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**DECLARATION OF  
COVENANTS, CONDITIONS AND RESTRICTIONS  
OF  
ALPINE CHATEAUX CONDOMINIUMS**

**A UTAH CONDOMINIUM PROJECT**

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EXHIBIT A: LIST OF UNITS, VOTES AND ASSESSMENTS PERCENTAGES

**DECLARATION  
OF COVENANTS, CONDITIONS AND RESTRICTIONS OF  
ALPINE CHATEAUX CONDOMINIUMS**

This Declaration of Covenants, Conditions and Restrictions of Alpine Chateaux Condominiums (this "Declaration") is executed this \_\_\_\_ day of May, 2002, by ALPINE CHATEAUX LLC, a Utah limited liability company ("Declarant").

RECITALS:

- A. Capitalized terms in this Declaration are defined in Article I.
- B. The Declarant holds legal title to a certain tract of real property located in Salt Lake County, Utah, referred to herein as the Property and more particularly described in Article II of this Declaration.
- C. Declarant intends to develop the Project into a residential condominium project to be known as Alpine Chateaux Condominiums. It is intended that the various Units described in this Declaration, will be conveyed to Owners in fee simple.
- D. Declarant continues to hold legal title to all of the Property, and no Unit has been conveyed to any person as of the date hereof.
- E. By this Declaration, Declarant intends to establish a common scheme and plan for the possession, use, enjoyment, repair, maintenance, restoration and improvement of the Property and the interests therein conveyed and to establish thereon a planned unit development in accordance with the terms hereof.

NOW, THEREFORE, it is hereby declared that the Property shall be held, sold, conveyed, leased, rented, encumbered and used, subject to the following Declaration and its covenants, restrictions, limitations, and conditions, all of which shall constitute covenants which run with the land and shall be binding on and be for the benefit of the Declarant, its assigns and all owners of all or any part of the Property, together with their grantees, successors, heirs, executors, administrators, devisees and assigns, all as set forth herein.

**ARTICLE I  
DEFINITIONS**

When used in this Declaration (including in that portion hereof titled "Recitals") the following terms shall have the meaning indicated:

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1.1 "Articles" or "Articles of Incorporation" shall mean and refer to the Articles of Incorporation of the Association which shall be filed with the Utah State Department of Commerce, Division of Corporations and Commercial Code, at or about the time that this Declaration is filed for record.

1.2 "Association" shall mean and refer to the Alpine Chateaux Condominium Owners Association, Inc., a Utah nonprofit corporation.

1.3 "Board of Trustees" or "Board" shall mean and refer to the governing board of the Association which shall be appointed or elected in accordance with the Declaration, the Articles of Incorporation, and Bylaws of the Association.

1.4 "Bylaws" shall mean and refer to the Bylaws of the Association, as the same may be amended and supplemented from time to time.

1.5 "Common Areas" shall mean and refer to that part of the Property which is not included within the Units, including without limitation all roadways within the Project and all improvements other than utility lines now or hereafter constructed or located thereon.

1.6 "Common Expense Fund" shall mean and refer to the fund created or to be created pursuant to the provisions of Article V of this Declaration and into which all monies of the Association shall be deposited. Two separate and distinct funds shall be created and maintained hereunder, one for operating expenses and one for capital expenses which together shall constitute the Common Expense Fund.

1.7 "Common Expenses" shall mean and refer to those costs and expenses arising out of or connected with the maintenance and operation of the Project and Association as described in Article V hereof and which determine the assessments made to Owners.

1.8 "Condominium" shall mean and refer to a structure or portion of a structure which is designed and intended for use and occupancy as a single-family residence, together with all improvements located on the Unit concerned which are used in conjunction with such residence.

1.9 "Condominium Act" shall mean the Utah Condominium Ownership Act, UTAH CODE ANN. ' '57-8-1 through 36, and all amendments thereto.

1.10 "Condominium Building" shall mean and refer to a structure containing Units constituting a portion of the Project.

1.11 "Condominium Building Exteriors" shall mean and refer to those portions of the Condominium Buildings which are open to the elements, such as roofs, exterior walls, exterior doors, footings, foundations, basement walls, and window wells.

1.12 "Declarant" shall mean and refer to ALPINE CHATEAUX LLC, a Utah limited liability company, and/or any successor thereof which, either by operation of law or through a

voluntary conveyance, transfer, or assignment, comes to stand in the same relation to the Property (or a portion thereof) as did its predecessor.

1.13 "Eligible Mortgagee" shall mean and refer to a First Mortgagee which has requested notice of certain matters from the Association in accordance with Section 11.1 of this Declaration.

1.14 "FNMA" shall mean and refer to the Federal National Mortgage Association.

1.15 "First Mortgage" shall mean any Mortgage which is not subject to any lien or encumbrance except liens for taxes or other liens which are given priority by statute.

1.16 "First Mortgagee" means any person named as a Mortgagee under a First Mortgage, or any successor to the interest of any such person under a First Mortgage, which First Mortgage is not subject to any lien or encumbrance except liens for taxes or other liens which are given priority by statute.

1.17 "Limited Common Areas" shall mean any Common Areas designated as reserved for use by the Owner of a certain Unit or Units to the exclusion of the other Owners in the Project and include, without limitation, the fenced and enclosed backyard to each Unit that are permanently assigned to each such Unit (provided that such exclusion shall not prevent the use, installation and maintenance of any utility easements or similar uses by the Declarant or the Association). Any parking areas and storage facilities that are identified on the Plat as Limited Common Areas are permanently assigned to specific Units, as an appurtenance to such Units, for the exclusive use of such Units. The Plat designates the Unit or Units to which each of the Limited Common Areas is reserved and appurtenant, if any.

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

1.19 "Member" shall mean and refer to every person who holds membership in the Association.

1.20 "Mortgage" shall mean any mortgage, deed of trust, or other document pledging any portion of a Unit or interest therein as security for the payment of a debt or obligation.

1.21 "Mortgagee" shall mean a beneficiary of a Mortgage as well as a named Mortgagee.

1.22 "Owner" shall mean the person or persons, including the Declarant, owning in fee simple a Unit in the Project, as such ownership is shown by the records of the County Recorder of Salt Lake County, State of Utah. The term "Owner" shall not refer to any Mortgagee (unless such Mortgagee has obtained title in fee simple to a Unit pursuant to a judicial or nonjudicial action, including without limitation a foreclosure proceeding or any deed or other arrangement in lieu of foreclosure) or to any person or persons purchasing a Unit under contract (until such contract is fully performed and legal title conveyed of record).



1.23 "Plat" shall mean and refer to the condominium map for Alpine Chateaux Condominiums, recorded in the office of the County Recorder of Salt Lake County, Utah, and all amendments thereto.

1.24 "Project" shall mean and refer to the Property and the plan of development and ownership of the Property created and governed by this Declaration, the Articles, and the Bylaws.

1.25 "Property" shall mean and refer to the entire tract of real property now or hereafter covered by the Plat. A description of the real property covered by the Plat on the effective date of this Declaration is set forth in Article II of this Declaration.

1.26 "Declaration" shall mean and refer to this Declaration of Covenants, Conditions and Restrictions of Alpine Chateaux Condominiums, as the same may hereafter be modified, amended, and supplemented.

1.27 "Section" means a numbered section of this Declaration.

1.28 "Unit" shall mean and refer to any of the separately numbered and individually described units now or hereafter shown on the Plat. Except where the context specifically otherwise requires, reference to a Unit shall include reference to the Condominium thereon.

## ARTICLE II PROPERTY DESCRIPTION

The Property initially associated with the Project which is and shall be held, transferred, sold, conveyed, and occupied subject to the provisions of this Declaration consists of the following described real property situated in Salt Lake County, State of Utah:

PART OF THE SOUTHWEST QUARTER OF SECTION 23, T.2S., R.1E.,  
S.L.B.&M., U.S. SURVEY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE NORTH RIGHT-OF-WAY LINE OF 7000 SOUTH STREET AND THE EXTENSION OF AN OLD FENCE, SAID POINT BEING S89°48'30"E ALONG THE SECTION LINE 1352.42 FEET AND N00°11'30"E 40.00 FEET FROM THE SOUTHWEST CORNER OF SAID SECTION 23; THENCE ALONG THE ORIGINAL LOCATION OF SAID FENCE LINE THE FOLLOWING THREE (3) COURSES: (1) N00°07'37"W 272.22 FEET, (2) N02°10'48"E 130.40 FEET, AND (3) N03°49'45"E 64.45 FEET; THENCE S89°51'06"E 1.56 FEET; THENCE N00°02'36"W 97.98 FEET TO THE SOUTH RIGHT-OF-WAY LINE OF PINE VIEW DRIVE (6905 SOUTH STREET); THENCE S89°41'55"E ALONG SAID SOUTH LINE 24.99 FEET TO THE BOUNDARY OF COTTONWOOD MANOR SUBDIVISION; THENCE ALONG SAID BOUNDARY S00°02'36"E 97.91 FEET AND S89°51'06"E 147.64 FEET TO

THE WEST LINE OF ASPEN PARK CONDOMINIUM; THENCE S00°03'36"E ALONG SAID WEST LINE 467.00 FEET TO SAID NORTH LINE OF 7000 SOUTH STREET; THENCE N89°48'30"W ALONG SAID LINE 183.33 FEET TO THE POINT OF BEGINNING.

CONTAINS: 2.01 ACRES

Parcel ID: 15-34-251-014

The actual Units located on the foregoing property are described on the Plat and on the attached Exhibit A, and the addresses of the Units are also shown on the attached Exhibit A.

### ARTICLE III THE ASSOCIATION

3.1 Membership. Each Owner shall be entitled and required to be a Member of the Association. Membership will 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 interest 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. 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 such Unit shall automatically constitute a devise, encumbrance, conveyance, or other disposition of the Owner's membership in the Association and 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. The Association shall make available to the owners, Mortgagees, and the holders, insurers, and guarantors of the First Mortgage on any Unit current copies of this Declaration, the Articles, the Bylaws, and other rules governing the Project and other books, records and financial statements of the Association. The term "available" as used in this Section 3.1 shall mean available for inspection, upon prior request, during normal business hours or under other reasonable circumstances.

3.2 Board of Trustees. Until such time as the responsibility for electing the Board of Trustees of the Association is turned over to the Owners, the Declarant shall have the exclusive right to appoint and remove all such Trustees. This exclusive right of the Declarant to appoint the Trustees shall terminate after the first to occur of the following:

- (A) Six (6) years from the date on which the first Unit in the Project is conveyed;  
or
- (B) One Hundred Twenty (120) days after 75% of the Units have been conveyed to Owners.

3.3 Votes. Each Member shall be entitled to the number of Votes which are appurtenant to his or her Unit, as set forth on Exhibit A, which is attached hereto and incorporated herein by this reference. The Assessment Percentages appurtenant to each Unit are also set forth on Exhibit A. The number of votes appurtenant to each Unit shall be permanent, and shall not change in the event an Owner modifies a Condominium to increase or decrease the size of his Unit relative to other Units. In the event that there is more than one Owner of a particular Unit, the votes relating to such Unit shall be exercised as such Owners may determine among themselves. No Unit shall have more than the number of votes shown on Exhibit A, regardless of the number of persons having an ownership interest in the Unit. The votes cast at any Association meeting by any of such Owners, whether in person or by proxy, shall be conclusively presumed to be the votes 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 votes involved shall not be counted for any purpose whatsoever other than to determine whether a quorum exists. The Declarant shall have full voting rights with respect to each Unit which it owns.

3.4 Maintenance of Condominium Building Exteriors. The Association shall maintain all Condominium Building Exteriors as follows: stucco, paint, repair, replacement and care of roofs, gutters, down spouts, foundations, window wells, sump pumps, fences, exterior building surfaces, exterior door and other exterior improvements, as well as all trees, shrubs, grass, walks and steps located on or around a Unit. Such exterior maintenance shall not include glass surfaces and window screens or patios included on any Unit. The Association shall have the right of entry to any Condominium to perform emergency repairs or do other work necessary for maintenance of the Condominium Building Exteriors. In the event that the need for maintenance or repair of the Condominium Building Exteriors is caused through the willful or negligent acts of its Owner(s), or through the willful or negligent acts of the family, guests, tenants or invitees of the Owner(s) of the Unit needing such maintenance or repair, the cost of such exterior maintenance shall be added to and become a part of the assessment to which such Unit is subject.

3.5 Professional Management. The Association may carry out through the Manager those of its functions which are properly the subject of delegation. The Manager so engaged shall be an independent contractor and not an agent or employee of the Association, shall be responsible for managing the Project for the benefit of the Association and the Owners, and shall, to the extent permitted by law and by the terms of the agreement with the Association, be authorized to perform any of the functions or acts required or permitted to be performed by the Association itself. Any such management agreement executed on or before the termination of Declarant's control of the appointment of the Board of Trustees as described in Section 3.2 may be terminated by the Association without cause at any time after the termination of such control upon thirty (30) days' prior notice to the Manager. The above term and termination provisions shall not apply to any other types of service contracts.

3.6 Amplification. The provisions of this Article III may be amplified by the Articles and the Bylaws; provided, however, that no such amplification shall substantially alter or amend any of the rights or obligations of the Owners set forth in this Declaration.

#### ARTICLE IV

## PROPERTY RIGHTS IN COMMON AREAS AND UNITS

4.1 Easement of Enjoyment. Each Member shall have an equal undivided interest, right and easement of use and enjoyment in and to the Common Areas. Each Owner shall have an unrestricted right of ingress or egress to and from its Unit over and across such Common Areas, and the non-exclusive right to the use of all parking stalls within the Common Areas. Each Owner shall also have the exclusive right to use and enjoy any Limited Common Areas that may be designated for exclusive use by such Owner. Such rights and easements shall be appurtenant to, and shall pass with title to, each Unit and in no event shall be separated therefrom. Any Member may delegate the right and easement of use and enjoyment described herein to any family members, household guest, tenant, lessee, contract purchaser, or other person who resides in such Member's Unit.

4.2 Easements for Encroachments. In the event the construction, reconstruction, repair, shifting, settlement, or any other movement of any portion of the improvements causes any part of a Condominium built in substantial accord with the boundaries for such Condominium as depicted on the Plat to encroach upon the Common Areas, or upon an adjoining Unit, or if any part of the Common Areas encroaches or shall encroach upon a Unit or Condominium for any such reasons, an easement for such encroachment and for the maintenance of the same shall and does exist. There is also hereby created an easement for any encroachment by any roof overhang upon an adjoining Unit or any part of the Common Areas.

4.3 Limitation on Easement. A Member's equal undivided interest, right and easement of use and enjoyment concerning the Common Areas shall be subject to the following:

(A) The right of the Association, after providing reasonable notice and an opportunity for a hearing given to a Member, to suspend a Member's voting right in the Association and a Member's right to the use of any recreational facilities included in the Common Areas for any period during which (i) an assessment on such Member's Unit remains unpaid; (ii) for a period not exceeding sixty (60) days for any infraction by such Member of the provisions of this Declaration or of any rule or regulation promulgated by the Association; or (iii) for successive 60-day periods if any such infraction is not corrected during any prior 60-day suspension period;

(B) The right of the Association to impose reasonable limitations on the number of guests per Member who at any given time are permitted to use the Common Areas; and

(C) The right of any governmental or quasi-governmental body having jurisdiction over the Property to access and rights of ingress and egress over and across any street, parking area, walkway, or open area contained within the Property for purposes of providing police and fire protection, transporting school children; and providing other governmental or municipal service;

4.4 Party Walls. Each wall or ceiling-floor physical boundary which is built as part of the original construction (or reconstruction) of the Condominiums upon the Units and placed on the dividing line (whether horizontal or vertical) between the Units shall constitute a "Party Wall" and,

to the extent not inconsistent with the provisions of this Section 4.4, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply to all Party Walls within the Project. The cost of reasonable repair and maintenance of a Party Wall shall be shared equally by the Owners who make use of such Party Wall. If a Party Wall is destroyed or damaged by fire or other casualty, the provisions of Article VII hereof shall apply. Notwithstanding any other provision of this Section 4.4, an Owner who by his negligent or willful act causes a Party Wall to be damaged shall bear the entire cost of furnishing repairs to the Party Wall. The right of any Owner to contribution from any other Owner under this Section 4.4 shall be appurtenant to the land and shall pass to such Owner's successors in title.

4.5 Form for Conveying Units. Any deed, lease, mortgage, deed of trust, or other instrument conveying or encumbering title to a Unit may describe the interest or estate involved substantially as follows:

"Unit \_\_\_\_\_ of Condominium Building No. \_\_\_\_\_ of the Alpine Chateaux Condominiums, together with all improvements located thereon, as said Unit is identified in the Plat of said development recorded in the office of the Salt Lake County Recorder and in the Declaration of Covenants, Conditions and Restrictions of Alpine Chateaux Condominiums, also recorded in the Office of Salt Lake County Recorder, State of Utah, as Entry No. \_\_\_\_\_; TOGETHER WITH a right and easement of use and enjoyment in and to the Common Areas described, as provided for and in the percentage shown, in said Declaration of Covenants, Conditions and Restrictions."

Whether or not the description employed in any such instrument is in the above specified form, however, all provisions of this Declaration shall be binding upon and shall inure to the benefit of any person who acquires any interest in a Unit.

4.6 Transfer of Title. The Declarant agrees to cause the conveyance to the Association of title to the Common Areas free and clear of all liens (other than the lien of current general taxes, the lien of any assessments, charges, or taxes imposed by governmental or quasi -governmental authorities, and the lien or claim created by this Declaration), before the first conveyance of a Unit from Declarant to a third-party purchaser.

ARTICLE V  
ASSESSMENTS

5.1 Agreement to Pay Assessments. The Declarant for each Unit owned by it within the Project and each Owner of any Unit by the acceptance of instruments of conveyance and transfer therefor, whether or not it be so expressed in said instruments, shall be deemed to covenant and agree with each other and with the Association to pay to the Association all assessments made by the Association for the purposes provided in this Declaration. Such assessments shall be fixed, established and collected from time to time as provided in this Article V. In any event, all Units shall be allocated the then applicable assessments upon conveyance of the first Unit.

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Notwithstanding anything contained herein to the contrary, until January 1 of the year immediately following the conveyance of the first Unit to an Owner, the maximum annual assessment shall be \$150.00 per month for each Unit.

(A) From and after January 1 of the year immediately following the conveyance of the first Unit to an Owner, the maximum annual assessment may be increased each year by up to fifteen percent (15%) above the maximum assessment for the previous year without a vote of the membership.

(B) From and after January 1 of the year immediately following the conveyance of the first Unit to an Owner, the maximum annual assessment may be increased above fifteen percent (15%) only by a vote of at least sixty-seven percent (67%) of the votes (determined in accordance with Section 3.3) of Members who are voting in person or by proxy, at a meeting duly called for this purpose.

(C) The Board may fix the annual assessment at an amount not in excess of the maximum.

5.2 Annual Assessments. Annual assessments shall be computed and assessed against all Units in the Project as follows:

(A) Common Expense. Annual assessments shall be based upon advance estimates of the Association's cash requirements to provide for payment of all estimated expenses arising out of or connected with the maintenance and operation of the Common Areas, the Condominium Building Exteriors, and furnishing common utility services and other common items to the Condominiums. Such estimated expenses may include, without limitation, the following: expenses of management; operation and maintenance costs of, real property taxes and special assessments on the Common Areas (and the Units until the Units are separately assessed); premiums for all insurance that the Association is required or permitted to maintain hereunder; repairs and maintenance of the Common Areas and Condominium Building Exteriors; landscaping; gazebo; picnic area; playground; wages of Association employees, including fees for a Manager; repairs and replacements of window well sump pumps; utility charges, including charges for utility services to the Condominiums to the extent not separately metered or billed; legal and accounting fees; any deficit remaining from a previous period; creation of an adequate contingency reserve, major maintenance reserve and/or sinking fund; creation of an adequate reserve fund for maintenance repairs, and replacement of those Common Areas and Condominium Building Exteriors that must be replaced on a periodic basis; 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. The aggregate of all such items shall constitute the Common Expenses and all funds received from assessments under this Section 5.2(A) shall be part of the Common Expense Fund. Two separate and distinct funds shall be created and maintained hereunder, one for operating expenses and one for capital expenses which together shall constitute the Common Expense Fund.

(B) Apportionment. Common Expenses shall be apportioned among and assessed to all Units and their Owners in accordance with the Assessment Percentages for each Unit, as set forth on Exhibit A, which is attached hereto and incorporated herein by this reference. The Declarant shall be liable for the amount of any assessments against Units owned by it subject to the provisions of Section 5.4 below.

(C) Annual Budget. Annual assessments shall be determined on the basis of a fiscal year beginning January 1 and ending December 31 next following, provided the first fiscal year shall begin on the date of the conveyance of the first Unit by Declarant. On or before December 1 of each year thereafter, the Board of Trustees shall prepare and furnish to each Owner, or cause to be prepared and furnished to each Owner, an operating budget for the upcoming fiscal year. The budget shall itemize the estimated expenses of Common Expense for such fiscal year, anticipated receipts (if any) and any deficit or surplus from the prior operating period. The budget shall serve as the supporting document for the annual assessment for the upcoming fiscal year and as the major guideline under which the Project shall be operated during such annual period.

(D) Notice and Payment. Except with respect to the first fiscal year, the Board of Trustees shall notify each Owner in writing as to the amount of the annual assessment against his or her Unit on or before December 1 each year for the fiscal year beginning on January 1 next following. Except as otherwise provided by the Board, each annual assessment shall be payable in twelve (12) equal monthly installments, one such installment due on the first day of each calendar month during the fiscal year to which the assessment relates; provided, however, the annual assessment for the first fiscal year shall be based upon such portion of the first fiscal year. All unpaid installments of any annual assessment shall bear interest at the rate established by the Board not to exceed eighteen percent (18%) per annum from fifteen (15) days after the date each such installment became due until paid. The Board of Trustees shall also have the right to assess a late fee of up to five percent (5%) of any assessment installment not paid within fifteen (15) days following the due date thereof. In addition, in the event that any installment of the annual assessment is not paid within fifteen (15) days of the date such installment becomes due, the Association may, at its option, and upon fifteen (15) days' prior written notice to the Owner, accelerate the due date for all remaining unpaid installments of the annual assessment for the remainder of the fiscal year and all accrued but unpaid interest thereon. Payment of the annual assessment installments so accelerated shall be due at the expiration of said fifteen (15) day notice period and interest shall accrue on the entire sum at the rate established by the Board not to exceed eighteen percent (18%) per annum from such date until paid in full. The failure of the Board of Trustees to give timely notice of any annual assessment as provided herein shall not be deemed a waiver or modification in any respect of the provisions of this Declaration, or a release of any Owner from the obligation to pay such assessment or any other assessment.

(E) Inadequate Funds. In the event that the Common Expense Fund proves inadequate at any time for whatever reason, including nonpayment of any Owner's assessment, the Board of Trustees may, on behalf of the Association, levy additional

assessments in accordance with the procedure set forth in Section 5.3 below, except that the vote therein specified shall be unnecessary.

5.3 Special Assessments. In addition to the annual assessments authorized by this Article V and after fifty (50) percent of the sixteen (16) units of the Project have been built and constructed, the Board of Trustees may, on behalf of the Association, levy, at any time and from time to time, upon the affirmative vote of at least sixty-seven percent (67%) of the voting power of the Association in person or by proxy at a meeting called for such purpose, special assessments, payable over such periods as the Board of Trustees may determine, for the purpose of defraying, in whole or in part, the cost of any conversion, expansion, construction or reconstruction, unexpected repair or replacement of the Project or any part thereof, or for any other expenses incurred or to be incurred as provided in this Declaration (including, without limitation, Common Expenses). This Section 5.3 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 or Articles hereof. Any amounts assessed pursuant hereto shall be assessed to Owners in accordance with their Assessment Percentages as set forth on Exhibit A. Notice in writing of the amount of each such special assessment and the time for payment thereof shall be given promptly to the Owners. No payment shall be due less than fifteen (15) days after such notice shall have been given. All unpaid portions of any special assessment shall bear interest at the rate established by the Board not to exceed eighteen percent (18%) per annum from the date such portions become due until paid. All funds received from assessments under this Section 5.3 shall be part of the Common Expense Fund. In connection with any such special assessment, if the Declarant is only obligated to pay twenty-five percent (25%) of the annual assessment attributable to Units it owns pursuant to Section 5.4 below, it shall only be required to pay twenty-five percent (25%) of the special assessment otherwise attributable to each such Unit. The provisions of this Section 5.3 are not intended to preclude or limit the assessment collection or use of annual assessments for the aforesaid purposes.

5.4 Uniform Rate of Assessment. The amount of any annual or special assessment against each Unit shall be fixed at a uniform rate based on the Assessment Percentages allocated to each Unit, as set forth on Exhibit A, except that Declarant shall pay only twenty-five percent (25%) of the annual assessment attributable to each Unit which it owns until the conveyance by Declarant of such Unit to a third-party purchaser. If the Declarant ceases to qualify for the reduced twenty-five (25%) rate during the period to which an annual assessment is attributable, the assessment attributable to the membership shall be prorated between the applicable rates on the basis of the number of days in the period that the Owner qualified for each rate. Annual assessments may be collected on a monthly basis and special assessments may be collected as specified by the Board unless otherwise determined by the resolution of the Members of the Association approving the special assessment. So long as the Declarant qualifies for the reduced assessment rate with respect to the Units which it owns, if the assessments for any fiscal year of the Association shall fail to equal or exceed the actual expenses incurred by the Association during any such fiscal year because of the Declarant's right to pay reduced assessments, then the Declarant shall pay to the Association a sufficient amount, up to the amount for that fiscal year of the full assessment for each Unit owned by Declarant to meet any such deficit, so long as a written notice of such deficit is given by the Association to the Declarant within sixty (60) days following the termination of the fiscal year for which the assessment is made.



5.5 Notice and Quorum for Any Action Authorized Under Sections 5.1 and 5.3. Written notice of any meeting called for the purpose of taking any action authorized under Section 5.1 or Section 5.3 shall be sent to all Members not less than thirty (30) days nor more than sixty (60) days prior to date of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast fifty percent (50%) of all the votes (exclusive of suspended voting rights) of Members shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

5.6 Lien for Assessments. All sums assessed to Owners of any Unit within the Project pursuant to the provisions of this Article V, together with penalties and interest thereon as provided herein, shall be secured by a lien on such Unit in favor of the Association. To evidence a lien for sums assessed pursuant to this Article V, the Board of Trustees may 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 and acknowledged by a duly authorized officer of the Association and may be recorded in the office of the County Recorder of Salt Lake 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 sale or foreclosure conducted in accordance with the provisions of law applicable to the exercise of powers of sale or judicial foreclosure of deeds of trust or mortgages or in any other manner permitted by law. In any such foreclosure, the Owner shall be required to pay the costs and expenses of such proceeding, (including reasonable attorney's fees), and such costs and expenses shall be secured by the lien being foreclosed. The Owner shall also be required to pay to the Association any assessment against the Unit which shall become due during the period of foreclosure, and all such assessments shall be secured by the lien being foreclosed. The Board of Trustees shall have the right and power in behalf of the Association to bid in at any foreclosure sale and to hold, lease, mortgage, or convey the subject Unit in the name of the Association.

5.7 Personal Obligation of Owner. The amount of any annual or special assessment against any Unit shall be the personal obligation of the Owner of such Unit 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. No Owner may avoid or diminish any such personal obligation by waiver of the use and enjoyment of any of the Common Areas or by abandonment of his Unit or by waiving any services or amenities provided for in this Declaration. In the event of any suit to recover a money judgment of unpaid assessment hereunder, the involved Owner shall pay the costs and expenses incurred by the Association in connection therewith, including reasonable attorneys' fees.

5.8 Personal Liability of Purchaser. The personal obligation of an Owner to pay unpaid assessments against his Unit as described in Section 5.7 shall not pass to successors in title unless expressly assumed by them. Provided, however, a lien to secure unpaid assessments shall not be affected by the sale or transfer of the Unit unless foreclosure by a First Mortgagee is involved, in

which case the foreclosure will extinguish the lien for any assessments that were payable before the foreclosure sale, but shall not relieve any subsequent Owner from paying further assessments.

5.9 Reserves and Working Capital. In addition to its day-to-day operating funds, the Association shall establish the following funds:

(A) Reserve Fund. The Association shall establish and maintain an adequate reserve fund for the periodic maintenance, repair, and replacement of improvements to the Common Areas and Condominium Building Exteriors which the Association is obligated to maintain, repair, or replace. The reserve fund shall be maintained out of regular assessments for Common Expenses.

(B) Working Capital Fund. The Declarant shall establish and maintain for the Project, a working capital fund equal to at least two (2) monthly installments of the annual assessment of each Unit. Each Unit's share of the working capital fund must be collected and transferred to the Association at the time of the closing of sale of that Unit. Notwithstanding the foregoing, the contribution to the working capital fund for each unsold Unit shall be paid by the Declarant to the Association within sixty (60) days after the date of the conveyance of the first Unit in the Project. With respect to each Unit for which the Declarant pays the contribution to the working capital fund, Declarant shall be reimbursed for such contribution either by the Purchaser of such Unit at the time of the closing of the sale to such purchaser or by the Association upon termination of the Declarant's control of the Association as described in Section 3.2, whichever is earlier. The working capital fund must be maintained in a segregated account for the use and benefit of the Association. The purpose of the working capital fund is to ensure that the Association will have cash available to meet unforeseen expenditures or to acquire additional equipment or services deemed necessary or desirable by the Association. Amounts paid into the working capital fund are not to be considered advance payments of any regular assessment. The working capital fund shall be transferred to the Association for deposit to a segregated fund when control of the Association is transferred to the Owners. The Declarant shall not use the working capital fund to defray any of its expenses, reserve contributions, or construction costs or to make up any budget deficits while it is in control of the Association.

5.10 Evidence of Payment of Annual and Special Assessments. Upon receipt of a written request by a Member or any other person, the Association within a reasonable period of time thereafter shall issue to such Member or other person a written certificate stating (a) that all annual and special assessments (including interest, costs and attorneys' fees, if any, as provided in Section 5.2 above) have been paid with respect to any specified Unit as of the date of such certificate, or (b) if all annual and special assessments have not been paid, the amount of such annual and special assessments (including interest, costs and attorneys' fees, if any) due and payable as of such date. The Association may make a reasonable charge for the issuance of such certificates, which charges must be paid at the time the request for any such certificate is made. Any such certificate, when duly issued as herein provided, shall be conclusive and binding with respect to any matter therein stated as against any bond fide purchaser of, or Mortgagee on, the Unit in question.

ARTICLE VI  
OPERATION AND MAINTENANCE

6.1 Maintenance of Condominiums. Each Condominium and Unit shall be maintained by the Owner thereof so as not to detract from the appearance of the Property and so as not to affect adversely the value or use of any other Condominium or Unit. The Association shall have no obligation regarding maintenance or care of Condominiums or Units except as set forth in Section 6.2 or elsewhere in this Declaration.

6.2 Operation and Maintenance by Association. The Association shall provide for such maintenance and operation of the Common Areas as may be necessary or desirable to make them appropriately usable in conjunction with the Units and to keep them clean, functional, attractive, and generally in good condition and repair. The Association shall also provide for the maintenance of all Condominium Building Exteriors and the watering, maintenance and yard care for each Unit's grounds together with the Common Areas; provided, however, that although the Association shall provide for the watering of the backyard to each Unit, each Owner shall otherwise be solely responsible for all other landscaping, planting and maintaining of the Unit's backyard and any lawn within the backyard (including mowing, if there is a lawn) in a clean, attractive and desirable manner subject to the approval of the Board for the installation of any landscaping and improvements as provided in this Agreement. The expenses incurred by the Association for the operation and maintenance for which it is responsible shall be paid for with funds from the Common Expense Fund.

6.3 Utilities. The Owner shall pay for all utility services furnished to each Unit utility services which are not separately billed or metered to individual Units by the utility or other party furnishing such service. The Association shall pay such bills which are not separately metered and charge an appropriate share to each Unit and Owner as part of the Common Expenses.

6.4 Insurance. The Association shall at all times maintain in force insurance which is consistent with FNMA's insurance coverage requirements and which meets the following minimum requirements:

(A) Hazard Insurance. A "master" or "blanket" type policy of property insurance shall be maintained covering the entire Project, including: Common Areas; all Condominium Buildings including all Condominiums (other than the interior content thereof); fixtures, building service equipment, personal property and supplies comprising a part of the Common Areas or owned by the Association, and which are of a class typically encumbered by Mortgages held by FNMA or other similar institutional Mortgage investors; but excluding land, foundations, excavations, and other items normally not covered by such policies. References herein to a "master" or "blanket" type policy of property insurance are intended to denote single entity insurance coverage. As a minimum, such "master" or "blanket" policy shall afford protection against loss or damage by fire, by other perils normally covered by the standard extended coverage endorsement, and by all other perils which are customarily covered with respect to projects similar to the Project in construction, location, and use, including (without limitation) all perils normally covered by the standard "all risk"

endorsement, where such endorsement is available. Such "master" or "blanket" policy shall be in an amount not less than one hundred percent (100%) of current replacement cost of all elements of the Project covered by such policy, exclusive of land, foundations, excavation, and other items normally excluded from coverage. The insurance policy shall include either of the following endorsements to assure full insurable value replacement cost coverage: (1) a Guaranteed Replacement Cost Endorsement (under which the insurer agrees to replace the insurable property regardless of the cost) and, if the policy includes a co-insurance clause, an Agreed Amount Endorsement (which waives the requirement for co-insurance; or (2) a Replacement Cost Endorsement (under which the insurer agrees to pay up to one-hundred percent of the property's insurable replacement cost but no more) and, if the policy includes a co-insurance clause, an Agreed Amount Endorsement (which waives the requirement for co-insurance). The maximum deductible amount for such policy covering the Common Areas shall be the lesser of Ten Thousand Dollars (\$10,000) or one percent (1%) of the policy face amount. However, for losses related to individual Condominiums that are covered by such a policy, the deductible related to each individual Condominium shall be One Thousand Dollars (\$1,000). Funds to cover these deductible amounts shall be included in the Association's operating reserve account.

(B) Flood Insurance. If any part of the Project is or comes to be situated in a Special Flood Hazard Area as designated on a Flood Insurance Rate Map, a "master" or "blanket" policy of flood insurance shall be maintained covering the Condominium Buildings, any machinery and equipment that are not part of a Condominium Building and all Common Areas within the Project (hereinafter "Insurable Property") in an amount deemed appropriate, but not less than the lesser of: (1) the maximum limit of coverage available under the National Flood Insurance Administration Program for all Condominium Buildings and Insurable Property within any portion of the Project located within a designated flood hazard area; or (2) one hundred percent (100%) of the insurable value of all such facilities. The maximum deductible amount for any such policy shall be the lesser of Five Thousand Dollars (\$5,000) or one percent (1%) of the policy face amount.

(i) The name of the insured under each policy required to be maintained by the foregoing Sections 6.4(A) and (B) shall be the Association for the use and benefit of the individual Owners. (Said Owners shall be designated by name, if required.) Notwithstanding the requirement of the two immediately foregoing sentences, each such policy may be issued in the name of an authorized representative of the Association, including any Insurance Trustee with whom the Association has entered into an Insurance Trust Agreement, or any successor to such Trustee, for the use and benefit of the individual Owners. Loss payable shall be in favor of the Association (or Insurance Trustee), as a trustee for each Owner and each such Owner's Mortgagee. Each Owner and each such Owner's Mortgagee, if any, shall be beneficiaries of such policy. Evidence of insurance shall be issued to each Owner and Mortgagee upon request.

(ii) Each policy required to be maintained by the foregoing Sections 6.4(A) and (B), shall contain the standard mortgage clause, or equivalent

endorsement (without contribution), commonly accepted by private institutional mortgage investors in the area in which the Project is located. If FNMA is a holder of one or more Mortgages on Units within the Project, such mortgage clause shall name FNMA or FNMA's servicer of such Mortgages as Mortgagee. If FNMA's servicer is named as mortgagee in such mortgage clause, such servicer's name shall be followed therein by the phrase "its successors and assigns." In addition, such mortgage clause or another appropriate provision of each such policy shall provide that the policy may not be canceled or substantially modified without at least ten (10) days' prior written notice to the Association and to each Mortgagee which is listed as a scheduled holder of a Mortgage in the policy.

(iii) Each policy required to be maintained by the foregoing Sections 6.4(A) and (B), shall provide, if available, for the following: recognition of any insurance trust agreement; a waiver of the right of subrogation against Owners individually; the insurance is not prejudiced by any act or neglect of individual Owners which is not in the control of such Owners collectively; and the policy is primary in the event the Owner has other insurance covering the same loss.

(iv) Each policy required to be maintained by the foregoing Section 6.4(A) shall also contain or provide the following: (1) "Inflation Guard Endorsement", if available; and (2) "building Ordinance or Law Endorsement", if the enforcement of any building, zoning, or land use law will result in loss or damage, increased cost of repairs or reconstruction, or additional demolition and removal costs. (The endorsement must provide for contingent liability from the operation of building laws, demolition costs, and increased costs of reconstruction).

(C) Fidelity Bonds. The Association shall at all times maintain in force and pay the premiums for "blanket" fidelity bonds for all officers, members, and employees of the Association and for all other persons handling or responsible for funds of or administered by the Association whether or not that individual receives compensation for services. Furthermore, where the Association has delegated some or all of the responsibility for the handling of funds to a Manager, the Manager shall provide "blanket" fidelity bonds, with coverage identical to such bonds required of the Association, for the Manger's officers, employees, and agents handling or responsible for funds of, or administered on behalf of, the Association. The total amount of fidelity bond coverage required shall be based upon the Association's best business judgment and shall not be less than the estimated maximum of funds, including reserve funds, in the custody of the Association, or the Manager, as the case may be, at any given time during the term of each bond. A lesser amount of fidelity insurance coverage is acceptable for the Project so long as the Association and the Manager adhere to the following financial controls: (1) the Association or the Manager maintains separate bank accounts for the working account and the reserve account, each with appropriate access controls, and the bank in which funds are deposited sends copies of the monthly bank statements directly to the Association; (2) the Manager maintains separate records and bank accounts for each Association that uses its services, and the Manager does not have authority to draw checks on or to transfer funds from the Association's reserve

account; or (3) two members of the Board must sign any checks written on the reserve account. Nevertheless, in no event may the amount of such bonds be less than the sum equal to three months' aggregate assessments on all Units. The bonds required shall meet the following additional requirements: (i) the fidelity bonds shall name the Association as obligee; (ii) the bonds shall contain waivers by the issuers of the bonds of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees" or similar terms or expressions; (iii) the premiums on all bonds required herein for the Association (except for premiums on fidelity bonds maintained by the Manager for its officers, employees and agents) shall be paid by the Association as part of the Common Expenses; and (iv) the bonds shall provide that they may not be canceled or substantially modified (including cancellation for nonpayment of premium) without at least ten (10) days prior written notice to the Association, to any Insurance Trustee, and to each servicer of loans on behalf of FNMA.

(D) Liability Insurance. The Association shall maintain in force, and pay the premium for a policy providing comprehensive general liability insurance coverage covering all of the Common Areas, Condominium Building Exteriors, public ways in the Project, including any dedicated trail system(s), all other areas of the Project that are under the Association's supervision, and commercial spaces owned by the Association, if any, whether or not such spaces are leased to some third party. The coverage limits under such policy shall be in amounts generally required by private institutional Mortgage investors for projects similar to the Project in construction, location, and use. Nevertheless, such coverage shall be for at least One Million Dollars (\$1,000,000) for bodily injury, including deaths of persons, and property damage arising out of a single occurrence. Coverage under such policy shall include, without limitation, legal liability of the insureds for property damage, bodily injuries and deaths of persons in connection with the operation, maintenance, or use of the Common Areas, and/or Condominium Building Exteriors, and legal liability arising out of lawsuits related to employment contracts of the Association. Additional coverages under such policy shall include protection against such other risks as are customarily covered with respect to projects similar to the Project in construction, location, and use, including but not limited to (where economically feasible and if available), host liquor liability, contractual and all-written contract insurance, employers liability insurance, and comprehensive automobile liability insurance. If such policy does not include "severability of interest" in the terms, the policy shall include a special endorsement to preclude an insurer's denial of any Owner's claim because of negligent acts of the Association or any other Owner. Such policy shall provide that it may not be canceled or substantially modified, by any party, without at least ten (10) days' prior written notice to the Association and to each Mortgagee which is listed as a scheduled holder of a Mortgage in such policy.

(E) Insurance Trustees and General Requirements Concerning Insurance. Notwithstanding any of the foregoing provisions and requirements relating to property or liability insurance, there may be named as an insured on behalf of the Association, the Association's authorized representative, including any trustee with whom the Association may enter into any Insurance Trust Agreement or any successor to such trustee (each of whom shall be referred to herein as the "Insurance Trustee"), who shall have exclusive

authority to negotiate losses under any policy providing such property or liability insurance. Each Owner hereby appoints the Association, or any Insurance Trustee or substitute Insurance Trustee designated by the Association, as his or her attorney-in-fact for the purpose of purchasing and maintaining such insurance, including: the collection and appropriate disposition of the proceeds thereof, the negotiation of losses and execution of releases of liability; the execution of all documents, and the performance of all other acts necessary to accomplish such purpose. The Association, or any Insurance Trustee, shall receive, hold, or otherwise properly dispose of any proceeds of insurance in trust for the use and benefit of the Owners and their Mortgagees, as their interests may appear.

Each insurance policy maintained pursuant to the foregoing Sections 6.4(A), 6.4(B), 6.4(C), and 6.4(D) shall be written by an insurance carrier which is licensed to transact business in the State of Utah and which has a "B" general policyholder's rating or a financial performance index of "6" or better in the Best's Key Rating Guide, or an "A" or better rating from Demotech, Inc., or which is written by Lloyd's of London. No such policy shall be maintained where: (1) under the terms of the carrier's charter, bylaws, or policy, contributions may be required from, or assessments may be made against, an Owner, a Mortgagee, the Board, the Association, FNMA, or the designee of FNMA; (2) by the terms of the carrier's charter, bylaws, or policy, loss payments are contingent upon action by the carrier's board of directors, policyholders, or members; or (3) the policy includes any limiting clauses (other than insurance conditions) which could prevent the party entitled (including without limitation the Board, the Association, an Owner, or FNMA) from collecting insurance proceeds. The provisions of this Section 6.4(E) and of the foregoing Sections 6.4(A), (B), (C), and (D) 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, in such amounts and in such forms as the Association may deem appropriate from time to time.

(F) Annual Review of Policies. All insurance policies shall be reviewed at least annually by the Board in order to ascertain whether the coverage contained in the policies is sufficient to make any necessary repairs or replacement of the Project which may have been damaged or destroyed. In addition, such policies shall be reviewed to determine their compliance with the provisions of this Declaration.

## ARTICLE VII DAMAGE OR DESTRUCTION

7.1 Association as Attorney-in Fact. All of the Owners irrevocably constitute and appoint the Association their true and lawful attorney-in-fact in their name, place, and stead for the purpose of dealing with the Project upon its damage or destruction as hereinafter provided. Acceptance by any grantee of a deed from the Declarant or from any Owner shall constitute an appointment by said Grantee of the Association as his or her attorney-in-fact as herein provided. As attorney-in-fact, the Association shall have full and complete authorization, right and power to make, execute, and deliver any contract, deed, or other instrument with respect to the interest of an Owner which may be

necessary or appropriate to exercise the powers herein granted. All insurance proceeds shall be payable to the Association except as otherwise provided in this Declaration.

7.2 Definition of Repair and Reconstruction. Repair and reconstruction of the improvements as used herein means restoring the Project to substantially the same condition in which it existed prior to the damage or destruction, with each Condominium and the Common Areas having substantially the same vertical and horizontal boundaries as before.

7.3 Procedure. In the event all or any part of the Project is damaged or destroyed, the Association shall proceed as follows:

(A) Notice to First Mortgagees. The Association shall give timely written notice to any holder of any First Mortgage on a Unit or who requests such notice in writing in the event of substantial damage to or destruction of any part of the Common Areas or a Condominium subject to such First Mortgage.

(B) Estimate of Costs. As soon as practicable after an event causing damage to or destruction of any part of the Project, the Association shall obtain complete and reliable estimates of the costs to repair and reconstruct the part of the Project damaged or destroyed.

(C) Sufficient Insurance. If the proceeds of the insurance maintained by the Association equal or exceed the estimated costs to repair and reconstruct the damaged or destroyed part of the Project, such repair and reconstruction shall be carried out.

(D) Insufficient Insurance -- Less than Seventy-Five Percent (75%) Destruction. If the proceeds of the insurance maintained by the Association are less than the estimated costs to repair and reconstruct the damaged or destroyed part of the Project, and if less than seventy-five percent (75%) of the Project is damaged or destroyed, such repair and reconstruction shall nevertheless be carried out. The Association shall levy a special assessment sufficient to provide funds to pay the actual costs of such repair and reconstruction to the extent that such insurance proceeds are insufficient to pay such costs. Such special assessment shall be allocated and collected as provided in Section 5.3 above, except that the vote therein specified shall be unnecessary. Further levies may be made in like manner if the amounts collected (together with the proceeds of insurance) are insufficient to pay all actual costs of such repair and reconstruction.

(E) Insufficient Insurance--Seventy-Five Percent (75%) or More Destruction. If the proceeds of the insurance maintained by the Association are less than the estimated costs to repair and reconstruct the damaged or destroyed part of the Project, and if seventy-five percent (75%) or more of the Project is damaged or destroyed, such damage or destruction shall be repaired and reconstructed, but only if within one hundred (100) days following the damage or destruction, Owners entitled to vote at least seventy-five percent (75%) of the votes of the Members vote to carry out such repair and reconstruction. If, however, the Owner's do not, within one hundred (100) days after such damage or destruction, elect by a vote of at least seventy-five percent (75%) of the votes of the Members to carry out such



repair and reconstruction but rather elect to terminate the Project, and if Eligible Mortgagees who represent at least fifty-one percent (51 %) of the votes of Units subject to Mortgages held by Eligible Mortgagees approve such termination, the Association shall record in the office of the County Recorder of Salt Lake County, State of Utah, a notice setting forth such facts. Upon the recording of such notice, the following shall occur:

- (i) the Project shall be deemed to be owned in common by the Owners,
- (ii) Each Owner shall own an undivided interest in the Project equal to such Owner's assessment percentage as set forth on Exhibit A;
- (iii) Any liens affecting any of the Units shall be deemed to be transferred, in accordance with the existing priorities, to the undivided interest of the respective Owner in the Project; and
- (iv) The Project shall be subject to an action for partition at the suit of any Owner, in which event the net proceeds of any sale resulting from such suit for partition, together with the net proceeds of the insurance of the Project, if any, shall be considered as one fund and shall be divided among all Owners after first paying out of the respective share of each Owner, to the extent sufficient for the purposes, all liens on the undivided interest in the Project owned by such Owner. The division of funds shall be based on the fair market values of the Units and Condominiums immediately prior to the damage or destruction, and the Owners shall divide said funds based upon the relative value of the Units and Condominiums prior to the damage or destruction.

(F) Priority. In no event shall an Owner of a Unit or any other party have priority over the holder of any First Mortgage on such Unit with respect to the distribution to such Unit of any insurance proceeds.

7.4 Repair or Reconstruction. If the damage or destruction is to be repaired or reconstructed as provided above, the Association shall, as soon as practicable after receiving the said estimate of costs, commence and diligently pursue to completion the repair and reconstruction of that part of the Project damaged or destroyed. The Association may take all necessary or appropriate action to effect repair and reconstruction, as attorney-in-fact for the Owners, and no consent or other action by any Owner shall be necessary in connection therewith, except as otherwise expressly provided herein. The Project shall be restored or repaired to substantially the same condition in which it existed prior to the damage or destruction, with each Condominium and the Common Areas having the same vertical and horizontal boundaries as before. Any restoration or repair of the Project, after a partial condemnation or damage due to an insurable hazard, shall be performed substantially in accordance with this Declaration and the original architectural plans and specifications.

7.5 Disbursement of Funds for Repair and Reconstruction. If repair or reconstruction is to occur, the insurance proceeds held by the Association and any amounts received from assessments

made pursuant to Section 7.3(D) shall constitute a fund for the payment of costs of repair and reconstruction after casualty. It shall be deemed that the first money disbursed in payment for costs of repair and reconstruction shall be made from insurance proceeds; if there is a balance after payment of all costs of such repair and reconstruction, such balance shall be distributed to the Owners equally.

7.6 Amendment of Article. This Article VII shall not be amended unless, of the Owners entitled to vote, Seventy-five percent (75%) of the Owners vote and agree to such amendment and such approval and agreement is reflected in an instrument duly executed by the Board of Trustees of the Association and recorded in accordance with the provisions of this Declaration.

## ARTICLE VIII CONDEMNATION

8.1 Condemnation. If at any time or times all or any part of the Project shall be taken or condemned by any public authority under power of eminent domain, the provisions of this Article VIII shall apply. A voluntary sale or conveyance of all or any part of the Project in lieu of condemnation, but under threat of condemnation, shall be deemed to be a taking by power of eminent domain. If any Unit or portion thereof or the Common Areas or any portion thereof is made the subject matter of any condemnation or eminent domain proceeding, or is otherwise sought to be acquired by a condemning authority, the Board of Trustees shall give prompt written notice of any such proceeding or proposed acquisition to each Owner in the Project and to any First Mortgagee who has requested in writing notice thereof. The Association shall represent the Owners in any condemnation proceedings or in negotiations, settlements and agreements with the condemning authority for acquisition of the Common Areas, or any part thereof and each Owner hereby appoints the Association as such Owner's attorney-in-fact for the purposes of such representation.

8.2 Proceeds. All compensation, damages and other proceeds from any such taking by power of eminent domain (hereinafter "Condemnation Award") shall be made payable to the Association and shall be distributed by the Board of Trustees, on behalf of the Association as herein provided.

8.3 Complete Taking. In the event the entire Project is taken by power of eminent domain, ownership pursuant hereto shall terminate and the Condemnation Award shall be allocated among and distributed to the Owners and the Owners shall divide the Condemnation Award based upon the relative values of the Units and Condominiums immediately prior to the condemnation. Such distribution shall be made by check payable joint to the respective Owners and their respective Mortgagees, as appropriate.

8.4 Partial Taking. In the event less than the entire Project is taken by power of eminent domain, the following shall occur:

(A) Allocation of Award. As soon as practicable, the Board of Trustees shall, on behalf of the Association, reasonably and in good faith, apportion the Condemnation Award

between compensation, severance damages or other proceeds and shall allocate such apportioned amounts and pay the same to the Owners as follows:

(i) The total amount apportioned to taking of or injury to the Common Areas shall be allocated among and distributed to all Owners (including Owners whose entire Units have been taken).

(ii) The total amount apportioned to severance damages shall be allocated among and distributed equally to the Owners of those Units that have not been taken.

(iii) The respective amounts apportioned to the taking of or injury to a particular Unit shall be allocated and distributed to the Owner of such Unit.

(iv) The total amount apportioned to consequential damages and any other taking or injuries shall be allocated and distributed as the Association determines to be equitable under the circumstances;

(v) If apportionment or allocation is already established by negotiation, judicial decree, statute or otherwise, the Association shall employ such apportionment and allocation to the extent it is relevant and applicable;

(vi) Distribution of allocated proceeds shall be made by check payable jointly to individual Owners and their respective Mortgagees, as their interests may appear; and

(vii) No provision of this Article VIII or any other provision of this Declaration, the Articles, or the Bylaws shall entitle the Owner of a Unit or other party to priority over any First Mortgagee holding such Unit with respect to the distribution to such Unit of the proceeds of any award, settlement or proceeds from any eminent domain or condemnation proceeding.

(B) Continuation and Reorganization. If less than the entire Project is taken by power of eminent domain, ownership pursuant hereto shall not terminate but shall continue. In such event the Project shall be reorganized as follows:

(i) If any partial taking results in the taking of an entire Unit, then the Owner thereof shall cease to be a member of the Association and all voting rights shall terminate,

(ii) If any partial taking results in the taking of a portion of a Unit, the voting rights appertaining to such Unit shall continue.

(iii) If any partial taking results in the taking of a portion of a Unit and if there is a determination made by the Board of Trustees, after duly considering any recommendations, proposals, or other input from the Owners, that such taking makes

it impractical to use the remaining portion of such Unit, then all voting rights terminate and the remaining portion of such Unit shall thenceforth be part of the Common Areas;

(iv) The Board of Trustees, after duly considering any recommendations, proposals or other input from the Owners, shall have the duty and authority to make all determinations and to take all actions necessary or appropriate to effectuate reorganization of the Project under the provisions of this Section 8.4(B); provided, however, that if any such determination shall have been or such action take by judicial decree, the Board of Trustees shall defer thereto and proceed in accordance therewith.

(C) Repair and Reconstruction. Any repair and reconstruction necessitated by condemnation shall be governed by the provisions specified in Article VII hereof for cases of Damage or Destruction; provided, however, that the provisions of said article dealing with sufficiency or insufficiency or insurance proceeds shall not be applicable.

## ARTICLE IX TERMINATION

9.1 Required Vote. Except as otherwise provided in Article VII and Article VIII, the Project may be terminated only by agreement of Owners entitled to vote at least sixty-seven percent (67%) of the votes attributable to all Units.

9.2 Termination Agreement. An agreement to terminate shall be evidenced by the execution or ratification of a termination agreement, in the same manner as a deed, by the requisite number of Owners. Such an agreement to terminate shall also be approved by Eligible Mortgagees who represent at least sixty-seven percent (67%) of the votes of Units subject to First Mortgages held by Eligible Mortgagees. Such approval (and any other approval related to an amendment to this Declaration) shall be deemed given when an Eligible Mortgagee fails to submit a response within thirty (30) days after it receives proper notice of the proposal, provided the notice was delivered by certified or registered mail, with a "return receipt" requested. The termination agreement shall specify a date after which the agreement will be void unless it is recorded before that date. A termination agreement, including all ratifications of such termination agreement, shall be recorded in Salt Lake County, Utah and is effective only on recordation.

9.3 Sale of Project. A termination agreement may provide that the entire Project shall be sold following termination. If, pursuant to the agreement, any real estate in the Project is to be sold following termination, the termination agreement shall set forth the minimum terms of the sale.

9.4 Association Duties. The Association, on behalf of the Owners, may contract for the sale of real estate in the Project, but the contract is not binding on the Owners until approved pursuant to Sections 9.1 and 9.2. If any real estate in the Project is to be sold following termination, title to that real estate on termination vests in the Association as trustee for all Owners. Thereafter, the Association has all powers necessary and appropriate to effect the sale. Until the sale has been

concluded and the proceeds of the sale distributed, the Association continues in existence with all powers it had before termination. Proceeds of the sale shall be distributed to Owners and Mortgagees as their interests may appear, based on the relative value of each Unit and Condominium. Unless otherwise specified in the termination agreement, as long as the Association holds title to the real estate, each Owner and their successors in interest have an exclusive right to occupancy of the portion of the real estate that formerly constituted their Unit in accordance with the terms of this Declaration. During the period of that occupancy right, each Owner and their successors in interest remain liable for all assessments and other obligations imposed on Owners by this Declaration.

9.5 Proceeds of Sale. Following termination of the Project, the proceeds of any sale of real estate, together with the assets of the Association, shall be held by the Association as trustee for Owners and Mortgagees as their interests may appear. Following termination, Mortgagees holding Mortgages on the Units which were recorded before termination may enforce those liens in the same manner as any lienholder.

## ARTICLE X GENERAL USE RESTRICTIONS

10.1 Rules and Regulations. The Association shall have authority to promulgate and enforce such reasonable rules, regulations and procedures as may be necessary or desirable to aid the Association in carrying out any of its functions or to insure that the Property is maintained and used in a manner consistent with the interest of the Owners.

10.2 Use of Common Areas. The Common Areas shall be used only in a manner consistent with their community nature and with the rules, regulations and use restrictions applicable to Units and Condominiums. No admission fees, charges for use, leases, or other income generating arrangement of any type shall be employed or entered into with respect to any portion of the Common Areas. Provided, however, vending machines and similar devices approved by the Board may be made available within the Common Areas.

10.3 Use of Units and Condominiums. All Units are improved with Condominiums and are restricted to such use. Each Condominium shall be used only as a single-family residence. No Unit or Condominium shall be used, occupied, or altered in violation of law, so as to jeopardize the support of any other Condominium, so as to create a nuisance or interfere with the rights of any Owners, or in any way which would result in an increase in the cost of any insurance covering the Common Areas or Condominiums.

10.4 Exception for Declarant. Notwithstanding the restrictions contained in this Article X, for the six (6) year period following the date on which this Declaration is filed for record in the office of the County Recorder of Salt Lake County, Utah, Declarant shall have the right to use any Unit or Condominium owned by it, and any part of the Common Areas reasonably necessary or appropriate, in furtherance of any activities designed to accomplish or facilitate improvement and sale of all Units owned by Declarant. Without limiting the foregoing, Declarant shall have the right to maintain one or more sales offices and model Condominiums. Such offices and model Condominiums may be

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located in any Condominium owned or leased by Declarant, or in one or more separate structures or facilities placed upon the Property for the purpose of aiding the Declarant's sales efforts, or any combination of the foregoing. Declarant shall also have the right to maintain a reasonable number of promotional, advertising, or directional signs, banners, or similar devices at any place or places on the Property. Declarant shall have the right from time to time to locate or relocate any of its sales offices, model Condominiums, signs, banners or similar devices.

10.5 Leases. Any lease agreement between an Owner and a lessee respecting a Unit or Condominium shall be subject in all respects to the provisions of this Declaration, the Articles, and Bylaws, and any failure by the lessee to comply with the terms of such documents shall be a default under the lease. All such lease agreements shall be in writing. An Owner shall be responsible and liable for any damage to the Project caused by its tenant.

10.6 Easements. Easements for installation and maintenance of utilities are reserved as shown on the Plat. Within these easements, no structure, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities. Easements for the installation and maintenance of utilities are also reserved within each Condominium. It is contemplated that telephone, gas, electricity and other utilities may originate in one Condominium and terminate in another Condominium. A right of access to all such utilities is reserved to the Association and to all utility suppliers.

10.7 Nuisances; Pets; Parking. No rubbish or debris of any kind shall be placed or permitted to accumulate upon the Property and no odors shall be permitted to arise therefrom so as to render any part of the Property unsanitary or unsightly or which would be offensive or detrimental to any other part of the Property or to the occupants thereof. No noise or other nuisance shall be permitted to exist or operate upon any part of the Property so as to be offensive or detrimental to any other part of the Property, or to the occupants thereof. Without limiting the generality of any of the foregoing, no exterior speakers, horns, whistles, bells or other sound devices (other than security devices used exclusively for security purposes) shall be located, used or placed on the Property without the prior written approval of the Board. No farm animals or large dogs shall be permitted. No pets shall be kept in outdoor kennels or pens. Only small to medium sized dogs, cats, and other house pets commonly permitted in an urban setting shall be allowed on the Property. Each Owner and its guests shall park in the Limited Common Areas designated for the Owner's Unit and no parking shall be permitted on any of the Common Areas (including, without limitation, any road in the Project) except for (i) the two (2) designated, public, parking stalls at the north-west end of the Project and (ii) on an as needed basis by Declarant, its contractors, agents and employees in connection with the further construction and development of the Project.

10.8 Temporary and Other Structures. No structures of a temporary nature, trailer, basement house, tent, shack, shed, garage, barn or other outbuildings shall be used at any time as a residence either temporarily or permanently, nor shall said structures be permitted on the Property at any time. No old or secondhand structures shall be moved onto any Unit, it being the intention hereof that all Condominiums erected and maintained on Units or within the Property shall be new construction of good quality, workmanship and material.

10.9 Unsightly Articles. No unsightly articles shall be permitted to remain on or near a Unit so as to be visible from any other Unit or the Common Areas. Without limiting the generality of the foregoing, trailers, mobile homes, trucks other than pickups, boats, tractors, vehicles other than automobiles, campers not on a truck, snowmobiles, snow removal equipment and garden or maintenance equipment shall be kept at all times, except when in actual use, in an enclosed structure or screened from view. Refuse, garbage and trash shall be kept at all times in a covered, noiseless container and any such container shall be kept within an enclosed structure or appropriately screened from view. Service areas, storage piles, compost piles and facilities for hanging, drying or airing clothing or household fabrics shall be appropriately screened from view. No lumber, grass, shrub or tree clippings or plant waste, metals, bulk materials or scrap or refuse or trash shall be kept, stored or allowed to accumulate on any Unit except within an enclosed structure or when appropriately screened from view.

10.10 No Further Subdividing. No Unit or Common Area may be further subdivided, nor may any easement or other interest therein less than the whole be conveyed by the Owner thereof without the prior written approval of the Association; provided, however, that nothing herein shall be deemed to prevent or require the approval of the Association for the transfer or sale of any Unit or Condominium to more than one person to be held by them as tenants in common, joint tenants, or otherwise; and provided further, that nothing herein shall be deemed to prevent the expansion of the Project on the Additional Land pursuant to Article XIV.

10.11 Signs. No sign of any kind shall be displayed to the public view without the approval of the Association, except such signs as may be used by Declarant in connection with the development of the Project and the sale of Condominiums and/or Units and except such signs of customary and reasonable dimensions as may be displayed on a Unit advertising a Unit or Condominium for sale or lease. Display of any "for sale" or "for lease" sign more than three (3) feet by two (2) feet shall require the prior written approval of the Association. A residential identification sign is permitted but should not exceed one (1) square foot in surface area. Numbers on residences shall be located in a position clearly legible from the street, but not more than six (6) feet above main floor level.

10.12 No Hazardous Activities. No activities shall be conducted on the Property and no improvements constructed on the Property which are or might be unsafe or hazardous to any person or property. Without limiting the generality of the foregoing, no firearms shall be discharged upon the Property and no open fires nor incinerators shall be lighted or permitted on the Property except in a contained barbecue unit while attended and in use for cooking purposes or within a safe and well-designed interior fireplace.

10.13 Repair of Buildings. No improvement upon the Property shall be permitted to fall into disrepair, and each such improvement shall at all times be kept in good condition and repair and adequately painted or other-wise finished by the Owner thereof or the Association as applicable.

10.14 Improvements and Alterations. There shall be no excavation, construction or alteration which in any way alters the exterior appearance of any improvement within the Property nor removal of any Condominium or other improvement within the Property (other than repairs or

rebuilding) without the prior written approval of the Association. Notwithstanding the foregoing, for six (6) years following the recordation hereof, Declarant reserves the right to change the interior design and interior arrangement of and Unit and to alter the boundaries between Units or to combine Units, so long as Declarant owns the Units so altered or combined. Any change of the boundaries between the Units, or any alteration of the Common Areas shall be reflected by an amendment of this Declaration and of the Plat which may be executed and acknowledged by Declarant alone, notwithstanding the procedures for amendment described in Article XIII, Section 13.3 of this Declaration. No change in Unit size shall increase the number of Units nor materially alter the boundaries of the Common Areas and facilities located in the Project nor change the fraction of ownership of Common Areas and Facilities associated with the non-altered or non-combined units without amendment of this Declaration and of the Plat in the manner described in Article XIII, Section 13.3 of this Declaration.

10.15 Rooftop Antennas. No ham radio, citizens band or radio antenna or other similar electronic receiving or sending device shall be permitted upon the rooftop or side of any unit or elsewhere if exposed to view from any other Unit. Such antennas, if used, must be of the type that are installed within the natural building structure. In no case will any such receiving or sending antenna or other device be allowed to interfere with the peace and quiet enjoyment of any neighboring Unit Owner's premises or home entertainment facilities or equipment. Notwithstanding anything else contained herein, each Unit Owner may place one (1) satellite dish or other similar electronic receiving device with a diameter of no more than eighteen (18) inches upon the rear rooftop or the side roof of his unit (or the adjoining unit in the twin home if necessary to obtain a good reception) concealed in a place and manner as unobtrusively as possible. A satellite dish or other similar electronic receiving device shall not be placed on the front portion of the roof or that portion of the roof facing the street unless that is the only reasonable means by which the Unit Owner can receive satellite reception as determined and approved by the Board of Trustees. Further, each Unit Owner desiring to install a satellite dish or other similar electronic receiving device must first submit its written plans of the type of satellite dish and location to the Board of Trustees for its written approval pursuant to the terms of this paragraph which approval shall not be unreasonably withheld. In addition thereto, the Declarant and the Association reserve the right and option to install cable service lines and antennas as needed throughout the Project in connection with its development.

10.16 Architectural Control. No building, fence, wall or other structure shall be commenced, erected or maintained upon the Property, nor shall any exterior addition to or change or alteration therein be made, unless and until the plans and specifications showing the color, nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing by the Board.

10.17 General Obligations. Each Owner shall enjoy and be subject to all rights and duties assigned to Owners pursuant to this Declaration. With respect to unsold Units, the Declarant shall enjoy the same rights and assumes the same duties with respect to each unsold Unit.

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ARTICLE XI  
MORTGAGEE PROTECTION

11.1 Notice of Action. Upon written request made to the Association by a First Mortgagee, or an insurer or governmental guarantor of a First Mortgage, which written request shall identify the name and address of such First Mortgagee, insurer or governmental guarantor and Unit number or address of the Condominium, any such First Mortgage, insurer or governmental guarantor shall be entitled to timely written notice of:

(A) Any condemnation loss or any casualty loss which affects a material portion of the Project or any Unit on which there is a First Mortgage held, insured or guaranteed by such First Mortgagee, insurer or governmental guarantor;

(B) Any delinquency in the payment of assessments or charges owed by an Owner, whose Unit is subject to a First Mortgage held, insured or guaranteed by such First Mortgagee, insurer or governmental guarantor, which default remains uncured for a period of sixty (60) days;

(C) Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association, and

(D) Any proposed action which would require the consent of a specified percentage of Eligible Mortgagees as specified in Section 11.2 below or elsewhere herein.

11.2 Matters Requiring Prior Eligible Mortgagee Approval. Except as provided elsewhere in this Declaration, the prior written consent of Owners entitled to vote at least sixty-seven percent (67%) of the votes of the Units in the Association (unless pursuant to a specific provision of this Declaration the consent of Owners entitled to vote a greater percentage of the votes in the Association is required, in which case such specific provisions shall control), and Eligible Mortgagees holding First Mortgages on Units having at least fifty-one percent (51%) of the votes of the Units subject to First Mortgages held by Eligible Mortgagees shall be required to:

(A) Abandon or terminate the legal status of the Project after substantial destruction or condemnation occurs.

(B) Add or amend any material provision of the Declaration, Articles, Bylaws or Plat, which establishes, provides for, governs or regulates any of the following (an addition or amendment to such documents shall not be considered material if it is for the purpose of correcting technical errors or for clarification only):

(i) voting rights;

(ii) increases in assessments that raise the previously assessed amount by more than 50%, assessment liens, or the priority of assessment liens;

- (iii) more than 50% reductions in any reserves established for maintenance, repair, and replacement of Common Areas;
- (iv) reallocation of interests in the Common Areas, or rights to their use;
- (v) redefinition of any Unit boundaries except for minor adjustments after the construction of a Unit has been completed;
- (vi) convertibility of Units into Common Areas or vice versa;
- (vii) expansion or contraction of the Project, or the addition, annexation, or withdrawal of property to or from the Project; or
- (viii) restoration or repair of the Project (after substantial damage or substantial condemnation) in a manner other than that specified in this Declaration.

Any Mortgagee, insurer or governmental guarantor who receives a written request from the Association to approve additions or amendments to the constituent documents and who fails to deliver or post to the Association a negative response within thirty (30) days shall be deemed to have approved such request, provided the written request was delivered by certified or registered mail, with a "return receipt" requested.

11.3 Availability of Project Documents and Financial Statements. The Association shall maintain and have current copies of this Declaration, Articles, Bylaws, and other rules concerning the Project as well as its own books, records, and financial statements available for inspection by Owners or by holders, insurers, and guarantors of First Mortgages that are secured by Units in the Project. Generally, these documents shall be available during normal business hours. The Association shall make the most recent audited financial statement and any unaudited financial statement for the preceding fiscal year (if the Project has been established for a full fiscal year) available to the holder, insurer, or guarantor of any First Mortgage on submission of a written request for it. The audited financial statement shall be made available within one hundred twenty (120) days of the Association's fiscal year-end.

11.4 Subordination of Lien. The lien or claim against a Unit for unpaid assessments or charges levied by the Association pursuant to this Declaration shall be subordinate to the First Mortgage affecting such Unit if the First Mortgage was recorded before the delinquent assessment was due, and the First 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 assessment or charges, but only to the extent of assessments or charges which accrue prior to foreclosure of the First Mortgage, exercise of a power of sale available thereunder, or taking of a 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 First Mortgage or as not to burden a First Mortgagee which comes into possession or which obtains title shall be collected or enforced by the Association from or against a First Mortgagee, a successor in title to a First Mortgagee, or the Unit affected or previously affected by the First Mortgage concerned.

11.5 Payment of Taxes. In the event any taxes or other charges which may or have become a lien on the Common Areas are not timely paid, or in the event the required hazard insurance described in Section 6.4(A) lapses, is not maintained, or the premiums therefore are not paid when due, any Mortgagee or any combination of Mortgagees may jointly or singly, pay such taxes or premiums or secure such insurance. Any Mortgagee which expends funds for any of such purposes shall be entitled to immediate reimbursement therefor from the Association.

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

## ARTICLE XII LEASING RESTRICTIONS

Declarant desires that the Project will be primarily an owner-occupied residential condominium project. Notwithstanding anything in this Declaration, the Articles, or the Bylaws to the contrary, the following restrictions shall apply to the leasing of any Unit to a person or persons who are not the Owner thereof:

12.1 Limitation on Number of Units that can be Leased. As used herein, a "Third Party Lease" means any lease or rental, whether written or oral and without regard to the term of the lease or any option to purchase contained in the lease, of a Unit to a person or to persons who are not the Owners of the Unit being so leased or rented. No more than 20% of the Units may be the subject of any Third Party Lease at any one time. Any Owner who enters into a Third Party Lease shall promptly notify the Manager of the same, including the names of the tenants and the terms of the lease, and shall promptly notify the Manager of the termination of any Third Party Lease. Based on such information, the Manager shall maintain a list of all current Third Party Leases for the purpose of determining compliance with this Article XII. Compliance, and the right of an Owner to enter into a Third Party Lease, shall be on a "first come, first served" basis, *i.e.*, the right of an Owner to enter into a Third Party Lease shall be determined on the number of existing Third Party Leases, with earlier Third Party Leases having priority over later Third Party Leases. The list maintained by the Manager shall be conclusive as to the priorities of the Third Party Leases and the right of any Owner to enter into a Third Party Lease. If the 20% restriction is filled, Owners may be placed on a waiting list maintained by the Manager until an opening occurs. If the Manager notifies any Owner that a Third Party Lease is in violation of this Article XII, such Owner shall promptly notify the tenant and take all appropriate action to terminate the Third Party Lease. If the Owner fails to terminate a Third Party Lease in violation of this Article XII, the Manager and/or the Association may take all action deemed necessary by them to enforce the terms of this Declaration, including initiating legal action against the Owner seeking specific performance. The prevailing party in such action shall be entitled to recover from the other party all costs and expenses incurred, including reasonable attorney's fees and costs.

12.2 Lease Terms. Third Party Leases shall not have a term longer than three (3) consecutive years, including all renewal options. At the end of the lease term, the applicable Unit may not be leased or rented again for a period of one (1) year, during which time, the Unit must be occupied by the Owner.

12.3 Signs. Signs advertising a Unit for lease or rent shall be limited to a sign having dimensions of not more than two (2) by three (3) feet that is placed in the window of the Unit. No signs or advertising may be placed on any Common Area, including the exteriors of any Condominium Building. All signs shall comply with applicable sign ordinances of Salt Lake County.

12.4 Enforcement by Owners. If the Manager and/or Association fail to enforce the terms and conditions of this Article XII, any Owner may bring a suit seeking injunctive relief against another Owner alleged to be in violation of this Article XII. The prevailing party in such action shall be entitled to recover from the other party all costs and expenses of such action, including reasonable attorney's fees and expenses.

ARTICLE XIII  
MISCELLANEOUS

13.1 Notices. Any notice required or permitted to be given to any Owner under the provisions of this Declaration shall be deemed to have been properly furnished if mailed postage prepaid to the person who appears as an Owner, at the latest address for such person, appearing in the records of the Association at the time of mailing.

13.2 Term. This Declaration shall be effective upon the date of recordation hereof and, as amended from time to time, shall continue in full force and effect for a term of forty (40) years from the date this Declaration is recorded. From and after said date, this Declaration, as amended, shall be automatically extended for successive periods of ten (10) years each, unless there is an affirmative vote to terminate this Declaration by seventy-five percent (75%) of the votes of the Members cast at an election held for such purpose or otherwise approved in writing by such Members within six (6) months prior to the expiration of the initial effective period hereof or any ten (10) year extension.

13.3 Amendment. Except as provided in Article X, Section 10.14, and elsewhere in this Declaration, any amendment to this Declaration or the Plat shall require the affirmative vote or written approval of at least sixty-seven per-cent (67%) of the total votes of the Association. Any amendment authorized pursuant to this Section 13.3 shall be accomplished through the recordation in the office of the Salt Lake County Recorder of an instrument executed by the Association. In such instrument an officer or Trustee of the Association shall certify that the vote required by this Section 13.3 for amendment has occurred. Anything in this Article XIII or Declaration to the contrary notwithstanding, Declarant reserves the unilateral right to amend all or any part of this Declaration to such extent and with such language as may be requested by FNMA and to further amend to the extent requested by any other federal, state or local governmental agency which requests such an amendment as a condition precedent to such agency's approval of this Declaration, or by any

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federally chartered lending institution as a condition precedent to lending funds upon the security of any Unit(s) or any portions thereof. Any such amendment shall be effected by the recordation by Declarant of an amendment duly signed by or on behalf of the authorized officers of Declarant with their signatures acknowledged, specifying the federal, state or local governmental agency or the federally chartered lending institution requesting the amendment and setting forth the amendatory language requested by such agency or institution. Recordation of such an amendment shall be deemed conclusive proof of the agency's or institution's request for such an amendment, and such amendment, when recorded, shall be binding upon all of the Project and all persons having an interest therein. It is the desire of Declarant to retain control of the Association and its activities during the anticipated period of planning and development. If any amendment requested pursuant to the provisions of this Section 13.3 deletes, diminishes or alters such control, Declarant alone shall have the right to amend this Declaration to restore such control. Within ten (10) years from the date of recording this Declaration, and so long as the Declarant is the Owner of any Unit in the Project, this Declaration may be amended or terminated only with the written approval of the Declarant. The Declarant alone may amend or terminate this Declaration prior to the closing of a sale of the first Unit to be sold to an Owner.

13.4 Rights of Action. The Association and any aggrieved Owner shall have a right of action against Owners who fail to comply with the provisions of this Declaration or the decisions of the Association. Owners shall have a similar right of action against the Association.

13.5 Declarant's Rights Assignable. The rights and duties of Declarant under this Declaration or in any way relating to the Property may be unilaterally assigned, transferred and conveyed in writing at any time by Declarant to the Association (without the need for the consent of the Association to the same) or to any other person or entity that Declarant selects, whereupon the assignee of Declarant shall have and assume all the rights, obligations, duties and powers of Declarant hereunder.

13.6 Interpretation. The captions which precede the Articles and Sections of this Declaration are for convenience only and 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 thereof. This Declaration shall be liberally construed to effect all of its purposes.

13.7 Covenants to Run With Land. This Declaration and all of 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 parties who hereafter acquire any interest in a Unit or in the Common Areas, and their respective grantees, transferees, heirs, devisees, personal representatives, successors and assigns. Each Owner or occupant of a Unit or Condominium shall comply with, and all interests in all Units shall be subject to, this Declaration. Common Areas shall be subject to, the terms of this Declaration and the provisions of any rules, regulations, agreements, instruments and determinations contemplated by this Declaration. By acquiring any interest in a Unit

or in the Common Areas, the party acquiring such interest consents to, and agrees to be bound by, each and every provision of this Declaration.

13.8 Lists of Owners and Eligible Mortgages. The Board shall maintain up-to-date records showing: (i) the name of each person who is an Owner, the address of such person, and the Unit which is owned by him; (ii) the name of each person or entity who is an Eligible Mortgagee, the address of such person or entity and the Unit which is encumbered by the Mortgage held by such person or entity; and (iii) the name of each person or entity who is an insurer or governmental guarantor, the address of such person or entity, and the Unit which is encumbered by the Mortgage insured or guaranteed by such person or entity. In the event of any transfer of a fee or undivided fee interest in a Unit, either the transferor or transferee shall furnish the Board with evidence establishing that the transfer has occurred and that the Déed or other instrument accomplishing the transfer is of record in the office of the County Recorder of Salt Lake County, Utah. The Board may for all purposes act and rely on the information concerning Owners and Unit ownership which is thus acquired by it or, at its option, the Board may act and rely on current ownership information respecting any Unit or Units which is obtained from the office of the County Recorder of Salt Lake County, Utah. The address of an Owner shall be deemed to be the address of the Unit owned by such person unless the Board is otherwise advised.

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.  
SIGNATURE APPEARS ON FOLLOWING PAGE.]

Executed on the day and year first written above.

DECLARANT: ALPINE CHATEAUX LLC, a Utah limited liability company

By: Symphony Development Corporation, a Utah corporation  
Its Member/Manager

By: *Robert C. Miller*  
Robert C. Miller  
Its President

By: Sculptured Properties, L.C., a Utah limited liability company  
Its Member/Manager

By: *Richard A. Cook*  
Richard A. Cook  
Its C.E.O.

STATE OF UTAH )  
: ss.  
County of Salt Lake )

On the 18 day of January, 2007, personally appeared before me Robert C. Miller, the President of Symphony Development Corporation, a Utah corporation, who duly acknowledged to and before me that he executed the foregoing instrument for and on behalf of said corporation, in its capacity as the Member/Manager for and on behalf of Alpine Chateaux LLC, having authority to so act.

*Jeannie M. Dubois*  
Notary Public

STATE OF UTAH )  
: ss.  
County of Salt Lake )



On the 18 day of Jan. 2002, personally appeared before me Richard A. Cook, the C.E.O. of Sculptured Properties, L.C., a Utah limited liability company, who duly acknowledged to and before me that he executed the foregoing instrument for and on behalf of said limited liability company, in its capacity as the Member/Manager for and on behalf of Alpine Chateaux LLC, having authority to so act.

Jeannie M. Dubois  
Notary Public

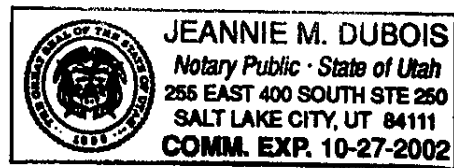




EXHIBIT A

LIST OF UNITS, ADDRESSES, VOTES AND ASSESSMENT PERCENTAGES

<u>UNIT NO.</u>	<u>ADDRESS</u>	<u>NO. OF VOTES</u>	<u>ASSESSMENT PERCENTAGE</u>
1	6985 South 2905 East Courchevel Place	1	6.25%
2	6979 South 2905 East Courchevel Place	1	6.25%
3	6971 South 2905 East Courchevel Place	1	6.25%
4	6961 South 2905 East Courchevel Place	1	6.25%
5	6955 South 2905 East Courchevel Place	1	6.25%
6	6945 South 2905 East Courchevel Place	1	6.25%
7	6941 South 2905 East Courchevel Place	1	6.25%
8	6975 South 2905 East Courchevel Place	1	6.25%
9	6938 South 2905 East Courchevel Place	1	6.25%
10	6940 South 2905 East Courchevel Place	1	6.25%
11	6946 South 2905 East Courchevel Place	1	6.25%
12	6956 South 2905 East Courchevel Place	1	6.25%
13	6962 South 2905 East	1	6.25%

	Courchevel Place		
14	6970 South 2905 East Courchevel Place	1	6.25%
15	6978 South 2905 East Courchevel Place	1	6.25%
16	6984 South 2905 East Courchevel Place	1	6.25%
	TOTAL	16	100.00%

**BYLAWS**  
**OF**  
**ALPINE CHATEAUX CONDOMINIUM**  
**OWNERS ASSOCIATION, INC.**

**BK8632PG8463**

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**BYLAWS  
OF  
ALPINE CHATEAUX CONDOMINIUM  
OWNERS ASSOCIATION, INC.**

ARTICLE ONE  
NAME AND LOCATION

The name of the corporation is Alpine Chateaux Condominium Owners Association, Inc., (the "Association"). The principal office of the Association shall be located at 526 North 400 West, North Salt Lake, Utah 84054, but the meetings of Members and Trustees may be held at such places in Davis County or Salt Lake County, State of Utah, as may be designated by the Board of Trustees.

ARTICLE TWO  
APPLICATION OF BYLAWS

All present and future owners, mortgagees, lessees and occupants of any Unit or Condominium and any other persons who may use the facilities or the Alpine Chateaux Project (the "Project") in any manner are subject to these Bylaws, the Declaration of Covenants, Conditions and Restrictions of Alpine Chateaux Condominiums dated concurrently with the date of these Bylaws (the "Declaration") and all rules made pursuant hereto and any amendments hereof. The acceptance of a deed or conveyance or the entering into of a lease or the act of occupancy of a Unit or Condominium shall constitute an agreement that the provisions of the Declaration and these Bylaws and any rules and regulations made pursuant hereto, as they may be amended from time to time, are accepted, ratified and will be complied with. Certain capitalized terms in these Bylaws shall be defined in accordance with the definition for such terms set forth in the Declaration.

ARTICLE THREE  
MEETINGS 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 Association, and each subsequent regular meeting of the Members shall be held on the second Tuesday of each January, at the hour of 7:00 o'clock p.m. at the Project or some reasonable location in Davis County or Salt Lake County, Utah, or on such other annual date and time fixed by the Board of Trustees. 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 twenty-five percent (25%) of all of the votes of the membership.

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Section 3. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary of the Association or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least fifteen (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, fifty percent (50%) or more of the votes of the membership shall constitute a quorum for any action except as otherwise provided in the Articles, the Declaration, or these Bylaws. If, however, such a quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have the 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 by proxy.

Section 5. Voting. At all meetings of Members, each Member may vote in person, by written ballot, or by proxy. Except as otherwise provided in Section 7 of this Article Three, in the event that ownership of a Unit is jointly held by two or more persons (each a "Joint Owner"), the Association may accept the vote of any one Joint Owner as the vote for such Unit, unless it receives written notice to the contrary from any of the other Joint Owners of such Unit. The Association may accept votes, consents, written ballots, waivers, proxy appointments, and proxy revocations of the Members in accordance with the provisions of UTAH CODE ANN. §16-6a-713.

Section 6. Action Taken Without a Meeting. Any action that may be taken at any regular or special meeting of the Association may be taken without a meeting if the following requirements are met:

6.1 A written ballot is distributed to every Member entitled to vote setting forth the proposed action, providing an opportunity to signify approval or disapproval of the proposal and providing a reasonable time for the Member to return the ballot to the Association.

6.2 The number of votes cast by ballot within the specified time under Subsection 6.1 equals or exceeds the quorum required to be present at a meeting authorizing the action.

6.3 The number of approvals of the action equals or exceeds the number of votes required to approve the action at a meeting at which the total number of votes cast was the same as the number of votes cast by written ballot.

6.4 The written ballot distributed to Members affords an opportunity for the Member to specify a choice between approval and disapproval of each order of business proposed to be acted upon by the Association and further provides that the vote of the Members shall be cast in accordance with the choice specified.

In addition to the foregoing, any action that may be taken at any annual or special meeting of Members may be taken without a meeting and without prior notice if the requirements of UTAH CODE ANN. §16-6a-707 have been satisfied.

Section 7. Proxies. At each meeting of the Members, each Member entitled to vote shall be entitled to vote in person or by proxy; provided, however, that the right to vote by proxy shall exist only where the instrument authorizing such proxy to act shall have been executed by the Member himself or by his attorney thereunto duly authorized in writing or which satisfies the requirements of UTAH CODE ANN. §16-6a-712. The instrument authorizing the proxy to act shall meet the requirements set forth in Subsection 6.4 above and shall indicate the name of the secretary of the Association, or such other officer or person or who may be acting as the secretary at the meeting to whom the proxy is to be given for the purpose of casting the vote to reflect the absent Member's vote as specified in the form of proxy. If a Unit is jointly held, the instrument authorizing a proxy to act must have been executed by all Joint Owners of such Unit or their attorneys thereunto duly authorized in writing. Such instrument authorizing a proxy to act shall be delivered at the beginning of the meeting to the Secretary of the Association or to such other officer or person who may be acting as secretary of the meeting. The secretary of the meeting shall enter a record of all such proxies in the minutes of the meeting.

ARTICLE FOUR  
BOARD OF TRUSTEES, SELECTION, TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of Trustees of at least three (3) but no more than seven (7) trustees, who need not be Members of the Association (each a "Trustee")

Section 2. Term of Office. At the first annual meeting the Members shall elect at least one Trustee for a term of one (1) year, at least one Trustee for a term of two (2) years, and at least one Trustee for a term of three (3) years; and at each annual meeting thereafter the Members shall elect replacement Trustees for a term of three (3) years. Notwithstanding the foregoing, until such time as the Declarant (as defined in the Declaration) ceases to have the exclusive authority to appoint all Trustees, the Trustees shall be appointed by the Declarant.

Section 3. Removal. Any Trustee may be removed from the Board of Trustees, with or without cause, by a majority vote of the Members of the Association; provided, however, until such time as the Declarant ceases to have the exclusive authority to appoint all Trustees, a Trustee may only be removed by the Declarant. In the event of death, resignation or removal of a Trustee, his successor shall be selected by the remaining Members of the Board of Trustees 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, reasonable 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.

Section 6. Vacancies. If a vacancy occurs on the Board of Trustees, including a vacancy resulting from an increase in the number of Trustees, the vacancy may be filled by the Members or by the Board of Trustees in accordance with UTAH CODE ANN. §16-6a-810.

ARTICLE FIVE  
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 (2) 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 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 non-Members.

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; provided, however, until such time as the Declarant ceases to have the exclusive authority to appoint all Trustees, the Trustees shall be appointed by the Declarant. Cumulative voting is not permitted.

ARTICLE SIX  
MEETING OF TRUSTEES

Section 1. Regular Meetings. The Board of Trustees shall hold a regular meeting at least quarterly, without notice, at such place and hour as may be fixed from time to time by resolution of the Board of Trustees. 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 (2) 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 of Trustees.

ARTICLE SEVEN  
POWERS AND DUTIES OF THE BOARD OF TRUSTEES

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

1.1 Adopt and publish rules and regulations governing the use of the Common Areas, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof,

1.2 Upon reasonable notice and the opportunity for a hearing to a Member, suspend the voting rights 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 sixty (60) days for infraction of published rules and regulations;

1.3 Exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws, the Articles, or the Declaration;

1.4 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; and

1.5 Employ a Manager, an independent contractor, and 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:

2.1 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 Members who are entitled to vote;

2.2 Supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

2.3 As more fully provided in the Declaration, to:

2.3.1 Fix the amount of the annual assessment against each Unit at thirty (30) days in advance of each annual assessment period;

2.3.2 Send written notice of each assessment to every Owner subject at least thirty (30) days in advance of each annual assessment period; and

2.3.3 Foreclose at its discretion the lien against any Unit for which assessments are not timely paid and/or to bring an action at law against the Owner personally obligated to pay the same.

2.4 Issue, or 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 of Trustees for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

2.5 Procure and maintain adequate liability and hazard insurance on property owned by the association, and adequate officers and trustees indemnity insurance, and all other insurance required by the Declaration;

2.6 Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

2.7 Cause the Common Areas and the Condominium Building Exteriors to be maintained;

2.8 Permit First Mortgagees of Units in the Project to pay taxes or other charges which are in default and which may or have become a charge against the Common Areas of the Association, and such First Mortgagees may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy for such property, and such First Mortgagees, upon making such payments, shall be owed immediate reimbursement therefor from the Association; and

2.9 Assess and collect all assessments referred to or authorized in the Declaration.

ARTICLE EIGHT  
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 of Trustees 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 of Trustees and each shall hold office for one (1) year or until his or her successor is elected and has qualified, unless he or she shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Special Appointments. The Board of Trustees 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 of Trustees 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 of Trustees. Any officer may resign at any time by giving written notice to the Board of Trustees, 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 of Trustees. 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 Section 4 of this Article Eight.

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

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

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 shall exercise and discharge such other duties as may be required of him by the Board of Trustees.

Secretary: The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board of Trustees 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 of Trustees and of the Members; keep appropriate current records showing the Members of the Association together with their addresses; and shall perform such other duties as required by the Board of Trustees.

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; shall, together with the President, sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit or review of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and statement of income and expenditures, and deliver a copy of each to the Members.

ARTICLE NINE  
INDEMNIFICATION OF OFFICERS AND TRUSTEES

The Association shall provide any indemnification required or permitted by the laws of Utah, including without limitation indemnification which may or is required to be provided pursuant to UTAH CODE ANN. §§16-6a-901 to 901, and shall indemnify Trustees, officers, agents and employees as follows:

Section 1. Third Party Litigation. The Association shall indemnify any Trustee or officer of the Association who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit or proceedings, whether civil, criminal, administrative, or investigative (other than an action by or in the right of the Association) by reason of the fact that he is or was such Trustee or officer or an employee or agent of the Association, or is or was serving at the request of the Association as a trustee, officer, employee, or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Association, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith, and in a manner which he reasonably believed to be in or not opposed to the best interest of the Association, and with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. Association Litigation. The Association shall indemnify any Trustee or officer of the Association who was or is a party or is threatened to be made a party to any threatened, pending, or completed action or suit by or in the right of the Association to procure a judgment in its favor by reason of the fact that he is or was such a Trustee or officer of an employee or agent of the Association, or is or was serving at the request of the Association as trustee, officer, employee, or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorney's fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association, except that no indemnification shall be made in respect of any claim, issue, or matter as to which such person shall have been adjudged to be

liable for negligence or misconduct in the performance of his duty to the Association unless and only to the extent that the court in which such action or suit was brought, or any other court having jurisdiction in the premises, shall determine upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnify for such expenses which such court shall deem proper.

Section 3. Expenses. To the extent that a Trustee or officer of the Association has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 1 or 2 of this Article Nine, or in defense of any claim, issue, or matter therein, he shall be indemnified against expenses (including attorney's fees) actually and reasonably incurred by him in connection therewith, without the necessity for the determination as to the standard of conduct as provided in Section 4 of this Article Nine.

Section 4. Determination of Right to Indemnity. Any indemnification under Section 1 or 2 of this Article Nine (unless ordered by a court) shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the Trustee or officer is proper in the circumstances because he has met the applicable standard of conduct set forth in Section 1 or 2 of this Article Nine. Such determination shall be made (i) by the Board of Trustees of the Association by a majority vote of a quorum consisting of Trustees who were not parties to such action, suit or proceeding, or (ii) if such a quorum is not obtainable, or even if obtainable, and such a quorum of disinterested Trustees so directs, by independent legal counsel (who may be regular counsel for the Association) in a written opinion; and any determination so made shall be conclusive.

Section 5. Advance of Expenses. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Association in advance of the final disposition of such action, suit or proceeding, as authorized in the particular case, upon receipt of an undertaking by or on behalf of the Trustee or officer to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Association as authorized in this Article Nine.

Section 6. Other Indemnification Rights. Agents and employees of the Association who are not Trustees or officers of the Association may be indemnified under the same standards and procedures set forth above, in the discretion of the Board of Trustees of the Association.

Section 7. Benefited Parties. Any indemnification pursuant to this Article Nine shall not be deemed exclusive of any other rights to which those indemnified may be entitled and shall continue as to a person who has ceased to be a Trustee or officer and shall inure to the benefit of the heirs, executors, and administrators of such a person.

#### ARTICLE TEN COMMITTEES

The Association shall appoint a nominating committee, as provided in these Bylaws. In addition, the Board of Trustees shall appoint other committees as deemed appropriate in carrying out

its purpose, and may delegate to such committees the authority to act for the Board of Trustees in a manner not inconsistent with the Articles, these Bylaws, the Declaration, or applicable law.

ARTICLE ELEVEN  
Books and Records

Section 1. Accounting.

1.1 The books and accounts of the Association shall be kept in accordance with reasonable accounting procedures used by similar condominium projects under the direction of the Treasurer.

1.2 At the close of each fiscal year, the books and records of the Association shall be reviewed by an independent public accountant approved by the Association and distributed to all Owners.

Section 2. Inspection of Records. The membership register, books of account and minutes of meetings of the Association, of the Board of Trustees and of committees of the Board of Trustees, and all other records of the Project maintained by the association or Manager shall be made available for inspection and copying by any Member of the Association or his duly appointed representative at any reasonable time and for a non-commercial purpose reasonably related to his interest as a Member, at the office where the records are maintained. Upon receipt of an authenticated written request from a Member along with the fee prescribed by the Board of Trustees to defray the costs of reproduction, the Manager or other custodian of records of the Association shall prepare and transmit to the Member a copy of any and all records requested. The Board of Trustees shall establish reasonable rules with respect to:

2.1 Notice to be given to the custodian of the records by the Member desiring to make the inspection;

2.2 Hours and days of the week when such an inspection may be made; and

2.3 Payment of the cost of reproducing copies of documents requested by a Member.

Every member of the Board of Trustees, subject to the conditions set forth above, shall have the absolute right at any reasonable time to inspect and make copies of all books, records and documents of the Association and to inspect all real and personal properties owned or controlled by the Association.

ARTICLE TWELVE  
ASSESSMENTS

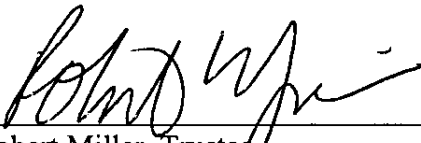
All assessments shall be made in accordance with the general provisions of Article V of the Declaration. The Treasurer shall keep detailed records of all receipts and expenditures, including expenditures affecting the Project, specifying and itemizing the maintenance, repair and replacement expenses of the Project and any other expenses incurred. Such records shall be available for examination by the Owners during regular business hours. In accordance with the actions of the Board of Trustees in assessing Common Expenses against the Units and Owners, the Treasurer shall keep an accurate record of such assessments and of the payments thereof by each Owner.

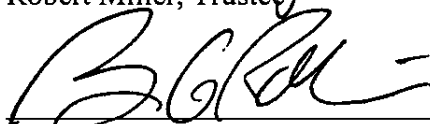
ARTICLE THIRTEEN  
AMENDMENTS

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

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

IN WITNESS WHEREOF, we, being all of the originals Trustees of Alpine Chateaux Condominiums Owners Association, Inc., have hereunto set our hands this 18 day of January 2002.

  
\_\_\_\_\_  
Robert Miller, Trustee

  
\_\_\_\_\_  
Bruce Robinson, Trustee

  
\_\_\_\_\_  
Richard A. Cook, Trustee



RECEIVED

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Utah Div. of Corp. & Comm. Code

ARTICLES OF INCORPORATION  
OF  
ALPINE CHATEAUX CONDOMINIUM  
OWNERS ASSOCIATION, INC.  
(A Nonprofit Corporation)

Robert Miller, the undersigned natural person over the age of eighteen years, acting as incorporator of a nonprofit corporation pursuant to the Utah Revised Nonprofit Corporation Act (UTAH CODE ANN. §§ 16-6a-101 *et seq.*), hereby adopts the following Articles of Incorporation for such nonprofit corporation.

ARTICLE I  
NAME

The name of the nonprofit corporation is ALPINE CHATEAUX CONDOMINIUM OWNERS ASSOCIATION, INC., ("the Association."

ARTICLE II  
DURATION

The Association shall exist perpetually or until dissolved pursuant to law or the Declaration, as hereinafter defined.

ARTICLE III  
PURPOSES AND POWERS

The Association is organized as a nonprofit corporation and shall be operated exclusively for the purpose of maintaining, operating and governing the Alpine Chateaux Condominiums project (the "Project") located at approximately 2905 Fort Union Blvd., Salt Lake City, County of Salt Lake, State of Utah. The Project has been created on or about May 10, 2002, by the filing of a Declaration of Covenants, Conditions and Restrictions of Alpine Chateaux Condominiums (the "Declaration"), which are being filed contemporaneously herewith in the office of the Recorder of Salt Lake County, State of Utah. The Declaration is hereby incorporated by reference and made a part of these Articles of Incorporation. The Association shall be operated to perform the functions and provide the services contemplated by the Declaration. Except as otherwise provided herein or as may be required by the context hereof, all terms defined in the Declaration shall have such defined meanings when used herein. Among other things, the Association shall have the authority and power to:

1. Fix, levy, collect and enforce payment by any lawful means, all charges or assessments pursuant to the terms of the Declaration; to pay all expenses or assessments pursuant to the terms of the Declaration; to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Association, including all licenses, taxes or governmental charges levied or imposed against the property of the Association;

Date: 07/30/2002  
Receipt Number: 534255  
Amount Paid: \$20.00

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2. Acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association;

3. Borrow money, and with the assent of at least sixty-seven percent (67%) of the votes of the Members mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

4. Dedicate, sell or transfer with the assent of at least sixty-seven percent (67%) of the votes of the Members, all or any part of the Common Areas to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members;

5. Have and exercise any and all powers, rights and privileges which a corporation organized not-for-profit under the corporation law of the State of Utah by law may now or hereafter have or exercise.

No dividend shall be paid to, and no part of the net income, if any, of the Association shall be distributed to, any of the Members, Board of Trustees, or officers of the Association, except as otherwise provided herein, in the Declaration, or under Utah law.

#### ARTICLE IV ADDITIONAL POWERS

In addition to the purposes and powers declared in Article III above and subject to any limitations herein expressed, the Association shall have and may exercise the power to do any and all things that the Association is authorized or required to do under the Declaration, as the same may from time to time be amended.

#### ARTICLE V MEMBERSHIP AND STOCK

The Association will not issue stock to its Members. Each Owner of a Unit in the Project shall be a Member of the Association. The rights and duties appertaining to membership in the Association shall be governed by the Declaration. Neither the issuance, nor the holding, of shares of stock shall be necessary to evidence membership in the Association. Membership in the Association shall be mandatory, and not optional, and shall be appurtenant to and may not be separated from the ownership of any Unit in the Project. No persons or entity other than any Owner of a Unit may be a Member of the Association. Membership in the Association shall begin immediately and automatically upon becoming an Owner of a Unit and shall cease immediately and automatically upon ceasing to be an Owner of a Unit.

ARTICLE VI  
ASSESSMENTS

Members of the Association shall be subject to assessments by the Association from time to time in accordance with the provisions of the Declaration and shall be liable to the Association for payment of such assessments.

ARTICLE VII  
BOARD OF TRUSTEES

The affairs of this Association shall be managed by a Board of Trustees having at least three (3), but not more than seven (7) trustees, who need not be Members of the Association. The names and addresses of the persons who are to act in the capacity of the trustees until the selection of their successor are:

Robert Miller  
526 North 400 West  
North Salt Lake, Utah 84054

Bruce Robinson  
526 North 400 West  
North Salt Lake, Utah 84054

Richard A. Cook  
1975 Sheridan Road  
Salt Lake City, Utah 84108

At the first annual meeting, the Members shall elect at least one (1) trustee for a term of one (1) year, at least one trustee for a term of two (2) years, and at least one trustee for a term of three (3) years; and at each annual meeting thereafter the Members shall elect a trustee for a term of three (3) years.

The number of trustees may be changed by amendment of the Bylaws of the Association. The number may be increased or decreased by majority vote of the Members entitled to vote at a meeting, but shall never be more than seven (7) nor less than three (3).

ARTICLE VIII  
DISSOLUTION

The Association may be dissolved with the assent given in writing and signed by not less than sixty-seven percent (67%) of the votes of the Members. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created. In the event that such dedication is refused acceptance, such assets shall be granted,

conveyed and assigned to any nonprofit corporation, association, trust or other organization to be devoted to such similar purposes.

ARTICLE IX  
PRINCIPAL OFFICE

The address of the initial principal office of the Association is 526 North 400 West, North Salt Lake, Utah 84054.

ARTICLE X  
REGISTERED OFFICE AND AGENT

The initial registered office of the Association is 526 North 400 West, North Salt Lake, Utah 84054 and the name of the initial registered agent at such address is Robert Miller.

ARTICLE XI  
INCORPORATOR

The name and address of the incorporator of the Association are as follows:

Robert Miller  
526 North 400 West  
North Salt Lake, Utah 84054

ARTICLE XII  
BYLAWS

The Board of Trustees shall adopt Bylaws which are not inconsistent with law or these Articles for the regulation and management of the affairs of the Association.

ARTICLE XIII  
AMENDMENTS

These Articles may be amended by the affirmative vote of at least sixty-seven percent (67%) of the votes of Members of the Association cast at a duly called meeting of the Members. Notwithstanding anything in these Articles to the contrary, the Board shall have the right to amend all or any part of the Articles to such an extent and with such language as may be requested by the Federal Housing Administration, the Federal Home Loan Mortgage Corporation or the Federal National Mortgage Corporation and to further amend the Articles to the extent required or requested by any other federal, state or local governmental agency which requests such an amendment as a condition precedent to such agency's approval of the Articles or by any federally chartered lending institution as a condition precedent to lending funds upon the security of any Unit(s) or any portions thereof. In the event of such an amendment, articles of amendment shall be executed, filed and published as provided under Utah law.

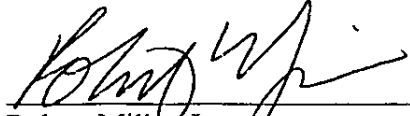
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ARTICLE XIV  
CONFLICT WITH DECLARATION

In the event of any conflict or inconsistency between the provisions of these Articles and the provisions of the Bylaws, the provisions of these Articles shall control; and in the case of any conflict between the Declaration and the Bylaws, the Declaration shall control.

Dated this 3 day of ~~May~~<sup>July</sup>, 2002.

  
\_\_\_\_\_  
Robert Miller, Incorporator

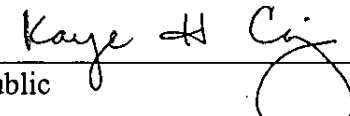
The undersigned acknowledges and accepts his appointment as registered agent of the Association:

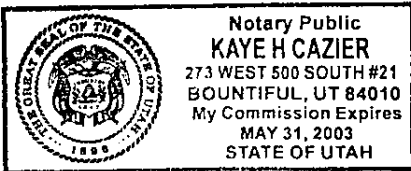
  
\_\_\_\_\_  
Robert Miller, Registered Agent

VERIFICATION

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

The foregoing instrument was acknowledged before me this 3 day of ~~May~~<sup>July</sup>, 2002, by Robert Miller.

  
\_\_\_\_\_  
Notary Public



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