of a first deed of trust on any Unit, or a secured party of any other security instrument by which a Unit or any part thereof is encumbered in a first position.

1.19 "Owner" or "Unit Owner" shall mean the person or persons, including the Declarant, owning in fee simple a Unit in the Project, and an undivided interest in the fee simple estate of the Common Areas and Facilities in the percentages specified herein. In the event a Unit is the subject of any executory contract of sale, the contract purchaser shall, unless the Seller and the purchaser have otherwise agreed and have informed the Association in writing of such agreement, be considered the Owner for purposes of voting.

1.20 "Percentage Interest" shall mean the undivided percentage interest of each Unit Owner in the Common Areas and Facilities of the Property. The Percentage Interest which is appurtenant to a Unit shall be equal to the ratio between the Size of such Unit and the aggregate Size of all Units in the Project. The Percentage Interest of each Unit is set forth in Exhibit "B" attached hereto and incorporated herein by reference.

1.21 "Person" shall mean an individual, corporation, partnership, association, trustee or other legal entity.

1.22 "Project" shall mean the Property submitted to the provisions of the Act by this Declaration and the Map, sometimes referred to and known as "Las Palmas II Condominiums".

1.23 "Property" shall mean the Subject Property, the Buildings, all improvements and structures on the Subject Property, all easements, rights and appurtenances belonging thereto, and all articles of personal property intended for use in connection therewith.

1.24 "Record of Survey Map" and "Map" shall mean and refer to the Record of Survey Map recorded in the Official Records of the County Recorder of Washington County, State of Utah, recorded concurrently with this Declaration, consisting of five (5) pages, prepared by Lloyd Ried Pope, a duly registered Utah Land Surveyor having Certificate No. 153069 and all modifications, amendments and/or all supplements thereto recorded in accordance with the Act and this Declaration including, but not by way of limitation, the provisions of Article VI (Expandable Condominiums) hereof.

1.25 "Rules and Regulations" shall mean reasonable rules and regulations for the Association which have been promulgated by the Management Committee as provided for in Section 8.4

1.26 "Size" shall mean the area of floor space within a Unit, in square feet, rounded off to a whole number reduced by area within any garage and one-half (1/2) of the area contained in any loft or second story comprising part of a Unit. Declarant's determination of the Size of a Unit, as set forth in this Declaration or in any amendment or supplement hereto pursuant to this Article VI and/or Article VII hereof shall be conclusive.

1.27 "Subject Property" shall mean the real property upon which the Project is situated, as more particularly described in Article II of this Declaration.

1.28 "Unit Number" shall mean the number, letter or combination thereof designating a Unit within the Project.

II. SUBMISSION TO THE ACT

Declarant hereby submits to the provisions of the Act, subject to the covenants, conditions and restrictions herein contained, the real property ("Subject Property") situated in Washington County, State of Utah:

The real property described upon Exhibit "A", together with all Expandable Land added to the Project.

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

ALL OF THE FOREGOING IS SUBJECT TO all liens for current and future taxes, assessments, and charges imposed or levied by governmental or quasi-governmental authorities; all Patent reservations and exclusions; any mineral reservations of record and rights incident thereto; all instruments of record which affect the real property or any portion thereof, including, without limitation, any mortgage or deed of trust; all visible easements and rights-of-way; all easements and rights-of-way of record; any easements, rights-of-way, encroachments, or discrepancies shown on or revealed by the Map or otherwise existing; an easement for each and every pipeline, cable, wire, utility line, or similar facility which traverses or partially occupies the real property at such time as construction of all Project improvements is complete; and all easements necessary for ingress to, egress from, maintenance of, and replacement of all such pipes, lines, cables, wires, utility lines, and similar facilities.

RESERVING UNTO DECLARANT, however, such easements and rights of ingress and egress over, across, through and under the real property and any improvements now or hereafter constructed thereon as may be reasonably necessary for Declarant or for any assignee or successor of Declarant (in a manner which is reasonable and not inconsistent with the provisions of this Declaration): (i) to construct and complete each of the Units in any Building and all of the other improvements described in this Declaration or in the Map recorded concurrently herewith, and to do all things reasonably necessary or proper in connection therewith; (ii) to improve portions of the real property with such other or additional improvements, facilities, or landscaping designed for the use and enjoyment of all the Owners as Declarant or as such assignee or successor may reasonably determine to be appropriate; (iii) to construct and complete each of the Units, Buildings and other improvements to be constructed upon any Additional Land or portion thereof intended to be included within the Project; and (iv) to, without approval of the Owners, either enter into joint-use agreements for common areas and facilities with or merge and consolidate the Association and the Board of Trustees with the Homeowners Association of Las Palmas Resort Condominiums. If, pursuant to the foregoing reservations, the real property or any improvement thereon is traversed or partially occupied by a permanent improvement or utility line, a perpetual easement for such improvement or utility line shall exist. With the exception of such perpetual easements, the reservations hereby effected shall, unless sooner terminated in accordance with their terms, expire seven (7) years after the date on which this Declaration is filed for record in the office of the County Recorder of Washington County, State of Utah.

III. IMPROVEMENTS ON LAND

3.1 Description of Improvements. The improvements contained in the Project are now or will be located upon the Subject Property. The major improvements contained in the Project include three-story condominium buildings without basements and containing enclosed garages. The location and configuration of said improvements are shown on the Map. The Project also contains other improvements such as outdoor lighting, walkways, landscaping and fencing. The Map shows the number of Buildings, the number of Units which are included in the Project and the general parking areas. Each Building is composed of the following building materials: Exterior walls consisting of stucco; clay tile roof; interior walls of stick lumber construction with wall finished with sheet rock according to applicable building codes.

3.2 Description and Legal Status of Units. The Map shows each Unit Number, its location, dimensions from which its Size may be determined, the Common Areas to which it has immediate access and the Limited Common Areas, if any, reserved for each Unit.

3.3 Contents of Exhibit "B". Exhibit "B" to this Declaration contains the following information with respect to each Unit contained in the Project: (i) the Unit Number; (ii) its Size; (iii) the Percentage Interest which is assigned to and appurtenant to the Unit and (iv) number of votes of the Owner of the Unit as a Member of the Association.

IV. NATURE AND INCIDENTS OF CONDOMINIUM OWNERSHIP

4.1 Estates of an Owner. The Project is hereby divided into Units, each consisting of a fee simple interest in a Unit and a Percentage Interest as set forth in the attached Exhibit "B". The Percentage Interests set forth in Exhibit "B" are hereby declared to be appurtenant to the respective Units.

4.2 Title. Title to a Unit may be held or owned by any Person or more than one Person and in any manner in which title to any other real property may be held or owned in the State of Utah, including, without limitation, joint tenants or tenancy in common.

4.3 Inseparability. No part of a Unit or the legal rights comprising ownership of a Unit may be separated from any other part thereof during the period of ownership prescribed herein, so that each Unit and the Percentage Interest appurtenant to such Unit shall always be conveyed, devised, encumbered, or otherwise affected only as a complete Unit. Every gift, devise, bequest, transfer, encumbrance, conveyance or other disposition of a Unit shall be presumed to be a gift, devise, bequest, transfer, encumbrance, or conveyance, respectively, of the entire Unit, together with all appurtenant rights created by law or by this Declaration.

4.4 Right to Combine Units. With the prior written consent of the Committee, two Units may be utilized by the Owner or Owners thereof as if they were one Unit. To the extent permitted in the written consent of the Committee, any walls, floors, or other structural separations between any two such Units, or any space which would be occupied by such structural separations but for the utilization of the two Units as one Unit, may, for as long as the two Units are utilized as one Unit, be utilized by the Owner or Owners of the adjoining Units as Limited Common Areas, except to the extent that any such structural separations are necessary or contain facilities necessary for the support, use, or enjoyment of other parts of the Project. At any time, upon the request of the Owner of one of such adjoining Units, any opening between the two Units which, but for joint utilization of the two Units, would have been occupied by such structural separations, shall be closed, at the equal expense of the Owner or Owners of each of the two Units and the structural separations between the two Units shall thereupon revert to Common Areas.

4.5 Computation of Percentage Interests. The Percentage Interest which is appurtenant to a Unit shall be equal to the ratio between the Size of such Unit and the aggregate Size of all Units in the Project. Declarant reserves the right to make minor adjustments in some or all of the Percentage Interest which result from the strict application thereof for the purpose, but only for the purpose, of assuring that the total of all Percentage Interests equals 100%. Percentage Interests shall be for all purposes, including, without limitation, voting and participation in Common Expenses. For Combined Units, the size of the Units so combined shall establish the size and shall also establish the Percentage Interest.

4.6 Partition Not Permitted. The Common Areas shall be owned in common by all the Owners of Units, and no Owner may bring any action for partition thereof, except as provided

under Section 57-8-7(3) of the Act.)

4.7 Prohibition Against Subdivision of a Unit. Except as provided in this Article IV, no Unit Owner, by deed, plat or otherwise, shall subdivide or in any manner cause his Unit to be separated into physical tracts or parcels smaller than the whole Unit as shown on the Map.

4.8 Owner's Rights to Common Areas. Subject to the limitations contained in this Declaration, any Owner shall have the non-exclusive right to use and enjoy the Common Areas and shall have the exclusive right to use and enjoy the Limited Common Areas designated herein for exclusive use by such Owner or Owners.

4.9 Owner's Rights with Respect to Interiors. Each Owner shall have the exclusive right at his sole cost and expense to maintain, repair, paint, repaint, tile, wax, paper, or otherwise refinish and decorate the interior surfaces of the walls, ceilings, floors, and doors forming the boundaries of his Unit and all walls, ceilings, floors and doors within such boundaries.

4.10 Easement for Access to Units. Each Owner shall have the right to ingress and egress over, upon and across the Common Areas necessary for access to his Unit, and to the Limited Common Areas, if any, designated for use in connection with his Unit, and such rights shall be appurtenant to and pass with the title to each Unit.

4.11 Easement for Encroachments. If any part of the Common Areas encroaches or shall hereafter encroach upon a Unit or Units, an easement for such encroachment and for the maintenance of the same shall and does hereby exist. If any part of a Unit encroaches or shall hereafter encroach upon the Common Areas, or upon an adjoining Unit or Units, an easement for such encroachment and for the maintenance of the same shall and does hereby exist. Encroachments referred to herein include, but are not limited to, encroachments caused by error in the original construction of the Building, by error in the Map, by settling, rising or shifting of the earth, or by change in position caused by repair or reconstruction of the Project or any part thereof.

4.12 Easement of Access for Repair, Maintenance and Emergencies. Some of the Common Areas, Common Facilities, and/or Limited Common Areas are or may be located within the Units or may be conveniently accessible only through the Units. The Owners of other Units shall have the irrevocable right, to be exercised by the Association (or its agent), as their agent, to have access to each Unit and to all Common Areas, Common Facilities, and/or Limited Common Areas from time to time during such reasonable hours as may be necessary for the maintenance, repair or replacement of any of the Common Areas, Common Facilities, and/or Limited Common Areas located therein or accessible therefrom or for making emergency repairs therein necessary to prevent damage to the Common Areas, Common Facilities, and/or Limited Common Areas or to another Unit or Units. The Association shall also have such right independent of any agency relationship. Damage to the interior of any part of a Unit or Units resulting from the maintenance, repair, emergency repair, or replacement of any of the Common Areas, Common Facilities, and/or Limited Common Areas or as a result of emergency repairs within another Unit at the instance of the Association or of Owners shall be an expense of the Association; provided, however, that if such damage is the result of negligence of the Owner of a Unit, then such Owner shall be financially responsible for all such damage. Such damage shall be repaired and the property shall be restored substantially to the same condition as existed prior to damage. Amounts owing by Owners pursuant hereto shall be collected by the Association by assessment pursuant to Article IX below.

4.13 Owner's Right to Support. Each Owner shall have the right to horizontal and lateral support of his Unit, and such rights shall be appurtenant to and pass with the title to each Unit.

4.14 Association's Right in Common Areas. In addition to other rights and obligations set forth herein, the Association shall have a non-exclusive easement to make such use of the Common Areas as may be necessary or appropriate to perform the duties and the functions which it is obligated or permitted to perform pursuant to this Declaration. Subject to and apart from Declarant's exclusive rights reserved in Article II, the Association, with approval of two-thirds (2/3) of each class of member, shall have the right to (i) enter into agreements which provide for use of the Common Areas and Facilities by a similar Association in consideration for use of the Common Areas and Facilities of the other Association, or for cash consideration and/or (ii) merge with other non-profit corporations as provided for in the Articles.

4.15 Easements Deemed Created. All conveyances of Units hereafter made, by whatever means, shall be construed to grant and reserve such reciprocal easements as shall give effect to easements referred to above, even though no specific reference to such easements or to those Sections appears in any such conveyance.

4.16 Easements Reserved by Declarant and Association. The Association shall have power to grant and convey to any third party and the Declarant hereby reserves unto itself easements and rights-of-way, including, but not limited to, rights of ingress and egress, in, on, over and/or under the Common Areas and Common Facilities 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 drains and pipe, water systems, sprinkling systems, water, heating and gas lines or pipes, and any similar public or quasi-public improvements or facilities to provide common utility services to the Project, the Additional Land or upon lands owned by Declarant, its successors or assigns, appurtenant to the Project or Additional Land. Further, Declarant reserves unto itself a transferable easement over and upon the Common Areas and Common Facilities, access roads or similar property within the Project (including Additional Lands) for the purpose of constructing, developing, maintaining, improving or expanding the Project, the Additional Land or properties owned by the Declarant, its successors or assigns, which are adjacent to the Project or Additional Land. Such easement shall entitle Declarant the use of all access roads within the Project and Additional Land and to tie into all utility lines, sewage and drainage systems within or traversing the Project and/or Additional Lands.

4.17 Easement in Favor of Government Entities. An easement is hereby created in favor of the City of St. George, Utah, and other governmental or quasi-governmental body having jurisdiction over the Property, to access and rights of ingress and egress over, across, through, or under the Common Areas and Limited Common Areas for purposes of providing police and fire protection, transporting school children, and providing any other governmental, municipal, or utility service to the Project.

4.18 Offsite Recreational Amenities. An Owner's right to utilize recreational amenities outside the Project which are located to the northwest of Building No. 9 shall be governed by the provisions of Exhibit "E" attached hereto and incorporated herein.

V. UNITS AND LIMITED COMMON AREAS

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

Unit No. _____ contained within the Las Palmas II Condominiums as the same is identified in the Record of Survey Map recorded in Washington County, State of Utah, as Entry No. _____, in Book _____, at page _____ (as said Record of

Survey Map may have heretofore been amended or supplemented) and in the Declaration of Condominium of Las Palmas II Condominiums recorded in Washington County, Utah, as Entry No. _____, in Book _____, at page _____ (as said Declaration may have heretofore been amended or supplemented).

TOGETHER WITH the undivided ownership interest in said Project's Common Areas and Facilities which is appurtenant to said Unit.

Such description shall be construed to describe the Unit, together with the appurtenant Percentage Interest in the Common Areas and to incorporate all the rights incident to ownership of a Unit and all the limitations on such ownership as described in the Declaration, including the applicable appurtenant Percentage Interest and all rights and limitations arising as a result of the expansion of the Project by the addition of Additional Land or a parcel thereof pursuant to Article VI of this Declaration.

5.2 Maintenance of Units. Each Owner shall keep the interior of his Unit, including, without limitation, interior walls, doors, windows, ceilings, floors, and permanent fixtures and appurtenances thereto, in a clean and sanitary condition and in good state of repair. In the event that any such Unit shall develop an unclean or unsanitary condition or fall into a state of disrepair, and in the event that the Owner of such Unit shall fail to correct such condition or state of disrepair promptly following written notice from the Association, the Association shall have the right, at the expense of the Owner and without liability to the Owner for trespass or otherwise, to enter said Unit and correct or eliminate said unsanitary or unclean condition or state of disrepair; provided, however, that the Association shall in no event have the obligation to correct or eliminate any such condition or state of disrepair. All such costs incurred by the Association shall be collected by the Association pursuant to Article IX below.

5.3 Separate Mortgages by Owners. Each Owner shall have the right separately to mortgage or otherwise encumber his Unit. No Owner shall attempt to or shall have the right to mortgage or otherwise encumber the Common Areas and Limited Common Areas, or any part thereof, except the Percentage Interest therein appurtenant to his Unit. Any Mortgage or other encumbrance of any Unit within the Project shall be subordinate to all of the provisions of this Declaration, and in the event of foreclosure, the provisions of this Declaration shall be binding upon any Owner whose title is derived through foreclosure by private power of sale, judicial foreclosure, or otherwise.

5.4 Taxation of Units. Each Unit within the Project, including each Unit's appurtenant Percentage Interest in the Common Areas, shall be deemed to be a parcel and shall upon conveyance of any Unit by Declarant be assessed separately for all taxes, assessments, and other charges of any political subdivision or of any special improvement district or of any other taxing or assessing authority. For purposes of such assessment, the valuation of the Common Areas shall be apportioned among the Units in proportion to the Percentage Interests appurtenant to such Units. All such taxes, assessments, and other charges of each respective Unit shall be separately levied against the Owner thereof. No forfeiture or sale of any Unit for delinquent taxes, assessments, or other governmental charges shall divest or in any way affect the title to any other Unit.

5.5 Limited Common Areas. The Limited Common Areas of the Project (other than those associated with portions of the Convertible Spaces), and the Units to which they are appurtenant are as follows: a balcony or patio is appurtenant to each Unit as more particularly shown on the Map.

5.6 Mechanic's Liens. No labor performed or material furnished or used in connection with any Unit with the consent or at the request of an Owner or his agent or subcontractor

shall create any right to file a notice of mechanic's lien against the Unit of any other Owner not expressly consenting to or requesting the same or against any interest in the Common Areas, except the Percentage Interest therein appurtenant to the Unit of the Owner for whom such labor shall have been performed and such materials shall have been furnished.

VI. EXPANDABLE CONDOMINIUM

6.1 Reservation to Expand. The Declarant herewith expressly reserves the right and option to expand the Project by the addition of Additional Land, or portions thereof, and improvements to be constructed thereon, all in accordance with the provisions of this Article VI.

6.2 Additional Land. The Project may be expanded by the addition of all or a portion of the real property designated on Exhibit "D" attached hereto and incorporated herein by reference, such real property or portions thereof where applicable being referred to as "Additional Land".

6.3 No Limitations Upon Option. Expansion of the Project by the Declarant is without limitation and shall be effective without the prior approval of the Association.

6.4 Termination of Option. Declarant's right to expand the Project as provided in this Article VI shall expire seven (7) years from the date of recording of this Declaration (exclusive of any amendments or supplements) in the Official Records of the Office of the County Recorder of Washington County, State of Utah.

6.5 Order of Addition. The Additional Land designated on Exhibit "D" attached hereto and incorporated herein by reference, may be added in total or in part, and in any order as Declarant may determine. Such Additional Land (or any portion thereof constituting Additional Land) may be added at any time within the period allowed for expansion of the Project.

6.6 Improvements Upon Additional Land. All improvements upon Additional Land shall be made in such a manner as to conform to all governmental regulations appertaining thereto, but such improvements may be located upon the Additional Land, or any portion thereof, in such manner as the Declarant deems appropriate in its sole discretion, subject to the requirements contained herein. The maximum number of Units to be constructed upon the Additional Land shall be limited to Four Hundred (400), which Units shall be constructed in Buildings not exceeding a total of _____). All of the additional Units to be constructed upon Additional Land will be constructed for or are to be designated exclusively for residential use. Notwithstanding the foregoing, Declarant makes no assurances with respect to improvements to be installed on the Additional Land.

6.7 Compatible Construction. All structures and improvements erected upon any Additional Land added to the Project will be compatible with the structures and improvements now upon or to be constructed upon the Subject Property, all such additional structures and improvements to be approximately equal or better in terms of quality of construction and materials to be used. Notwithstanding the above, no assurances can be made by the Declarant in every instance that such structures and improvements will be identical in all regards. Declarant specifically reserves the right to modify architectural style for structures and improvements to be erected upon Additional Land to be added to the Project.

6.8 Description of Improvements. Although Declarant intends to construct three-story condominium residential building(s) upon Additional Land, no assurances can be made by the Declarant as to the description of improvements that will be made upon any Additional Land.

6.9 Description of Units. Declarant intends, as of the date hereof, that any Unit constructed within a Building upon Additional Land will be similar to the Units presently contained within Buildings upon the Property, but the Size of such Units may vary as the Declarant determines in its sole discretion. Notwithstanding the foregoing, no assurances can be made by the Declarant that any Units to be constructed upon Additional Land will be substantially identical or similar to the existing Units.

6.10 Declarant's Reserved Rights. Declarant hereby reserves the right with respect to any Additional Land, to create Limited Common Areas and Facilities within any Additional Land added to the Project, and with respect thereto, reserves the right to create such Common Areas and Facilities in such types, sizes and numbers as the Declarant deems appropriate in its sole discretion. No assurances are made herein by Declarant with respect to the type, sizes or number of such areas to be created, if any.

6.11 Supplemental Map. The Declarant simultaneously with the submission of Additional Land to the Project shall prepare and record in the Official Records of the Office of the County Recorder of Washington County, State of Utah, a supplemental Map pertaining to such Additional Land to be added to the Project, and showing the location and dimensions (the vertical and horizontal boundaries), of each Unit located within a Building created from and located upon such Additional Land, and the Unit designation of each Unit so created.

6.12 Supplemental Declaration. Simultaneously with the recording of said Supplemental Map as required by the provisions of Section 6.11 above, the Declarant shall duly execute, acknowledge and record in the Official Records in the Office of the County Recorder of Washington County, State of Utah, a supplemental Declaration setting forth that an expansion of the Project has occurred. Such Supplemental Declaration shall include, in addition to any requirements of the Act, the following: (i) a legal description by metes and bounds of the Additional Land added to the Project; (ii) the designation of each Unit and Building created from and included within the Additional Land; and (iii) the recomputed Percentage Interest allocated and appertaining to all Units within the Project.

6.13 Qualifications. Each expansion of the Project by the addition of Additional Land shall be subject to the following additional qualifications:

(a) Percentage Interest. The Percentage Interest appertaining to a Unit and each Unit shall be recomputed in accordance with the provisions of Section 4.4 taking into consideration the Units contained upon the Additional Land to be included within the Project.

(b) 100% Total. Following the addition to the Project of Additional Land, the total of the Percentage Interest appertaining to all Units shall in any event equal 100%.

6.14 Amendment to this Article. This Article VI shall not be amended without the written consent of the Declarant.

VII. THE ASSOCIATION

7.1 Membership. Each Owner shall be entitled and required to be a Member of the Association; membership shall begin immediately and automatically upon becoming an Owner and shall terminate immediately and automatically upon ceasing to be an Owner. If title to a Unit is held by more than one Person, the membership appurtenant to that Unit shall be shared by all such Persons in the same proportionate interests and by the same type of tenancy in which title to the Unit is held. An Owner shall be entitled to one membership for each Unit owned by him. For

Combined Units, a Member shall be considered to hold two membership interests. Each membership shall be appurtenant to the Unit to which it relates and shall be transferred automatically by conveyance of that Unit. Ownership of a Unit within the Project cannot be separated from membership in the Association appurtenant thereto, and any devise, encumbrance, conveyance, or other disposition of a Unit shall be construed to be a devise, encumbrance, or other disposition, respectively, of the Owner's membership in the Association, and the rights appurtenant thereto. No person or entity other than an Owner may be a Member of the Association, and membership in the Association may not be transferred except in connection with the transfer of a Unit.

7.2 Management Committee. The Management Committee shall initially consist of three (3) Members which can be increased up to as many as five (5) Members as provided for in the Bylaws for Trustees, without further amendment of this Declaration. In addition to Unit Owners, spouses of Unit Owners, partners of partnerships, directors or officers of corporations, and managers or members of limited liability companies owning a Unit shall be eligible for membership on the Management Committee; however, Committee members need not be Association members. 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 Recordation of the Declaration.
- (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 Land has been annexed to the Project pursuant to Article VI, whichever occurs last.

7.3 Voting. The Association shall have two (2) classes of voting membership:

Class A. Class A Members shall be all Owners, with the exception of the Declarant. Each Class A Member shall be entitled to the number of votes appurtenant to each respective Unit as shown on Exhibit B. In the event more than one Class A Member owns an interest in a Unit, the votes of such Unit shall be exercised as they themselves determine, but in no case shall more than the applicable number of votes designated on Exhibit B be cast with respect to any one Unit by Class A Members.

Class B. The Class B Member shall be the Declarant who shall be entitled to three times (3x) the number of votes appurtenant to each respective Unit as shown on Exhibit B for each Unit owned by the Declarant. The Class B membership shall cease and be converted to Class A membership upon the happening of either of the following events, whichever occurs earlier:

- (a) When the total votes in the Class A membership equal the total votes in the Class B membership, or
- (b) Seven (7) years from the date of recordation of this Declaration.

7.4 Changes in Voting Procedure. For seven (7) years from the date of this Declaration, if Declarant shall exercise its option to add additional Units (up to 400 total Units) on the Additional Land, and at such time as the amended or supplementary Declaration is filed, the voting shall be adjusted accordingly, including that Declarant may regain its Class B voting status for all Units owned (whether or not completed), even if previously converted to Class A status under the terms of Section 7.3.

7.5 Multiple Ownership Interests. In the event there is more than Owner of a particular Unit, the vote relating to such Unit shall be exercised as such Owners may determine among themselves. A vote cast at any Association meeting by any of such Owners, whether in person or by proxy, shall be conclusively presumed to be the vote attributable to the Unit concerned unless an objection is immediately made by another Owner of the same Unit. In the event such an objection is made, the vote involved shall not be counted for any purpose whatsoever other than to determine whether a quorum exists.

VIII. RIGHTS AND OBLIGATIONS OF THE ASSOCIATION

8.1 Common Areas. The Association, subject to the rights of the Owners set forth in Article IV hereof, shall be responsible for the exclusive management and control of the Common Areas and all improvements thereon (including furnishings and equipment related thereto) and shall keep the same in good, clean, attractive and sanitary condition, order and repair; provided, however, that each Owner of a Unit shall keep the Limited Common Areas, if any, designated for use in connection with his Unit, in a good, clean, sanitary and attractive condition. Except as otherwise provided for with respect to Limited Common Areas, the Association shall be responsible for the maintenance and repair of all Common Areas. The cost of such management, operation, maintenance and repair by the Association of the Common Areas shall be borne as provided in Article IX.

8.2 Miscellaneous Services. The Association may obtain and pay for the services of any person or entity to manage its affairs, or any part thereof, to the extent it deems advisable, as well as such other personnel of the Association as it shall be determined to be necessary or desirable for the proper operation of the Project, whether such personnel are furnished or employed directly by the Association or by any person or entity with whom or which it contracts. The Association may obtain on behalf of the Association and pay for legal and accounting services necessary or desirable in connection with the operation of the Project or the enforcement of this Declaration. The Association may arrange with others to furnish trash collection, snow removal, ground maintenance, and other common services to each Unit. The cost of such services shall be borne as provided in Article IX.

8.3 Personal Property for Common Use. The Association may acquire and hold for the use and benefit of the Association and all of the Owners, tangible and intangible personal property and may dispose of the same by sale or otherwise, and the beneficial interest in any such property shall be deemed to be owned by the Owners in the same proportion as each Owner's respective Percentage Interest. Such interest shall not be transferable except with the transfer of a Unit. A transfer of a Unit shall transfer to the transferee ownership of the transferor's beneficial interest in such property without any reference thereto. Each owner may use such property in accordance with the purpose for which it is intended, without hindering or encroaching upon the lawful rights of other Owners. The transfer of title to a Unit under foreclosure shall entitle the purchaser to the interest in such personal property associated with the foreclosed Unit.

8.4 Rules and Regulations. The Association, by action of the Management Committee, may make reasonable rules and regulations governing the use of the Units and of the Common Areas, which rules and regulations shall be consistent with the rights and duties established in this Declaration. Such rules and regulations may include, without limitation: (i) a requirement that draperies, shades, or other interior window coverings, including the interior surfaces of any window or door glass used in Units shall present a uniform appearance of type and color from the exterior any Building or all Buildings and that the Association shall have the right to inspect and reinspect and approve all proposed draperies, shades, or other interior window coverings to ensure compliance with such rules before installation thereof in a Unit, (ii) that Limited Common Areas conform to standardized regulations regarding appearance, maintenance

and modifications thereof, (iii) regulations and procedures as may be necessary or desirable to aid the Management Committee in carrying out any of its functions or to ensure that the Project is maintained and used in a manner consistent with the interest of the Unit Owners, and (iv) regulations and procedures governing the use and maintenance of Common Areas. The Association may suspend any Owner's voting rights in the Association during any period or periods during which such Owner fails to comply with such rules and regulations, or with any other obligations of such Owner under this Declaration. The Association may also take judicial action against the Owner to enforce compliance with such rules, regulations or other obligations or to obtain damages for non-compliance, all to the extent permitted by law. The Association shall be entitled to recover its costs, including reasonable attorney's fees, from the offending Member.

8.5 Granting Easements. The Association may, without a vote or consent of the Owners, or of any other person, grant or create, on behalf of the Association, on such terms as it deems advisable, utility and similar easements and rights-of-way over, under, across, and through the Common Areas.

8.6 Implied Rights. The Association and the Management Committee may exercise any other right or privilege given to them expressly by this Declaration or Bylaw, and every other right or privilege reasonably to be implied from the existence of any right or privilege given to them herein or reasonably necessary to effectuate any such right or privilege.

8.7 Professional Management. The Management Committee may employ a professional manager or other persons as an independent contractor, and not an agent or employee of the Association, to perform all or any part of the duties and responsibilities of the Association. Any contract with a person or firm appointed as a manager shall be terminable by the Committee for cause upon thirty (30) days' written notice thereof. Any such contract to furnish goods or services for any Common Area or the Association shall be limited to a duration of three (3) years; provided, however, that such contract may be renewable for successive one (1) year periods with the approval, for each such period, by a vote or written consent of a majority of each class of Members of the Association.

IX. ASSESSMENTS

9.1 Personal Obligation and Lien. Each Owner shall, by acquiring or in any way becoming vested with his interest in a Unit, be deemed to covenant and agree to pay the Association the monthly and all other assessments described in this Article, together with reasonable attorney's fees, interest and costs of collection. All such amounts shall be, constitute, and remain:

(a) A charge and continuing lien upon the lot with respect to which such assessment is made; and

(b) The personal obligation of the Person who is the Owner of such Unit at the time the assessment falls due. No Owner may exempt himself or his Unit from liability for payment of assessments by waiver of his rights concerning the Common Areas or by abandonment of his Unit. In a voluntary conveyance of a Unit, the grantee shall be jointly and severally liable with the grantor for all such unpaid assessments, late payment fees, interest and costs of collection, including reasonable attorney's fees, which shall be a charge on the lot at the time of conveyance, without prejudice to grantee's right to recover from the grantor the amounts paid by grantee therefor. Any such lien, however, shall be subordinate to the lien or equivalent security interest of any first mortgage on the Unit recorded prior to the date any such common expense assessments become due.

For the purpose of assessment, the term Owner shall exclude the Declarant. Declarant's

obligation for assessments shall be limited to underwriting the cost of operation of the Association until 75% of the Units are sold and closed. Declarant shall not be liable for reserves for future replacements and costs in excess of that amount necessary to underwrite the Association's ordinary and necessary expenses.

9.2 Purpose of Assessments. Assessments levied by the Association shall be used exclusively for the purpose of promoting the maintenance, health, safety, and welfare of the residents of the Project. The use made of the Association funds obtained from Assessments may include payment of the cost of: taxes, insurance, management and supervision of the Common Areas, including personal property owned by the Association; establishing and funding a reserve to cover major repair or replacement of improvements within the Common Areas; any expense necessary or desirable to enable the Association to perform or fulfill its obligations, functions, or purposes under this Declaration.

9.3 Basis and Maximum of Annual Assessments. Each Unit which is certified for occupancy shall be assessed according to the schedule set forth below. Each monthly assessment to bear interest at the rate of 18% per annum from the date it becomes due and payable if not paid within thirty (30) days after such date. Failure of the Association to give timely notice of any assessment shall not affect the liability of the Owner for such assessment. Every Owner of a unit shall pay his proportionate share of the common expenses. Assessments shall commence as to all units in a phase on the first day of the month immediately following the first close of sale of a unit in that phase. Payment thereof shall be in such amounts and in such intervals as the Management Committee determines in accordance with the Act, this Declaration or the Bylaws. The total annual assessments against all units shall be based, among other things, on the expenses growing out of or connected with the maintenance and operation of the Common Areas (including management, grounds maintenance, taxes, insurance, lighting, heating, water, trash collection, snow removal, sewer service, repairs and maintenance, wages of Association employees, legal and accounting fees, and other related and necessary expenses; reasonable contingency for reserves; and any other expenses and liabilities which may be incurred by the Association for the benefit of the Owners under or by reason of this Declaration.

9.4 Apportionment of Annual Assessments. Expenses attributable to the Common Areas and to the Project as a whole shall be apportioned among all Owners in proportion to their respective Percentage Interests.

9.5 Special Assessments for Capital Improvements. In addition to the annual assessments authorized by this Article, the Association may levy in any assessment year a special assessment, payable over such period of time as the Association may determine, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of the Project or any part thereof, or for any other expense incurred or to be incurred as provided in this Declaration. Any special assessment in excess of five percent (5%) of the annual budget shall require consent of a majority of the Owners, not including the Declarant. This Section shall not be construed as an independent source of authority for the Association to incur expenses, but shall be construed to prescribe the manner of assessing for expenses authorized by other Sections hereof which shall make specific reference to this Article. Any amounts assessed pursuant hereto shall be assessed to Owners in proportion to their respective Percentage Interest.

Notice in writing of the amount of such special assessments and the time for payment thereof shall be given promptly to the Owners, and no payment shall be due less than thirty (30) days after such notice shall have been given. A special assessment shall bear interest at the rate of eighteen percent (18%) per annum from the date it becomes due and payable if not paid within thirty (30) days after such date.

9.6 Additional Assessments. In addition to the annual assessments and special assessments for capital improvements authorized herein, the Association shall levy such assessments as may be necessary from time to time for the purpose of repairing and restoring the damage or disruption resulting to Common Areas from the activities of the City of St. George in maintaining, repairing or replacing utility lines and facilities thereon, it being acknowledged that the ownership of utility lines, underground or otherwise, is in the City up to and including the meters for individual lots, and that they are installed and shall be maintained to City specifications.

9.7 Individual Assessments. Each Owner of a lot shall also be assessed from time to time for (i) all fines, penalties and damages to which its Owner is subject as a result of a violation of the terms of this Declaration and rules and regulations prescribed by the Committee for the use of the Common Area, (ii) for damages caused to the Common Area by the negligence or willful misconduct of such Owner, and (iii) for any other liability, indebtedness or other obligation of the Owner to the Association arising under the provisions of this Declaration. Notice of all Individual Assessments shall be given by the Committee to the Owner of each lot assessed within fifteen (15) days of the adoption of the Individual Assessment. Individual Assessments shall be due and payable within thirty (30) days following written notice thereof by the Committee and shall bear interest thereafter at the rate of eighteen percent (18%) per annum.

9.8 Lien for Assessments.

(a) All sums assessed to any Unit pursuant to this Article, together with interest thereon, as provided herein, shall be secured by a lien on such Unit in favor of the Association. Such lien shall be superior to all other liens and encumbrances on such Unit, except only for: (a) valid tax and special assessment liens on the Unit in favor of any governmental assessing authority; and (b) encumbrances on the interest of the Unit Owner recorded in the Official Records of the Washington County Recorder prior to the date a notice (as provided herein) is recorded which by law would be a lien prior to subsequently recorded encumbrances, including all unpaid obligatory advances to be made pursuant to such encumbrances and all amounts advanced pursuant to such encumbrances and secured by the lien thereof in accordance with the terms of such instrument. All other Mortgagees and lienors shall be deemed to consent that such liens shall be inferior to future liens for assessments, as provided herein, whether or not such consent be specifically set forth in the instruments creating such liens.

(b) To evidence a lien for sums assessed pursuant to this Article, the Association shall prepare a written notice of lien setting forth the amount of the assessment, the date due, the amount remaining unpaid, the name of the Owner of the Unit and a description of the Unit. Such a notice shall be signed by the President of the Association and shall be recorded in the Official Records of the Office of the County Recorder of Washington County, State of Utah. No notice of lien shall be recorded until there is a delinquency in payment of the assessment. Such lien may be enforced by power of sale or judicial foreclosure by the Association in the same manner in which deeds of trust or mortgages on real property are foreclosed in the State of Utah. In any such sale or foreclosure, the Owner shall be required to pay the costs and expenses of such proceeding, the costs and expenses of filing the notice of lien and all reasonable attorney's fees. All such costs, expenses and fees shall be secured by the lien being foreclosed. The Owner shall also be required to pay to the Association any assessments against the Unit which shall become due during the period of foreclosure. The Association shall have the right and power to bid an amount equal to its then existing lien at the foreclosure sale or other legal sale and to acquire, hold, convey, lease, rent, encumber, use and otherwise deal with the Unit as the Owner thereof.

(c) A release of notice of lien shall be executed by the President of the

Association and recorded in the Official Records of the Office of the County Recorder of Washington County, State of Utah, upon payment of all sums secured by such lien which has been made the subject of a recorded notice of lien.

(d) Any Mortgagee or encumbrancer holding a lien on a Unit may pay, but shall not be required to pay, any amounts secured by the lien created by this Section, and upon such payment, such Mortgagee or encumbrancer shall be subrogated to all rights of the Association with respect to such lien, including priority.

9.9 Personal Obligation of Owner. The amount of any annual or special assessment against any Unit shall be the personal obligation of the Owner thereof to the Association. Suit to recover a money judgment for such personal obligation shall be maintainable by the Association without foreclosing or waiving the lien securing the same.

9.10 Statement of Account. Upon payment of a reasonable fee not to exceed Ten Dollars (\$10.00), or such higher amount as the Act may allow, and upon written request of any Owner or any Mortgagee, prospective Mortgagee or prospective purchaser of a Unit, the Association shall issue a written statement setting forth the amount of the unpaid assessments, if any, with respect to a Unit; the amount of the current yearly assessment and the date that such assessment becomes or became due; the amount of any credit for advance payments or prepaid items, including, but not limited to, such Owner's share of prepaid insurance premiums; and such statement shall be conclusive upon the Association in favor of persons who rely thereon in good faith. Unless such request for a statement of account shall be complied with within ten (10) days, or such longer period allowed by the Act, all unpaid assessments which became due prior to the date of making such request shall be subordinate to the lien of a Mortgagee which acquires its interest subsequent to requesting such statement. Where a prospective purchaser makes such request, both the lien for such unpaid assessments and the personal obligations of the purchaser shall be released automatically if the statement is not furnished within the ten (10) day period provided herein and thereafter an additional written request is made by such purchaser and is not complied with by the Association within ten (10) days, and the purchaser subsequently acquires the Unit.

X. INSURANCE

10.1 The Association shall secure and at all times maintain for the benefit of the Association and the Owners the following insurance coverages:

(a) Hazard Coverage. A multi-peril policy or policies of fire and other hazard insurance covering the entire Project (both Units and Common Areas), with extended coverage and all other coverages in the kinds and amounts commonly required by private institutional mortgage investors for projects similar in construction, location and use on a replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value (based upon replacement cost) of the Project. Each such policy shall contain the standard mortgagee clause which must be endorsed to provide that any proceeds shall be paid to the Association for the use and benefit of Mortgagees as their interests may appear. The assured shall be the Association as a trustee for the Unit Owners, or their authorized representatives. Such insurance must provide protection against at least the following: Loss by fire and other hazards covered by standard extended coverage.

(b) Public Liability. A comprehensive policy of public liability insurance covering all of the Common Areas insuring the Association, the Management Committee and its members, the Manager, and the Unit Owners against any liability incident to the ownership, use, or operation of the Common Areas and public ways of the Project or of any

Unit which may arise among themselves, to the public, or to any invitees, or tenants of the Project, or of the Unit Owners. Limits of liability under such insurance shall be not less than One Million Dollars (\$1,000,000.00) covering all claims for personal property injury and/or property damage arising out of a single occurrence, including protection against water damage liability, liability for non-owned and hired automobiles and liability for property of others. Such insurance policy shall contain a "severability of interest" endorsement which shall preclude the insurer from denying the claim of a Unit Owner because of negligent acts of the Association, its Board of Trustees, its Officers or other Unit Owners. The scope of coverage must include all other coverage in the kinds and amounts required by private institutional mortgage investors for similar projects in location, construction and use.

(c) Workmen's Compensation Insurance. The Association shall obtain and maintain for the benefit of and on behalf of the Association, Workmen's Compensation and employer's liability insurance and all other similar insurance with respect to employees of the Association in the amounts and in the forms now or hereafter required by law.

(d) Fidelity Insurance or Bond. The Association shall purchase for the benefit of and on behalf of the Association, in such amounts and in such forms as it deems appropriate, fidelity insurance or a bond to cover against dishonesty of Committee members, Officers and employees, destruction or disappearance of money or securities, and forgery.

10.2 The following additional provisions shall apply with respect to insurance:

(a) In addition to the insurance and bond coverage described above, the Association shall secure and at all times maintain for the benefit of and on behalf of the Association, insurance against such risks as are or hereafter may be customarily insured against in connection with all condominium projects similar to the Project in construction, nature and use.

(b) All insurance policies shall be written by a company holding a financial rating of Class VI or better as designated in Best's Insurance Reports. Each insurer must be specifically licensed to transact business within the State of Utah. Policies are unacceptable where (i) under the terms of the carrier's charter, Bylaws or policy, contributions or assessments may be made against the Borrower or the Mortgagee; or (ii) by the terms of the carrier's charter, Bylaws or policy, loss payments are contingent upon action by the carrier's board of directors, policy holders, or members; or (iii) the policy includes any limiting clauses (other than insurance conditions) which could prevent the Mortgagee or the Borrower from collecting insurance proceeds.

(c) The Association shall have the authority to adjust losses.

(d) Insurance secured and maintained by the Association shall not be brought into contribution with insurance held by the individual Unit Owners or their Mortgagees.

(e) Each policy of insurance obtained by the Association for the benefit of the Association shall provide: a standard mortgagee clause commonly accepted by private institutional mortgage investors in the area in which the Project is located; a waiver (if available) of the insurer's subrogation rights with respect to the Association, the Trustees, Officers of the Association, the Manager and its members, the Unit Owners, and their respective servants, agents and guests; that it cannot be canceled, suspended or invalidated due to the conduct of any member, officer, or employee of the Association or of the Manager without a prior written demand that the defect be cured; that any "no other insurance" clause

therein shall not apply with respect to insurance held individually by the Unit Owners; and that a mortgagee clause endorsement which must provide that the insurance carrier shall notify in writing any and all insureds, including the servicers on behalf of Mortgagees thereof at least thirty (30) days in advance of the effective date of any substantial modification or cancellation of the policy.

(f) Any Unit Owner may obtain additional insurance at his own expense, so long as such additional insurance does not have the effect of decreasing the amount which may be realized under any policy maintained by the Association. Any Unit Owner who individually obtains insurance covering any portion of the Project shall supply the Committee with a copy of his policy within thirty (30) days after he acquires such insurance.

(g) Insurance coverage required by this Article must not be prejudiced by (i) any act or neglect of the Unit Owners when such act or neglect is not within the control of the Association, or (ii) any failure of the Association to comply with any warranty or condition regarding any portion of the Project over which the Association has no control.

(h) All policies of property insurance must provide that notwithstanding any provision affording the insurer the right to elect to restore damage in lieu of a cash settlement, such option shall not be exercisable without the prior written approval of the Association (or any insurance trustee) or when in conflict with the provisions of any insurance trust agreement to which the insurance may be a party, or any requirement of law.

(i) The foregoing provisions of this Article X shall not be construed to limit the power or authority of the Association to obtain and maintain insurance coverage. In addition to any insurance coverage required hereunder, the Association may obtain such other insurance or additional insurance in such amounts and in such forms as the Association may deem proper from time to time.

(j) The Association shall have no responsibility regarding insurance on the personal property of Unit Owners.

XI. DAMAGE OR DESTRUCTION

11.1 In the event of damage of or destruction of part or all of the improvements in the Project, the following procedures shall apply:

(a) Insurance Proceeds Sufficient to Repair or Reconstruct. If proceeds of the insurance maintained by the Association are alone sufficient to repair or reconstruct the damage or destroyed improvement, such repair or reconstruction shall be carried out.

(b) Damage and Destruction Less than 75%. If less than 75% of the Project's improvements are destroyed or substantially damaged, and if proceeds of the insurance maintained by the Association are not alone sufficient to accomplish repair or reconstruction, restoration shall be carried out and all Owners shall be assessed for any deficiency on the basis of their respective Percentage Interest.

(c) Damage or Destruction Exceeds 75%. If 75% or more of the Project's improvements are destroyed or substantially damaged, if proceeds of the insurance maintained by the Association are not alone sufficient to accomplish restoration, and if the Owners within 100 days after the destruction or damage by a vote of at least 75% elect to repair or reconstruct the affected improvements, restoration shall be accomplished in the

manner directed under subsection (b) above.

(d) Substantial Damage or Destruction but Owners Do Not Elect to Repair or Reconstruct. If 75% or more of the Project's improvements are destroyed or substantially damaged, if proceeds of the insurance maintained by the Association are insufficient to accomplish restoration, and if the Owners do not, within 100 days after the destruction or damage and by a vote of at least 75% elect to repair or reconstruct the affected improvements, the Association shall promptly record with the Washington County Recorder a notice setting forth such facts. Upon the recording of such notice, the provisions of the Act shall apply and shall govern the rights of all parties having an interest in the Project or any of the Units.

11.2 Determination of Extent of Damage or Destruction. Any reconstruction or repair which is required to be carried out by this Article XI regarding the extent of damage to or destruction of Project improvements shall be made by three MAI appraisers selected by the Association. The decision of any two such appraisers shall be conclusive.

XII. OBSOLESCENCE

12.1 Adoption of a Plan. The Owners representing an aggregate voting interest of eighty percent (80%) or more of the Project may agree that the Project is obsolete and adopt a written plan for the renewal and reconstruction, provided that such plan has the unanimous approval of all first Mortgagees of record at the time of the adoption of such plan. Written notice of adoption of such a plan shall be given to all Owners. Such plan shall be recorded in the Official Records of the County Recorder of Washington County, State of Utah.

12.2 Payment for Renewal and Reconstruction. The expenses of renewal or reconstruction shall be payable by all of the Owners as assessments against their respective Units. These assessments shall be levied in advance pursuant to Article IX hereof and shall be allocated and collected as provided in that Article. Further levies may be made in like manner if the amounts collected prove insufficient to complete the renewal and reconstruction.

12.3 Dissents from the Plan. An Owner not a party to such a plan for renewal or reconstruction may give written notice of dissent to the Association within fifteen (15) days after the recordation of such plan. The Association shall then give written notice of such dissents to all owners within five (5) days after the expiration of such fifteen (15) day period. Within fifteen (15) days of receipt of such notice from the Association, the Owners representing an aggregate voting interest of more than twenty percent (20%) of the Project may cancel the plan by written instrument recorded in the Official Records of the County Recorder of Washington County, State of Utah. If the plan is not canceled, then the Units of each dissenter shall be purchased according to the following procedures. If the Owner and the Association can agree on the fair market value of such Owner's Unit, then such sale and conveyance shall be completed within sixty (60) days thereafter. If the parties are unable to agree on the fair market value of such Owner's Unit, the date when either party notifies the other that he or it is unable to agree with the other shall be the "commencement date" from which all periods of time mentioned herein shall be measured. Within ten (10) days following the commencement date, each party shall nominate a qualified appraiser by written nomination and shall give notice to the other of such nomination. In the event a party fails to nominate an appraiser, the appraiser nominated shall, within five (5) days after notice of the other party's failure to appoint an appraiser, appoint and associate with him another qualified appraiser. If the two appraisers designated by the parties, or selected pursuant hereto in the event of default of one party, are unable to agree, they shall appoint another qualified appraiser to be umpire between them, if they can agree on such person. If they are unable to agree upon such umpire, then each appraiser

previously appointed shall nominate two qualified appraisers, and from the names of the four persons so nominated, one shall be drawn by lot by a judge of any court of record in Utah, and the person whose name is so drawn shall be the umpire. The nominations from among which the name of the umpire is to be drawn by lot shall be submitted within ten (10) days of the failure of the two appraisers to agree, which, in any event, shall not be later than twenty (20) days following the appointment of the second appraiser. The decision of the appraisers as to the fair market value, or in the case of their disagreement, the decision of such umpire shall be final and binding. The expenses and fees of such appraisers shall be borne equally by the Association and the Owner. The sale shall be consummated within sixty (60) days after decision of the appraisers, and the Association as attorney-in-fact shall disburse the proceeds first to Mortgagees and encumbrancers (including the Association) in the order of the priority of their liens and the balance remaining to the Owner. The obligation of the Association to make such purchase shall be conditioned on the fair market value of the Unit exceeding the obligations secured by Mortgages and liens on such Unit, and upon the marketability of the title of the Owner. An Owner shall furnish the Association an appropriate commitment for title insurance evidencing marketability of his title not less than fifteen (15) days prior to the date set for completion of the sale.

The Association, pursuant to Article IX hereof, may levy a special assessment sufficient to provide funds to pay for other Units of the dissenters, provided that such assessments shall not apply to any of the Owners who are among the dissenters and shall not be liens against the Units of such Owners.

12.4 Sale of Obsolete Units. The Owners representing an aggregate ownership interest of eighty percent (80%) or more of the Units may agree that the Units are obsolete and that the Project should be sold. Such an agreement must have the unanimous approval of every first Mortgagee of record at the time such agreement is made. In such instance, the Association shall forthwith record a notice setting forth such fact or facts, and upon the recording of such notice by the Association, the Project shall be sold by the Association as attorney-in-fact for all of the Owners free and clear of the provisions contained in this Declaration, the Map and the Bylaws of the Association. The sale proceeds shall be apportioned among the Owners in proportion to the respective undivided interests in the Common Areas, and such apportioned proceeds shall be paid into separate accounts, each such account representing one Unit. Each such account shall remain in the name of the Association, and shall be further identified by the Unit designation and the name of the Owner. From each separate account, the Association, as attorney-in-fact, shall use and disburse the total amount of such accounts without contribution from one account to the other, first to Mortgagees and encumbrancers (including the Association) in the order of the priority of their liens, and the balance remaining to each respective Owners.

12.5 Distribution of Excess. In the event amounts collected pursuant to Section 12.2 are in excess of the amounts required for renewal and reconstruction, the excess shall be returned to the Owners by the Association by a distribution to each Owner in an amount proportionate to the respective amount collected from each such Owner.

XIII CONDEMNATION

13.1 Consequences of Condemnation. If at any time or times during the continuance of the condominium ownership pursuant to this Declaration, all or any part of the Project shall be taken or condemned by any public authority or sold or otherwise disposed of in lieu of or in avoidance thereof, the following provisions of this Article shall apply.

13.2 Proceeds. All compensation, damages or other proceeds therefrom, the sum of which is hereinafter called the "Condemnation Award," shall be payable to the Association.

13.3 Complete Taking. In the event that the entire Project is taken or condemned, or sold or otherwise disposed of in lieu of or in avoidance thereof, the condominium ownership pursuant thereto shall terminate. The Condemnation Award shall be apportioned among the Owners in proportion to the respective Percentage Interest in the Common Areas, provided that if a standard different from the value of the Project as a whole is employed to measure the Condemnation Award in the negotiations, judicial decree, or otherwise, then in determining such shares, the same standard shall be employed to the extent it is relevant and applicable.

On the basis of the principle set forth in the last preceding paragraph, the Association shall as soon as practicable determine the share of the Condemnation Award to which each Owner is entitled. Such shares shall be paid into separate accounts and disbursed as soon as practicable in the same manner provided in Section 13.4 of this Declaration.

13.4 Partial Taking. In the event that less than the entire Project is taken or condemned, or sold or otherwise disposed of in lieu of or in avoidance thereof, the condominium ownership hereunder shall not terminate. Each Owner shall be entitled to a share of the Condemnation Award to be determined in the following manner: (a) as soon as practicable the Association shall, reasonably and in good faith, allocate the Condemnation Award between compensation, damages, or other proceeds, and shall apportion the amounts so allocated to taking of or injury to the Common Areas among Owners in proportion to their respective Percentage Interests in the Common Areas, (b) the total amount allocated to severance damages shall be apportioned to those Units which were not taken or condemned, (c) the respective amounts allocated to the taking of or injury to a particular Unit and/or improvements an Owner has made within his own Unit shall be apportioned to the particular Unit involved, and (d) the total amount allocated to consequential damages and any other takings or injuries shall be apportioned as the Association determines to be equitable in the circumstances. If an allocation of the Condemnation Award is already established in negotiation, judicial decree, or otherwise, then in allocating the Condemnation Award, the Association shall employ such allocation to the extent it is relevant and applicable. Distribution of apportioned proceeds shall be made by checks payable jointly to the respective Owners and their respective Mortgagees and encumbrancers.

13.5 Reorganization. In the event a partial taking results in the taking of a complete Unit, the Owner thereof automatically shall cease to be a member of the Association. Thereafter, the Association shall reallocate the ownership, voting rights, and assessment ratio determined in accordance with this Declaration according to the same principles employed in this Declaration at its inception and as required by the Act and shall submit such reallocation to the Owners of remaining Units for amendment of this Declaration as provided.

13.6 Reconstruction and Repair. Any reconstruction and repair necessitated by condemnation shall be governed by the procedures specified in Article XII, above.

XIV. USE OF UNITS AND COMMON AREAS

14.1 Unit Use Restrictions. All Units within the Project shall be used exclusively for residential housing and for no other purposes.

14.2 Use of Common Areas. There shall be no obstruction of the Common Areas by the Owners and/or their tenants, guests, or invitees, without the prior consent of the Association. The Association Management Committee may by rules and regulations, prohibit or limit the use of the Common Areas as may be reasonably necessary for the purpose of protecting the interests of all the Owners or protecting the Units or the Common Areas. Nothing shall be kept or stored on any part of the Common Areas without the prior written consent of the Association except as specifically provided herein. Nothing shall be altered on, constructed in, or removed from, the Common

Areas except upon the prior written consent of the Association.

14.3 Prohibition of Damage and Certain Activities. Nothing shall be done or kept in any Unit or in the Common Areas or any part thereof which would result in the cancellation of the insurance on the Project or any part thereof or an increase of the rate of the insurance on the Project or any part thereof, over what the Association, but for such activity, would pay, without the prior written consent of the Association. Nothing shall be done or kept in any Unit or in the Common Areas or any part thereof which would be a violation of any statute, rule, ordinance, regulation, permit or other validly imposed requirement of any governmental body. No damage to, or waste of, the Common Areas or any part thereof shall be committed by any Owner or any invitee of any Owner, and each Owner shall indemnify and hold the Association and other Owners harmless against all loss resulting from such damage or waste caused by him or his invitees; provided, however, that any invitee of the Declarant shall not be under any circumstances deemed to be an invitee of any other Owner. No noxious, destructive or offensive activity shall be carried on in any Unit or in the Common Areas or any part thereof, nor shall anything be done therein which may be or may become an annoyance or nuisance to any other Owner or to any Person at any time lawfully occupying a Unit in the Project.

14.4 Rules and Regulations. No Owner shall violate the rules and regulations for the use of the Units and of the Common Areas as adopted from time to time by Management Committee of the Association.

14.5 Structural Alterations. No structural alterations to any Unit shall be made, and no plumbing, electrical or similar work within the Common Areas shall be done, by any Owner without the prior written consent of the Association.

14.6 Restriction on Signs. No signs, flags, or advertising devices of any nature shall be erected or maintained on any part of the Project without the prior written approval of the Association, except (i) as may be necessary temporarily to caution or warn of danger or to provide directions as required by law and (ii) such signs as Declarant may erect or maintain incident to sale or lease of Units. If the Association consents to the erection of any such signs or devices, the same shall be removed promptly at the request of the Association.

14.7 Recreational Vehicles. No recreational vehicle (boats, campers, trailers, motor homes, or similar items) shall be parked on any portion of the Common Areas except for temporary parking.

14.8 No Overloading. No Owner shall bring anything into his Unit or permit anything to be done in his Unit that will cause damage to a Building. No Owner shall overload a floor of his Unit. No Owner shall permit the use or operation in his Unit of any equipment or other device that will in any manner injure a Building or portions thereof.

14.9 Exemption of Declarant. The provisions of this Article XIV shall not apply to any improvement or structure constructed on the Subject Property by Declarant prior to the time that Units and appurtenant Percentage Interests are conveyed by Declarant to purchasers; and the Declarant shall have the right to use any Unit owned by it, and any part of the Common Areas reasonably necessary or appropriate, in furtherance of any construction, marketing, sales, management, promotional, or other activities designed to accomplish or facilitate improvement of the Common Areas or improvement and sale of Units owned by Declarant.

XV. MORTGAGEE PROTECTION

From and after the time a Mortgagee makes written request to the Association therefor the Association shall notify such Mortgagee in writing in the event that the Owner of the Unit encumbered by the Mortgage held by such Mortgagee neglects for a period of thirty (30) or more days to cure any failure on his part to perform any of his obligations under this Declaration.

The lien or claim against a Unit for unpaid assessments or charges levied by the Association pursuant to this Declaration or the Act shall be subordinate to a Mortgage affecting such Unit provided that such Mortgage was recorded prior to recording of such notice of lien or claim levied by the Association, and the Mortgagee thereunder which comes into possession of or which obtains title to the Unit shall take the same free of such lien or claim for unpaid assessments or charges, but only to the extent of assessments or charges which accrue prior to foreclosure of the Mortgage, exercise of a power of sale available thereunder, or deed or assignment in lieu of foreclosure. No assessment, charge, lien or claim which is described in the preceding sentence as being subordinate to a Mortgage or as not to burden a Mortgage which comes into possession or which obtains title shall be collected or enforced by the Association from or against a Mortgagee, a successor in title to a Mortgagee, or the Unit affected or previously affected by the Mortgage concerned.

Unless at least seventy-five percent (75%) of the first Mortgagees (based upon one vote for each Mortgage) or Owners (other than Declarant) of the individual Units have given their prior written approval, the Association shall not be entitled, by act, omission, or otherwise:

- (a) To abandon or terminate the Project or to abandon or terminate the arrangement which is established by this Declaration and the Map;
- (b) To partition or subdivide any Unit;
- (c) To abandon, partition, subdivide, encumber, sell or transfer all or any part of the Common Areas (except for the granting of easements for utilities and similar purposes consistent with the intended use of the Common Areas and except as to such matters which might result from Declarant's addition of Additional Land pursuant to the provisions of Article VI);
- (d) To use hazard insurance proceeds resulting from damage to any part of the Project (whether to Units or to the Common Areas) for purposes other than the repair, replacement or reconstruction of such improvements, except as provided in Article XI;
- (e) To change the pro rata interests or obligations of any Unit which apply for (i) purposes of levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards and for (ii) determining the pro rata share of ownership of each Unit in the Common Areas, except as such changes may occur as a result of partial condemnation, and except as such changes may occur as a result of expansion of the Project pursuant to the provisions of Article VI.

The Association shall not: (i) alter the provisions of Article X in such a way as to diminish the insurance protection required to be afforded to the parties designated to be protected thereby; or (ii) fail to maintain the insurance coverage described in said Article.

Any first Mortgagee shall have the right, at its request and expense and upon reasonable notice, to examine the books and records of the Association. The Association shall establish an adequate reserve to cover the cost of reasonably predictable and necessary major repairs, mainten-

ance and replacement of the Common Areas and shall cause such reserve to be funded by regular monthly or other periodic assessments against the Units rather than by special assessments.

From and after the time a first Mortgagee makes written request to the Association therefor, the Association shall notify such Mortgagee in writing in the event that there occurs any damage or loss to, or taking or anticipated condemnation of: (i) the Common Areas involving an amount in excess of, or reasonably estimated to be in excess of, Ten Thousand Dollars (\$10,000.00); or (ii) any Unit encumbered by the Mortgage held by such Mortgagee, if the amount involved in such damage, loss, or taking is in excess of, or reasonably estimated to be in excess of, One Thousand Dollars (\$1,000.00). Said notice shall be given within ten (10) days after the Association learns of such damage, loss, taking or anticipated condemnation.

No provision of this Declaration gives or may give a Unit Owner or any other party priority over any rights of Mortgagees pursuant to their respective Mortgages in the case of a distribution to Unit Owners of insurance proceeds or condemnation awards for loss to or taking of Units and/or the Common Areas.

In the event another provision or clause of this Declaration deals with the same subject matter as is dealt with in any provision or clause of this Article XV, the provision or clause which results in the greatest protection and security for a Mortgagee shall control the rights, obligations or limits of authority, as the case may be, applicable to the Association with respect to the subject concerned.

No amendment to this Declaration which has the effect of diminishing the rights, protection, or security afforded to first Mortgagees shall be accomplished or effected unless all of the first Mortgagees of the individual Units have given their prior written approval to such amendment. Any amendment to this Article XV shall be accomplished by an instrument executed by the Association and filed for record in the Official Records of the Office of the County Recorder, Washington County, State of Utah. In any such instrument, the President of the Association shall certify that any prior written approval of first Mortgagees required by this Article XV, as a condition to amendment, has been obtained.

XVI. AMENDMENT

16.1 Except as provided in and/or subject to the terms of items (a) through (c) below, the vote of at least 66 2/3% of each class of membership shall be required to amend this Declaration or the Map. Any amendment so authorized shall be accomplished through the recordation of an instrument executed by the Association. In such instrument, the President of the Association shall certify that the vote required by this Article for amendment has occurred. The foregoing right of amendment shall, however, be subject to the following:

(a) Any amendment to Article XV ("Mortgagee Protection") shall be subject to the requirements for amendment contained in such Article XV.

(b) Declarant shall have the right unilaterally to amend and supplement this Declaration and the Map in conjunction with each and every addition of Additional Land, all in the manner and to the extent, but only in the manner and to the extent, provided for in Article VI.

(c) Until the Declarant has sold all Units (including Units constructed upon Additional Land) which it intends to sell to purchasers, no amendment to the Map or to any provisions of this Declaration which has or may have the effect of diminishing or impairing any right, power, authority, privilege, protection, or control accorded to Declarant

(in its capacity as Declarant) herein shall be accomplished or effective unless the instrument through which such amendment is purported to be accomplished is consented to in writing by the Declarant.

XVII. GENERAL PROVISIONS

17.1 Declarant's Rights Assignable. All of the rights of Declarant under this Declaration may be assigned or transferred either by operation of law or through a voluntary conveyance, transfer, assignment, or as a result of the foreclosure of an encumbrance granted by Declarant.

17.2 Covenants to Run with Land. This Declaration and all the provisions hereof shall constitute covenants to run with the land or equitable servitudes, as the case may be, and shall be binding upon and shall inure to the benefit of Declarant, all other signatories hereto, all parties who hereafter acquire any interest in a Unit or in the Project, and their respective grantees, transferees, heirs, devisees, personal representatives, successors and assigns. Each Owner or occupant of a Unit shall comply with, and all interests in all Units shall be subject to, the terms of this Declaration and the provisions of any rules, regulations, agreements, instruments, supplements, amendments, and determinations contemplated by this Declaration. Failure to comply with any of the same shall be grounds for an action to recover sums due and for damages or injunctive relief or both, maintainable by the Association on behalf of the Owners, or, in a proper case, by an aggrieved Owner. By acquiring any interest in a Unit or in the Project, the party acquiring such interest consents to, and agrees to be bound by, each and every provision of this Declaration.

17.3 Limitation on Association's Liability. The Association shall not be liable for any failure of water service or other utility services to be obtained and paid for by the Association hereunder, or for injury or damage to any person or property caused by the elements or by another Owner or Person in or upon the Project, or resulting from electricity, water, rain, snow, or ice which may leak or flow from outside or from any part of any Building or its drains, pipes, conduits, appliances or equipment, or from any other place, unless caused by the grossly negligent or willful misconduct of the Association. No diminution or abatement of any assessment under this Declaration shall be claimed or allowed for inconvenience or discomfort arising from the making of any repairs or improvements to or maintaining the Project or any part thereof, or from any action taken to comply with the provisions of this Declaration or with the laws, ordinances, regulations, rules or orders of any governmental authority.

17.4 Owner's Obligations Continue. All obligations of the Owner under and by virtue of the provisions contained in this Declaration shall continue, notwithstanding that he may have leased or rented said interest, but the Owner of a Unit shall have no obligation for expenses or other obligations accruing after the date of conveyance of such Unit.

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

17.6 Agent for Service of Process. Jeff Chapman, whose address is 1127 West Sunset Blvd., St. George, Utah, is the person to receive service of process in cases authorized by

the Act. The Association shall, however, have the right to appoint a successor or substitute process agent. Such successor or substitute agent and his address shall be specified by an appropriate instrument filed in the Official Records of the Office of the County Recorder of Washington County, State of Utah.

17.7 Headings. Headings herein are for ready reference only and shall not be used to expand or limit the scope and effect of this Declaration.

17.8 Effective Date. This Declaration, any amendment or supplement hereto, and any amendment or supplement to the Map shall take effect upon its being filed for record in the Official Records of the Office of the County Recorder of Washington County, State of Utah.

EXECUTED by Declarant on the day and year first above written.

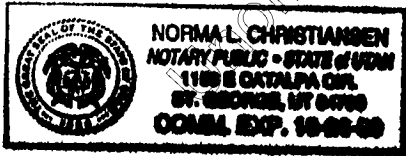
DECLARANT:

By: Ronald W. Snow
Ronald W. Snow

By: Jeff Chapman
Jeff Chapman

STATE OF UTAH,)
)
County of Washington.) ss.

On this 30th day of March, 1996, before me personally appeared Ronald W. Snow and Jeff Chapman, whose identity is personally known to or proved to me on the basis of satisfactory evidence, and who, being by me duly sworn (or affirmed), did say that they are the Declarant of Las Palmas Resort Condominiums II, a Utah expandable condominium community, and that the foregoing document was signed by them for its stated purpose.



Norma L. Christensen
Notary Public

Approved as to form and content:

MEDIUS CORPORATION,
a Pennsylvania corporation

By: Timothy A. Huber
TIMOTHY A. HUBER

Its Vice President

STATE OF PENNSYLVANIA,
County of Warren) ss.

On this 16th day of May, 1996, before me personally appeared TIMOTHY A. HUBER, whose identity is personally known to or proved to me on the basis of satisfactory evidence, and who, being by me duly sworn (or affirmed), did say that he is the Vice Pres. of Medius Corporation and that he signed the foregoing Declaration of Condominium of Las Palmas Resort Condominiums II (a Utah Expandable Condominium Community) on behalf of that corporation by authority of its bylaws or of a resolution of its board of directors, and he acknowledged before me that the corporation executed the document and the document was the act of the corporation for its stated purpose.

Kelly S. Walter
Notary Public

Notarial Seal
Kelly S. Walter, Notary Public
Warren, Warren County
My Commission Expires March 23, 1998

Declaration of Condominium
Las Palmas II Condominiums
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EXHIBIT A

Beginning at a point N 89°47'37" E 495.23 feet along the 1/16 section line and North 420.18 feet from the West 1/4 corner of Section 35, Township 42 South, Range 16 West, Salt Lake Base & Meridian; and running thence N 35°36'00" W 297.08 feet to the South Boundary of LAS PALMAS RESORT CONDOMINIUMS PHASE 1-B; thence along the Boundary as follows: S 90°00'00" E 194.46 feet; thence N 47°00'00" E 133.29 feet; thence S 43°00'00" E 25.50 feet; thence N 47°00'00" E 41.00 feet; thence S 43°00'00" E 178.00 feet; thence N 47°00'00" E 73.00 feet; thence N 43°00'00" W 53.72 feet; thence N 51°00'00" E 186.48 feet; thence leaving said Boundary and running S 74°09'00" E 389.69 feet; thence S 15°13'48" W 209.02 feet; thence S 74°35'27" E 21.46 feet; thence S 15°24'33" W 104.00 feet; thence N 74°35'27" W 143.79 feet; thence S 15°24'33" W 118.82 feet; thence N 74°35'27" W 120.44 feet; thence N 62°20'43" W 217.63 feet; thence S 50°10'34" W 201.48 feet to the point of beginning.

CONTAINING 5.011 ACRES

EXHIBIT B
to
Declaration of Condominium of
Las Palmas Resort Condominiums II
(A Utah Expandable Condominium Community)

(Percentage Interest)

<u>UNITS</u>	<u>SIZE</u>	<u>PERCENTAGE INTEREST</u>	<u>VOTES</u>
1201	1147	1.4	14
1202	1147	1.4	14
1203	1147	1.4	14
1204	1147	1.4	14
1205	1147	1.4	14
1206	1147	1.4	14
1207	1147	1.4	14
1208	1147	1.4	14
1209	1147	1.4	14
1210	1147	1.4	14
1211	1147	1.4	14
1212	1147	1.4	14
1213	1147	1.4	14
1214	1147	1.4	14
1215	1147	1.4	14
1216	1147	1.4	14
1217	1147	1.4	14
1218	1147	1.4	14
1219	1147	1.4	14
1220	1147	1.4	14
1221	1147	1.4	14
601	1375	1.7	17
602	1910	2.3	23
603	1684	2.1	21
604	1451	1.8	18
605	1375	1.7	17
606	1910	2.3	23
607	1684	2.1	21
608	1451	1.8	18
609	1375	1.7	17
610	1910	2.3	23
611	1684	2.1	21
612	1451	1.8	18

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701	1375	1.7	17
702	1910	2.3	23
703	1684	2.1	21
704	1451	1.8	18
705	1375	1.7	17
706	1910	2.3	23
707	1684	2.1	21
708	1451	1.8	18
709	1375	1.7	17
710	1910	2.3	23
711	1684	2.1	21
712	1451	1.8	18
901	1375	1.7	17
902	1910	2.3	23
903	1684	2.1	21
904	1451	1.8	18
905	1375	1.7	17
906	1910	2.3	23
907	1684	2.1	21
908	1451	1.8	18
909	1375	1.7	17
910	1910	2.3	23
911	1684	2.1	21
912	1451	1.8	18

57 Units

81,867

100%*

1005

* rounded

BYLAWS
OF
LAS PALMAS RESORT II OWNERS
ASSOCIATION

ARTICLE I
NAME AND LOCATION

The name of the corporation is LAS PALMAS RESORT II OWNERS ASSOCIATION, hereinafter referred to as "Association." The principal office of the Association shall be located at 1127 West Sunset Blvd., St. George, Utah, but meetings of members and trustees may be held at such places within the State of Utah, County of Washington, as may be designated by the Board of Trustees.

ARTICLE II
ARTICLES AND DECLARATION

Section 1. Articles. Any reference herein made to this Association's Articles will be deemed to refer to its Articles of Incorporation and all amendments thereto at any given time on file with the Utah Division of Corporations and Commercial Code, together with any and all certificates therefor filed by the corporation with the Utah Division of Corporations and Commercial Code.

Section 2. Declaration. Any reference herein made to this Association's Declaration will be deemed to refer to that certain Declaration of Condominium of Las Palmas II Condominiums (a Utah Expandable Condominium Community) and all amendments thereto at any given time and recorded in the Official Records of the County Recorder of Washington County, Utah. All defined terms as used in the Declaration shall have the same meaning in these Bylaws, unless the context clearly requires otherwise. The Declaration, as it may be amended or supplemented from time to time, is incorporated herein by reference.

ARTICLE III
MEETING OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the members shall be held within one (1) year from the date of incorporation of the

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Association, and each subsequent regular annual meeting of the members shall be held on the same day of the same month of each year thereafter at the hour of 7:00 P.M. If the day for the annual meeting of the members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the members may be called at any time by the president or by the Board of Trustees, or upon written request of the members who are entitled to vote one-fourth (1/4) of all of the votes of the Class A membership.

Section 3. Notice of Meetings. Written notice of each meeting of the members shall be given by, or at the direction of, the secretary or person authorized to call the meeting by mailing a copy of such notice, postage prepaid, at least 15 days before such meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Association or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day, and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, two-thirds (2/3) of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5. Proxies. Any member entitled to vote may vote by proxy at any meeting of the members (at any adjournment thereof) which is specified in such proxy, provided that his or her proxy is executed in writing by such member or his or duly authorized attorney-in-fact. No proxy shall be valid after twelve (12) months from the date of its execution, unless such proxy specifically provides that it is coupled with an interest and is irrevocable. The burden of proving the validity of any undated, irrevocable or otherwise contested proxy at a meeting of the members will rest with the person seeking to exercise the same. A telegram, cablegram or facsimile transmission appearing to have been transmitted by a member or his duly authorized attorney-in-fact may be accepted as a sufficiently written and executed proxy.

Section 6. Irregularities. All formalities and/or irregularities in calls, notices of meetings and in the manner of voting, credentials, and methods of

ascertaining those present shall be deemed waived if no objection is made at the meeting.

ARTICLE IV
BOARD OF TRUSTEES: SELECTION, TERM OF OFFICE

Section 1. Number. The Board of Trustees shall initially consist of three (3) members which can be increased up to five (5) members by majority vote of the Trustees. In addition to Unit Owners, spouses of Unit Owners, partners of partnerships, directors or officers of corporations, and managers or members of limited liability companies owning a Unit shall be eligible for membership on the Board of Trustees; however, Trustee members need not be Association members. Declarant reserves the right to appoint some or all of the Trustees and to exercise all powers and responsibilities associated with Trustee membership until the last of the following occurs:

- (a) Six (6) years from the date of recordation of the Declaration;
- (b) Seventy-five percent (75%) of the undivided interest in the Common Areas and Facilities has been conveyed to Unit Owners other than the Declarant; or
- (c) All additional properties have been annexed to the Project pursuant to Article II of the Declaration.

Section 2. Term of Office. At the first annual meeting, the members shall elect three (3) trustees, one (1) trustee for a term of one (1) year, one (1) trustee for a term of two (2) years, and one (1) trustee for a term of three (3) years; at each annual meeting thereafter, the members shall elect trustees to fill the offices left vacant by the expiration of the trustee's term of service. If the Board of Trustees is increased to five (5), the members shall elect two (2) trustees for a term of one (1) year, two (2) trustees for a term of two (2) years, and one (1) trustee for a term of three (3) years; at each annual meeting thereafter, the members shall elect trustees to fill the offices left vacant by the expiration of the trustee's term of service.

Section 3. Removal. Any trustee may be removed from the Board, with or without cause, by a majority vote of the members of the Association. In the event of death, resignation, or removal of a trustee, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No trustee shall receive compensation for any service he may render to the Association. However, any trustee may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. Action Taken Without A Meeting. The trustees shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the trustees. Any action so approved shall have the same effect as though taken at a meeting of the trustees.

ARTICLE V
NOMINATION AND ELECTION OF TRUSTEES

Section 1. Nomination. Nomination for election to the Board of Trustees shall be made by a nominating committee. Nominations may also be made from the floor at the annual meeting. The nominating committee shall consist of a chairman, who shall be a member of the Board of Trustees, and two or more members of the Association. The nominating committee shall be appointed by the Board of Trustees prior to each annual meeting of the members to serve from the close of such annual meeting until the close of the next annual meeting, and such appointment shall be announced at each annual meeting. The nominating committee shall be announced at each annual meeting. The nominating committee shall make as many nominations for election to the Board of Trustees as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members or nonmembers.

Section 2. Election. Election to the Board of Trustees shall be by secret written ballot. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VI
MEETINGS OF TRUSTEES

Section 1. Regular Meetings. Regular meetings of the Board of Trustees shall be held monthly without notice at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Board of Trustees shall be held when called by the president of the Association, or by any two trustees, after not less than three (3) days notice to each trustee.

Section 3. Quorum. A majority of the number of trustees shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the trustees present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VII
POWERS AND DUTIES OF THE BOARD OF TRUSTEES

Section 1. Powers. The Board of Trustees shall have power to:

(a) Adopt and publish rules and regulations governing the use of the Association, Common Area, Common Facilities, and Limited Common Area, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;

(b) Suspend the voting rights and right to use of the recreational facilities of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing for a period not to exceed 60 days for infraction of published rules and regulations.

(c) Exercise for the Association all powers, duties, and authority vested in or delegated to this Association and not reversed to the membership by other provisions of these Bylaws, the Articles of Incorporation, or the Declaration.

(d) Declare the office of a member of the Board of Trustees to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Trustees.

(e) Employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.

Section 2. Duties. It shall be the duty of the Board of Trustees to:

(a) Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Class A members who are entitled to vote.

(b) Supervise all officers, agents, and employees of this Association, and to see that their duties are properly performed.

(c) Establish the annual assessment period and fix the amount of the annual assessment against each member for each lot owned at least thirty (3) days in advance of each annual assessment.

(d) Send written notice of each assessment to every owner subject thereto.

(e) Foreclose the lien against any property for which assessments are not paid as provided for in the Declaration or bring an action at law against the owner personally obligated to pay the same.

(f) Issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment.

(g) Procure and maintain such insurance upon Association property as provided in the Declaration.

(h) Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate.

(i) Cause the Common Area to be maintained.

(j) All other powers reasonably necessary for the trustees to carry out their duties as provided for in the Articles, Bylaws, and Declaration.

ARTICLE VIII OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of this Association shall be a president and vice-president, who shall at all times be members of the Board of Trustees, a secretary, and a treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Trustees following each annual meeting of the members.

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time giving written notice to the Board, the president, or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices, except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

(a) President. The president shall preside at all meetings of the Board of Trustees; see that orders and resolutions of the Board are carried out; sign all leases, mortgages, deeds, and other written instruments; and co-sign all checks and promissory notes.

(b) Vice-President. The vice-president shall act in the place and stead of the president in the event of his absence, inability, or refusal to act; and exercise and discharge such other duties as may be required of him by the Board.

(c) Secretary. The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the members; keep appropriate current records, showing the members of the

Association, together with their addresses; and perform such other duties as required by the Board.

(d) Treasurer. The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Trustees; sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public account at the completion of each fiscal year; and prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting and deliver a copy of each to the members.

ARTICLE IX COMMITTEES

The Board of Trustees shall appoint such committees as deemed appropriate in carrying out its purposes.

ARTICLE X BOOKS AND RECORDS

The books, records, and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any member. The Declaration, the Articles of Incorporation, and the Bylaws of the Association shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XI SUPPLEMENTARY PROVISIONS

Section 1. Common Area. Provisions for the maintenance, repair and replacement of the Common Areas and Facilities and the payment therefor are set forth in the Declaration.

Section 2. Common Expenses. The manner of collecting from Unit Owners their share of common expenses is set forth in the Declaration.

Section 3. Manager. The designation and removal of personnel necessary for the maintenance, repair and replacement of the Common Areas and Facilities is set forth in the Declaration.

Section 4. Rules and Regulations. The method of adopting and amending administrative rules and regulations governing the details of operation and use of the Common Areas and Facilities is set forth in these Bylaws and the Declaration.

Section 5. Restrictions on Use. Restrictions on and requirements respecting the use and maintenance of the Units and the use of the Common Areas and Facilities as are designed to prevent unreasonable interference with the use of their respective Units and of the Common Areas and Facilities of the several Unit Owners is set forth in the Declaration.

ARTICLE XII
AMENDMENTS

Section 1. These Bylaws may be amended, at a regular or special meeting of the members, by a vote of a majority of a quorum of members present in person or by proxy.

Section 2. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and on the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

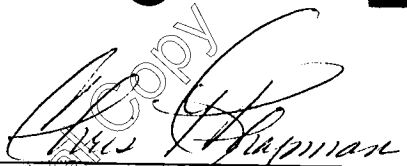
ARTICLE XIII
MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January and end of the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

IN WITNESS WHEREOF, we, being all of the trustees of LAS PALMAS RESORT II OWNERS ASSOCIATION, have executed these Bylaws on this 21st day of March, 1996.


RONALD W. SNOW, Trustee


JEFF CHAPMAN, Trustee


CHRIS CHAPMAN, Trustee

CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly appointed secretary of Las Palmas Resort II Owners Association, a Utah non-profit corporation, and that the foregoing Bylaws constitute the Bylaws of said Association.

IN WITNESS WHEREOF, I have hereunto subscribed my name on this 21st day of March, 1996.


Secretary

EXHIBIT D

Parcel 1:

Beginning at a point on the Boundary Line of Las Palmas Resort Condominiums Phase 1-B said point being North 89°52'27" East 518.04 feet along the Center Section Line and NORTH 662.01 feet from the West 1/4 Corner of Section 35, Township 42 South, Range 16 West, Salt Lake Base and Meridian; and running thence West 194.46 feet; thence South 35°36' East 580.89 feet; thence SOUTH 189.38 feet to a point on the Center Section Line; thence North 89°52'27" East 678.535 feet along the Center Section Line to the 1/16 Corner; thence North 0°52'29" West 759.99 feet along the 1/16 Line; thence North 74°09' West 531.58 feet to a point on the Boundary Line of Las Palmas Resort Condominiums Phase 1-B; thence along said boundary as follows: South 5°00' West 186.48 feet; thence South 43°00' East 53.72 feet; thence South 47°00' West 73.00 feet; thence North 43°00' West 178.00 feet; thence South 47°00' West 41.00 feet; thence North 43°00' West 25.50 feet; thence South 47°00' West 133.29 feet to the point of beginning.

Containing 14.386 acres

LESS AND EXCEPTING THE FOLLOWING TWO DESCRIBED PROPERTIES:

BEGINNING AT A POINT NORTH 89°52'27" EAST 661.74 FEET ALONG THE CENTER SECTION LINE AND NORTH 189.38 FEET FROM THE WEST 1/4 CORNER OF SECTION 35, TOWNSHIP 42 SOUTH, RANGE 16 WEST, SALT LAKE BASE AND MERIDIAN; AND RUNNING THENCE NORTH 54°24'05" EAST 115.99 FEET; THENCE NORTH 9°20' EAST 368.00 FEET; THENCE NORTH 43°00' WEST 30.00 FEET; THENCE SOUTH 47°00' WEST 15.01 FEET; THENCE NORTH 43°00' WEST 178.00 FEET; THENCE SOUTH 47°00' WEST 41.00 FEET; THENCE NORTH 43°00' WEST 25.50 FEET; THENCE SOUTH 47°00' WEST 133.29 FEET; THENCE WEST 194.46 FEET; THENCE SOUTH 35°36' EAST 580.89 FEET TO THE POINT OF BEGINNING.

AND

BEGINNING AT A POINT N 89°47'37" E 495.23 FEET ALONG THE CENTER SECTION LINE AND NORTH 420.18 FEET FROM THE WEST 1/4 CORNER OF SECTION 35, TOWNSHIP 42 SOUTH, RANGE 16 WEST, SALT LAKE BASE & MERIDIAN; AND RUNNING THENCE N 35°36'00" W 297.08 FEET TO THE SOUTH BOUNDARY OF LAS PALMAS RESORT CONDOMINIUMS PHASE 1-B; THENCE ALONG THE BOUNDARY AS FOLLOWS: S 90°00'00" E 194.46 FEET; THENCE N 47°00'00" E 133.29 FEET; THENCE S 43°00'00" E 25.50 FEET; THENCE N 47°00'00" E 41.00 FEET; THENCE S 43°00'00" E 178.00 FEET; THENCE N 47°00'00" E 73.00 FEET; THENCE N 43°00'00" W 53.72 FEET; THENCE N 5°00'00" E 186.48 FEET; THENCE LEAVING SAID BOUNDARY AND RUNNING S 74°09'00" E 389.69 FEET; THENCE S 15°13'48" W 209.02 FEET; THENCE S

RS.3.EXHIBIT D/323101

00533360 Bk 1004 Pg 0043

74°35'27" E 21.46 FEET; THENCE S 15°24'33" W 104.00 FEET;
THENCE N 74°35'27" W 143.79 FEET; THENCE S 15°24'33" W 118.82
FEET; THENCE N 74°35'27" W 120.44 FEET; THENCE N 62°20'43" W
217.63 FEET; THENCE S 50°10'34" W 201.48 FEET TO THE POINT
OF BEGINNING.

CONTAINING 5.011 ACRES

Parcel 2:

BEGINNING at a point North 89°52'27" East 400.00 feet along the Center
Section Line and North 67°00' West 279.05 feet from the West 1/4 Corner
of Section 35, Township 42 South, Range 16 West, Salt Lake Base and
Meridian and running thence North 67°00' West 467.95 feet; thence North
50°45' West 345.53 feet; thence North 35°36' West 376.26 feet; thence
North 10°57'13" West 57.84 feet; thence South 89°30' East 118.43 feet;
thence North 54°24' East 95.00 feet; thence South 35°36' East 410.00 feet;
thence North 54°24' East 300.00 feet; thence South 35°36' East 460.64 feet;
thence North 54°24' East 269.76 feet to the point of a 414.09 foot radius
curve to the right (long chord bearing is N 55°40'02" E 18.31 feet); thence
Northeasterly 18.315 feet along the arc of said curve; thence South 35°36'
East 30.03 feet to a point on a 384.09 foot radius curve to the left (long
chord bearing is S 55°45'58" W 18.31 feet); thence Southwesterly 18.316
feet along the arc of said curve to a point of tangency; thence South 54°24'
West 269.76 feet; thence South 35°36' East 191.36 feet; thence South
54°24' West 180.70 feet to the point of beginning.

Containing 8.090 acres

Parcel 3:

Beginning at a point North 89°48'47" West 411.74 feet along the Center
Section Line and NORTH 392.82 feet from the East 1/4 Corner of Section
34, Township 42 South, Range 16 West, Salt Lake Base and Meridian;
running thence North 50°45' West 185.255 feet; thence North 35°36' West
326.26 feet; thence South 54°24' West 78.00 feet; thence North 35°36'
West 14.89 feet; thence South 58°40' West 210.66 feet; thence North
31°20' West 30.00 feet; thence South 58°40' West 55.84 feet; thence North
10°57'13" West 605.39 feet; thence South 89°30' East 61.49 feet; North
0°30' East 110.00 feet; North 89°30' West 7.20 feet; thence North 0°30'
East 60.00 feet; thence North 89°30' West 257.08 feet; thence South
10°57'13" East 1014.09 feet; thence South 89°30' East 772.37 feet to the
point of beginning.

Containing 7.434 acres

Parcel 4:

Beginning at a point North 89°52'27" East 343.42 feet along the Center
Section Line from the West 1/4 Corner of Section 35, Township 42 South,
Range 16 West, Salt Lake Base and Meridian, said point being on a
1005.00 foot radius curve to the right (center bears S 28°20'39" W) and
running thence Southeasterly 180.91 feet along the arc of said curve; thence

N 89°52'27" E 847.18 feet; thence N 0°52'29" W 100.01 feet to a 1/16
Corner; thence S 89°52'27" W 939.95 feet along the Center Section Line;
thence N 67°00'00" W 747.00 feet; thence N 50°45'00" W 106.27 feet;
thence N 89°30'00" W 772.37 feet; thence S 10°57'13" E 404.77 feet;
thence S 89°49'26" E 1107.39 feet to the point of beginning.

Containing 12.04 acres

Exhibit D
Las Palmas (Snow & Chapman)
page 3

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EXHIBIT "E"

**DECLARANT REPRESENTATIONS ON
OFFSITE RECREATIONAL AMENITIES**

The Declarant of Las Palmas Resort Condominiums II makes the following representations regarding offsite recreational amenities and the rights of members of the Las Palmas Resort II Owners Association to access and utilize such recreational amenities:

1. There are certain recreational amenities located off the premises of Las Palmas Resort Condominiums II and to the Northwest of Building No. 9 of Las Palmas Resort Condominiums II which include, without limitation, swimming pools and tennis, basketball and volleyball courts. These recreational amenities are neither owned nor managed by the Las Palmas Resort Condominiums II, the Las Palmas Resort II Owners Association, or the Declarant.

2. The right of members of the Las Palmas Resort II Owners Association to utilize the offsite recreational amenities is based upon private rights of contract with the owners of such recreational amenities and not by membership in the Las Palmas Resort II Owners Association or ownership in Las Palmas Resort II Condominiums.

3. The Declarant is not responsible for upkeep and maintenance of the offsite recreational amenities and assurances of continued use of the offsite recreational amenities will be based upon contract rights between the owners of such amenities and members of the Las Palmas Resort II Owners Association.

4. The provisions herein shall be binding upon the members of the Las Palmas Resort II Owners Association, the Declarant, and the successors, heirs, agents, personal representatives, and assigns of the members and the Declarant.