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DECLARATION OF CONDOMINIUM  
FOR  
HIGHLAND SPRINGS  
A UTAH CONDOMINIUM PROJECT  
IN  
SALT LAKE COUNTY, UTAH

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HIGHLAND SPRINGS, L.L.C.  
a Utah Limited Liability Company

AS DECLARANT

---

WHEN RECORDED RETURN TO:  
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AFTER RECORDING, PLEASE RETURN TO:

James R. Blakesley  
Attorney-at-Law  
2595 East 3300 South  
Salt Lake City, Utah 84107

DECLARATION OF CONDOMINIUM FOR HIGHLAND SPRINGS,  
A UTAH CONDOMINIUM PROJECT

THIS Declaration of Condominium is made and executed this 2nd day of April, 1999, by HIGHLAND SPRINGS, L.L.C., a Utah limited liability company, whose principal address is 1677 East 4500 South, Salt Lake City, Utah 84117 (hereinafter referred to as the "Declarant").

RECITALS:

- A. This Declaration of Condominiums affects that certain real property located in Salt Lake County, Utah described with particularity in Article II below (hereinafter referred to as the "Tract").
- B. Declarant is the owner of the Tract.
- C. Declarant has constructed, is in the process of constructing, or will construct upon the Tract a residential condominium project which shall include certain Units, Limited Common Area, Common Area, and other improvements. All of such construction has been, or is to be, performed in accordance with the plans contained in the Record of Survey Map to be recorded concurrently herewith.
- D. Declarant intends to sell to various purchasers the fee title to the individual Units contained in the Tract, together with an appurtenant undivided ownership interest in the Common Area and a corresponding membership interest in the Association of Unit Owners, subject to the Record of Survey Map, and the covenants, conditions and restrictions set forth herein.
- E. Since the completion of the Project may be in phases, the completed Project will consist of the original phase and all subsequent phases.
- F. Declarant desires, by filing this Declaration of Condominium and Record of Survey Map, to submit the Tract and all improvements now or hereafter construct thereon to the provisions of the Utah Condominium Ownership Act (the "Act").
- G. The Project is to be known as "HIGHLAND SPRINGS."



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

I. DEFINITIONS

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

1. Additional Charges shall mean and refer cumulatively to all collection and administrative costs, including but not limited to all attorney's fees, late charges, accruing interest, service fees, filing and recordation fees, and other expenditures incurred or charged by the Association.

2. Additional Land shall mean and refer to additional real property subject to Declarant's unilateral right of annexation as provided elsewhere in this Declaration, which property is more particularly described in Exhibit "B" attached hereto and incorporated herein by this reference.

3. Articles of Incorporation shall mean and refer to the Articles of Incorporation of the HIGHLAND SPRINGS HOMEOWNERS ASSOCIATION, INC. on file or to be filed with the Utah Department of Commerce.

4. Assessment shall mean and refer to any amount imposed upon, assessed or charged a Unit Owner or Resident at the Project.

5. Association shall mean and refer to all of the Unit Owners of the HIGHLAND SPRINGS HOMEOWNERS ASSOCIATION, INC. taken as or acting as, a group.

6. Building shall mean and refer to any of the structures constructed in the Project.

7. Business Use and Trade shall mean and refer to any occupation, work, or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether: a) such activity is engaged in full or part-time; b) such activity is intended to or does generate a profit; or c) a license is required therefor.

8. By Laws shall mean and refer to the By Laws of the HIGHLAND SPRINGS HOMEOWNERS ASSOCIATION, INC., a copy of which is attached to and incorporated in this Declaration by reference as Exhibit "D".

9. Capital Improvement shall mean and refer to all nonrecurring expenses (as opposed to day-to-day expenses) to repair, maintain or replace significant fixed assets in the Project (e.g. roofs, roads, entry, amenities, etc.) intended to restore, enhance, improve or ameliorate the utility, value or beauty of the Common Areas or Facilities.

10. Committee shall mean and refer to the Management Committee of the Association as duly constituted.

11. Common Areas shall mean and refer to all real property in the Project owned in common by the Unit Owners including but not limited to the following items: (a) The real property and interests in real property submitted hereby, including the entirety of the Tract and all improvements constructed thereon, excluding the individual Units; (b) All Common Areas and Facilities designated as such in the Survey Map or Maps; (c) All Limited Common Areas designated as such in the Survey Map or Maps; (d) All utility installations and all equipment connected with or in any way related to the furnishing of utilities to the Project and intended for the common use of all Unit Owners, such as telephone, electricity, gas, water, cable tv and sewer; (e) The Project's outdoor grounds, lighting, perimeter fences, landscaping, sidewalks, open parking spaces, clubhouse, swimming pool, basketball area, playground area, picnic sites and roadways; (f) All portions of the Project not specifically included within the individual Units; and (g) All other parts of the Project normally in common use or necessary or convenient to the use, existence, maintenance, safety, operation or management of the Property owned by the Association for the common benefit of its Members.

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

13. Community shall mean and refer to the Project.

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

15. Declaration shall mean and refer to this Declaration of Condominium for Highland Springs, a Utah Condominium Project.

16. Dwelling or Living Unit shall mean and refer to a Unit.

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

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

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

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

21. Improvement shall mean and refer to any physical change or addition to the Land to make it more valuable.

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

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

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

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

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

27. Map shall mean and refer to the Record of Survey Map on file in the office of the County Recorder of Salt Lake County, State of Utah.

28. Member shall mean and refer to an Owner. Each Owner is obligated, by virtue of his ownership, to be a member of the Association.

29. Mortgage shall mean and refer to both a first mortgage or first deed of trust on any Unit, but shall not mean or refer to an executory contract of sale.

30. Mortgagee shall mean and refer to a mortgagee under a first mortgage or a beneficiary under a first deed of trust on any Unit, but shall not mean or refer to a seller under an executory contract of sale.

31. Notice and Hearing shall mean and refer to the procedure which gives an Owner

notice of an alleged violation of the Declaration, By Laws, or administrative rules and regulations adopted by the Management Committee from time to time; and the right to a hearing before the Committee or its designated agent.

32. Owner shall mean and refer to the person who is the owner of record (in the office of the County Recorder of Salt Lake County, Utah) of a fee or an undivided fee interest in a Unit, excluding a mortgagee or a beneficiary or trustee under a deed of trust unless and until such party has acquired title pursuant to foreclosure or any arrangement or proceeding in lieu thereof.

33. Par Value shall mean the number of dollars or points assigned to each Unit by the Declaration in Exhibit "C" attached. The statement of value may not be considered to reflect or control the sales prices or fair market value of any unit, and no opinion, appraisal, or fair market transaction at a different figure may affect the par value of any Unit, or any undivided interest in the Common Areas and Facilities, voting rights in the Association, liability for Common Expenses, or the rights to Common Profits, assigned on the basis thereof.

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

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

36. Phase shall mean and refer to a particular stage or area of development within the Project so designated by the Developer.

37. Project shall mean and refer to the HIGHLAND SPRINGS CONDOMINIUMS, A UTAH CONDOMINIUM PROJECT.

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

39. Record of Survey Map shall mean and refer to the "Record of Survey Map or Maps of the HIGHLAND SPRINGS CONDOMINIUMS, A UTAH CONDOMINIUM PROJECT" on file in the office of the County Recorder of Salt Lake County, as amended or supplemented from time to time.

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

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

employees of Owners, tenants or lessees.

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

43. Size shall mean and refer to the square footage of a Unit, rounded to the nearest whole number ending in zero. Size shall be computed and determined on the basis of dimensions shown on the Survey Map or Maps. So long as the measurement substantially complies with the provisions of this section and is not arbitrary, the Association's determination of Size shall be conclusive.

44. Survey Map shall mean and refer to the Record of Survey Map on file in the office of the County Recorder of Salt Lake County.

45. Unit shall mean and refer to a separate physical part of the Property intended for independent use, including one or more rooms or spaces located in one or more floors or part or parts of floors in a building. Mechanical equipment and appurtenances located within any one Unit, or located without said Unit but designated and designed to serve only that Unit, such as appliances, electrical receptacles and outlets, air conditioning compressors, furnaces, water heaters, apparatus, systems or equipment, fixtures and the like, shall be considered part of the Unit; so shall all decorated surfaces of interior walls, floors and ceilings, including but not limited to all paint, wallpaper, wall coverings, windows and window frames, doors and door frames, trim, carpeting, tile and linoleum. All pipes, wires, conduits, or other utility lines or installations constituting a part of the Unit or serving only the Unit, and any structural members, parts, components or any other property of any kind, including fixtures or appliances within any Unit, which are removable without jeopardizing the integrity, soundness, safety or usefulness of the remainder of the Building within which the Unit is located shall be deemed to be part of the Unit.

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

## II. SUBMISSION

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

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

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

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

ALL OF THE FOREGOING IS SUBJECT TO THE FOLLOWING ITEMS:

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

2. The Declaration of Establishment of Conditions, Covenants and Restrictions of the U.S. Army Corps of Engineers, Utah Regulatory Office, 1403 South 600 West, Suite A, Bountiful, Utah 84010 in the form of Exhibit "E," attached hereto and incorporated herein by this reference.

3. The Agreement and Grant of Easement with Big Ditch Irrigation Company in the form of Exhibit "F," attached hereto and incorporated herein by this reference.

4. The Easement and Right of Way Agreement for ingress and egress with Deseret Mutual Benefit Administrators, Inc., the successor in interest to 4500 Highland Properties , the owner of that certain real property known as the Highland Springs Office Building.

III. COVENANTS, CONDITIONS, AND RESTRICTIONS

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

1. Description of Improvements. The significant improvements contained or to be contained in the Project will include nine (9) Buildings and sixty-four (64) Units. There will be four (4) model Units: Claremont (A), Sumner (B), Cotswold (C) and Moorcroft (D). The Buildings will consist of two (2) stories and a basement. The Claremont Units have three (3) bedrooms and the other models have two (2) bedrooms. Each Unit will have at least two (2) bathrooms. The Units will be constructed principally of concrete foundations with exterior walls of stone, stucco or wood composition siding, asphalt shingle roofing, interior walls of wood studs, plywood and dry wall plaster. Each Unit has been or will be assigned at least one (1) garage. Some additional uncovered parking spaces will also be available. The Common Area and Facilities will include a cabana, nature

path, approximately two (2) acres of reserve lands (wetlands), play area, recreational court, artificial putting green, landscaping, walkways, green space, roadways, utility systems and entry. The Project will also contain other improvements of a less significant nature. The location and configuration of the improvements referred to in the foregoing sentence are depicted on the Survey Map.

2. Description and Legal Status of the Property. The Map shows the Unit Number of each Unit, its location, those Limited Common Areas and Facilities which are reserved for its use, and the Common Areas and Facilities to which it has immediate access. All Units shall be capable of being independently owned, encumbered and conveyed; and shall have an appurtenant undivided percentage of ownership interest in the Common Areas and Facilities.

3. Membership in the Association. Membership in the Association is mandatory. Each Unit Owner shall be a member of the Association. Membership in the Association may not be partitioned from the ownership of a Unit. The percentage of ownership interest of each Owner in the Association is equal, as set forth on Exhibit "C" attached hereto and incorporated herein by this reference. Size has been determined by the Developer based upon the square footage of the Units. Minor adjustments in the Par Value estimates have been made for the purpose of assuring that the total undivided ownership interest in the Association equals 100.00%.

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

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

All of UNIT NO. \_\_\_ in BUILDING NO. \_\_\_ contained within PHASE \_\_\_, HIGHLAND SPRINGS CONDOMINIUMS, A UTAH CONDOMINIUM PROJECT, as the same is identified in the Record of Survey Map recorded in Salt Lake County, Utah as Entry No. \_ \_\_\_ in Book \_\_\_ at Page \_\_\_ of the official records of the County Recorder of Salt Lake County, Utah (as said Record of Survey Map may have heretofore been amended or supplemented) and in the DECLARATION OF CONDOMINIUM OF HIGHLAND SPRINGS, A UTAH CONDOMINIUM PROJECT recorded in Salt Lake County, Utah as Entry No. \_\_\_ in Book \_\_\_ at Page \_\_\_ of the official records of the County Recorder of Salt Lake County, Utah (as said Declaration may have heretofore been supplemented), together with an undivided percentage of ownership interest in the common areas and facilities.

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

specifically mentioned in the instrument of transfer, such mandatory membership in the Association and such right of exclusive use shall automatically accompany the transfer of the Unit to which they relate.

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

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

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

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

d) Easements Burdening the Property. The interest of each Unit Owner in the Property is subject to the restrictions established by the U.S. Army Corp of Engineers, the easement of the Big Ditch Irrigation Company, and the easement for ingress and egress of the owner of the adjacent real property upon which the Highland Springs Office Building is located.

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

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

(2) The right of the Association to suspend the voting rights and the privilege to use the clubhouse, swimming pool, basketball area, playground area or equipment, or picnic sites by a member for: (a) any period during which his Common Area Assessment remains delinquent, and (b) a period not to exceed thirty (30) days after notice and hearing as may be set forth hereinafter for any infraction of the Association rules;

(3) The right of the Association to dedicate or transfer all or any part of



the Common Area to any public agency, authority, or utility for the purpose of providing utilities and similar or related purposes. During the Developer's period of development of the Project, any such dedication or transfer shall be effective only if approved in writing by the Declarant; and

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

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

f) Restrictions and Limitations of Use. The use of the Units, of whatever kind, is subject to the following guidelines, limitations and restrictions:

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

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

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

b. The storage of any item, property or thing that causes any Unit or the Common Area to appear to be in an unclean or untidy condition or that will be noxious to the senses;

c. The storage of any substance, thing or material upon any Unit or in the Common Areas that emits any foul, unpleasant or noxious odors, or that causes any noise or other condition that disturbs or might disturb the peace, quiet, safety, comfort, or serenity of the other residents at the Project;

d. The creation or maintenance of any noxious or offensive condition or activity in or about any Unit or the Common Areas;

e. Actions or activities tending to cause embarrassment, discomfort, annoyance, distress or a disturbance to any other residents, their guests or invitees, particularly if the police or sheriff must be called to restore order;

f. Maintaining any plants, animals, devices or items, instruments, equipment, machinery, fixtures, or things of any sort whose activities or existence in any way is illegal, noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the

enjoyment of the Community by other residents, their guests or invitees;

g. Too much noise in, on or about any Unit or the Common Area, especially after 10:00 p.m. and before 8:00 a.m.;

h. Too much traffic in, on or about any Unit or the Common Area, especially after 10:00 p.m. and before 8:00 a.m.; and

i. Loitering in, on or about the Common Area.

(3) Signs; Unsightly Work and Unkempt Conditions. No "For Sale" or "For Rent" or other signs or banners are permitted in the Common Area or so as to be visible from the street, unless approved in writing by the Committee. Activities (e.g., assembly/disassembly of motor vehicles and other mechanical devices) which might tend to cause disorderly, unsightly, or unkempt conditions, shall not be pursued or undertaken on any part of the Project.

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

(5) Subdivision of a Unit. No Unit shall be subdivided or partitioned.

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

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

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

(9) Energy Conservation Equipment. No solar energy collector panels, other energy conservation equipment or attendant hardware shall be constructed or installed on the Project without the prior written consent of the Committee.

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

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

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

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

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

d. Residents may only park their motor vehicles within their designated garages, driveways, covered parking spaces or uncovered parking spaces, or in other designated Common Areas.

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

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

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

to the extent necessary to enable movement thereof to a proper repair facility.

h. No garage may be altered in such a manner that the number of motor vehicles which may reasonably be parked therein after the alteration is less than the number of motor vehicles that could have been reasonable parked in the garage as originally designed and constructed.

i. No motor vehicle shall be parked in such a manner as to inhibit or block access to a Unit, garage, covered parking space, uncovered parking space, entrance, exit, or parking area.

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

k. Garage doors shall remain closed except when the garage is in use.

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

(12) Aerials, Antennas, and Satellite Systems. Antennas and Satellite Dishes: Antennas and satellite dishes shall be prohibited within the Property, except (a) antennas or satellite dishes designed to receive direct broadcast satellite service which are one meter or less in diameter; (b) antennas or satellite dishes designed to receive video programming services via multi point distribution services which are one meter or less in diameter or diagonal measurement; or (c) antennas or satellite dishes designed to receive television broadcast signals ("Permitted Devices") shall be permitted, provided that any such Permitted Device is:

a. Located in the attic, crawl space, garage, or other interior spaces of the dwelling or another approved structure on the Unit, so as not to be visible from outside the dwelling or other structure;

b. Located in the rear yard of the dwelling (i.e., the area between the plane formed by the front facade of the dwelling and the rear lot line) and setback from all lot lines at least eight (8) feet;

c. Attached to or mounted on a deck or patio and extending no

higher than the eaves of that portion of the roof of the dwelling directly in front of such antenna;

d. Attached to or mounted on the rear wall of the dwelling so as to extend no higher than the eaves of the dwelling at a point directly above the position where attached or mounted to the wall.

Notwithstanding the foregoing, should an Owner determine that a Permitted Device cannot be located in compliance with the above guidelines without precluding reception of an acceptable quality signal, then the Owner may install the device in the least conspicuous alternative location on the Unit where an acceptable quality signal can be obtained. The Board may adopt rules establishing a preferred hierarchy of alternative locations and requiring screening of all Permitted Devices, so long as such rules do not unreasonably increase the cost of installation, maintenance, or use of the Permitted Device.

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

(14) Windows. All windows and window panes in the Project shall be harmonious, and comparable in size, design and quality so as not to detract from uniformity in appearance and quality of construction.

(15) Pets. One domestic pets per Unit is allowed, provided the resident strictly abides by any pet rules and regulations adopted by the Committee from time to time. Dogs weighing more than twenty-five (25) pounds are not allowed in the Project. Any owner or person having charge, care, custody, or control of an animal or animals causing a nuisance, as defined below, shall be in violation of this section and subject to the penalties provided below. The following acts of an animal may constitute a nuisance: (a) Causes damages to the property of anyone other than its owner; (b) Causes unreasonable fouling of the air by odors; (c) Causes unsanitary conditions in enclosures or surroundings; (d) Defecates on any Common Area or Facilities, including without limitation any sidewalk, street, property, park or building, or on any private property, unless the person owning, having a proprietary interest in or having care, charge, control, custody or possession of such animal shall immediately and completely remove any such defecation to a property trash receptacle; (e) Barks, whines or howls, or makes other disturbing noises in an excessive, continuous or untimely fashion. (f) Molests or harasses passersby by lunging at fences, chasing people or passing vehicles; (g) Attacks people or other domestic animals; (h) Otherwise acts so as to annoy, disturb or bother other residents, or interferes with the right of other residents to the quiet and peaceful enjoyment of their property, or so as to constitute a nuisance or public nuisance under the provisions of the laws of Utah; and (i) By virtue of the number of maintained, are offensive or dangerous to the public health, welfare or safety. Pets in the Common Area shall be kept in a cage or on a leash and under the control of a responsible person at all times.

(16) Insurance. Nothing shall be done or kept in, on or about any Unit or

in the Common Areas or Limited Common Areas which may result in the cancellation of the insurance on the Property or an increase in the rate of the insurance on the Property, over what the Management Committee, but for such activity, would pay.

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

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

(19) Structural Alterations. Except in the case of an emergency repair, no structural alterations, plumbing, electrical or similar work within the Common Areas or Limited Common Areas shall be done or permitted by any Owner without the prior written consent of the Management Committee.

(20) Lakes, Water Bodies and Wetlands. All lakes, ponds, and streams within the Project, if any, shall be aesthetic amenities only, and no other use thereof, including, without limitation, swimming, motorized boating, playing, or use of personal flotation devices, shall be permitted. No piers or docks shall be constructed on any portion of lakes, streams, or ponds, nor attached to the shoreline or banks thereof. This Section shall not apply to prohibit use by the Association of lakes, ponds, or streams within the Project for irrigation of the property, if otherwise permitted. The Association shall not be responsible for any loss, damage, or injury to any person or property arising out of the authorized or unauthorized use of the lakes, ponds, or streams within the Project. Nothing shall be done which disturbs or potentially disturbs wetlands within the Project in any manner. No dredging or filling shall be undertaken on any property adjacent to any water body or wetland.

(21) Playground. Any playground or other play areas or equipment furnished by the Association or erected within the Project shall be used at the risk of the user, and the Association shall not be held liable to any Person for any claim, damage, or injury occurring thereon or related to use thereof.

7. Leases. In order for the Association to: (a) Protect the equity of the individual property owners at the Project, (b) carry out the purpose for which the Project was formed by preserving the character of the Project as a homogeneous residential community of predominantly owner-occupied Units and by prevent the Project from assuming the character of an apartment, renter-occupied complex, and (c) comply with the eligibility, requirements for financing in the secondary mortgage market insofar as such criteria provide that the project be substantially owner-occupied, leasing of a Unit or Units shall be prohibited, except in the case of undue hardship as provided below.

The Management Committee shall, thus, be empowered to allow up to twenty (20%) percent of the Units in the Project to be leased or occupied by nonowner residents. Any Owner who intends to lease his Unit shall submit a written application to the Management Committee requesting permission to do so, which consent shall not be unreasonably withheld so long as at least eighty (80%) percent of the Units in the Project are owner occupied. No Unit may be leased without the prior written consent of the Management Committee.

a) Hardship Exception. The Management Committee, in its sole discretion, shall be empowered to allow reasonable leasing of Units beyond the percentage limitation set forth above upon written application to avoid undue hardship on an Owner. By way of illustration and not by limitations, examples of circumstances which would constitute undue hardship are those in which: 1) an Owner must relocate his residence and cannot, within ninety (90) days from the date the Unit was placed on the market, sell the Unit while offering it for sale at a reasonable price no greater than its current appraised market value; 2) the Owner dies and the Unit is being administered by his estate; 3) the Owner takes a leave of absence or temporarily relocates and intends to return to reside in the Unit; iv) the Unit is to be leased to a member of the Owner's immediate family, which shall be deemed to encompass children, grandchildren, grandparents, brothers, sisters, parents, and spouses. Those Owners who have demonstrated that the inability to lease their Unit would result in undue hardship and have obtained the requisite approval of the Management Committee may lease their Units for such duration as the Management Committee reasonably determines is necessary to prevent undue hardship.

b) Application for Hardship Exception. Any Owner who believes that he must lease his Unit to avoid undue hardship shall submit a written application to the Management Committee setting forth the circumstances necessitating the leasing, a copy of the proposed lease, and such other information as the Management Committee may reasonably require. Leasing in the case of undue hardship shall be permitted only upon the Management Committee's written approval of the Owner's application. When a lease is approved, a copy of the lease, signed by the lessee and lessor, shall be submitted to the Management Committee within ten (10) days after it has been signed by both parties.

c) General Leasing Restrictions, Rules and Regulations. The Management Committee shall have the power to make and enforce reasonable rules and regulations and to fine, in accordance with the Declaration and By-Laws, in order to enforce the provisions of this subparagraph. Any transaction which does not comply with this Section shall be voidable at the option of the Management Committee. Any agreement for the leasing, rental, or occupancy of a Unit (hereinafter in this Section referred to as a "lease") shall be in writing and a copy thereof shall be delivered to the Management Committee upon request. By virtue of taking possession of a Unit, each lessee agrees to be subject to and abide by these restrictive covenants, and that any covenant violation shall be deemed to constitute a default under the lease. No Owner shall be permitted to lease his Unit for transient, hotel, seasonal, rental pool or corporate/executive use purposes, which shall be deemed to be any rental with an initial term of less than one (1) year. Daily or weekly rentals are prohibited. No Owner may lease individual rooms to separate persons or less than his entire Unit. Within ten (10) days after delivery of written notice of the creation of a nuisance or material violation of these

restrictive covenants, the Owner shall proceed promptly to abate the nuisance or cure the default, and notify the Management Committee in writing of his intentions. Other than as stated in this Section, there is no restriction on the right of any Owner to lease or otherwise grant occupancy rights to a Unit.

8. Easements-- Irrigation, Support, Maintenance and Repair. There is hereby RESERVED and the Association is hereby GRANTED a non-exclusive easement over, across, through, above and under the Units and the Common Area for the operation, maintenance and regulation of the Common Area and Facilities. Further, it is hereby acknowledged that the Association or its predecessors in interest have GRANTED or obtained the property SUBJECT TO an irrigation easement or its equivalent, which runs with the land.

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

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

11. Management Committee. The Association shall be managed by a Management Committee in accordance with the Project Documents.

12. Committee Officers and Agents. The Committee shall perform its functions through those Members elected as officers of the Association and through such agents or employees as the Committee may appoint.

13. Committee Meetings. The Management Committee shall meet regularly.

14. Status and General Authority of Committee. Any instrument executed by the Management Committee that recites facts which, if true, would establish the Committee's power and authority to accomplish through such instrument what is purported to be accomplished thereby, shall conclusively establish said power and authority in favor of any person who in good faith and for value relies upon said instrument. The Association shall, in connection with its exercise of any of the powers delineated in subparagraphs (a) through (l) below, constitute a legal entity capable of dealing in its Committee name. The Management Committee shall have, and is hereby granted, the following authority and powers:

a) To Enter. The power and authority to enter into or upon any Unit to make repairs and to do other work necessary for the proper maintenance and operation of the Project. Except in the case of an emergency, Residents shall be given at least twenty-four (24) hours prior notice.



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

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

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

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

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

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

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

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

j) Meetings. The authority to establish procedures for the conduct of its meetings, including but not limited to the power to decide what portion of the meeting shall be open or closed to Owners or Residents not on the Committee, to retire to executive session, to regulate record keeping, and to allow, control or prohibit the electronic reproduction (video or audio) of Committee meetings.

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

the administration thereof.

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

15. Professional Management. Unless approval for self management is obtained from at least seventy five percent (75%) of the Members of the Association, the Committee shall delegate and carry out through a professional manager those of its functions which may be delegated subject to the following:

a) The professional manager so engaged shall be an independent contractor and not an employee of the Association;

b) All management contracts shall be in writing, shall not be for a term in excess of one (1) year, and shall provide:

(1) That either party, without cause and without payment of any termination fee or being subject to any penalty, may elect to terminate the contract upon at least thirty (30) days prior written notice to the other party thereto; and

(2) That the contract may be terminated for cause in accordance with Title 38, Code of Federal Regulations, Section 36.4360a (f), as it may be amended from time to time.

c) The Manager shall be responsible for operating and managing the Project, subject to the direction and guidance of the Committee, and for the benefit of the Owners.

d) The Association may also employ maintenance and clerical personnel as necessary to properly operate, maintain and regulate the Project.

16. Owners Meetings. The Association shall meet at least annually.

17. Lists of Unit Owners, Eligible Mortgagees, and Eligible Insurers or Guarantors. The Committee shall maintain up-to-date records showing:

a) The name of each person who is an Owner, the address of such person, and the Unit which is owned by him or her;

b) The name and address of each Resident;

c) 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

d) The name of each person or entity who is an Eligible Insurer or 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 Committee with written evidence verifying that the transfer has occurred, that the Deed or other instrument accomplishing the transfer is of record in the office of the County Recorder of Salt Lake County, Utah, and that the transferee has received a copy of the Declaration and By-Laws then in force. The Committee may for all purposes act and rely on the information concerning Unit ownership in its records or, at its option, the records of the county recorder. The address of any Owner shall be deemed to be the address of the Unit owned by such person unless the Committee is otherwise advised in writing.

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

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

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

c) Homeowner Approval/Changing the Nature of the Project. Any capital improvement which would materially alter the nature of the Project must, regardless of its cost and prior to being constructed or accomplished, be authorized by at least sixty-seven (67%) percent of the undivided ownership interest in the Common Areas.

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

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

b) Neglect. If the Committee determines that any Owner has failed or refused to discharge properly his obligation with regard to the maintenance, repair, or replacement of items for which he is responsible hereunder; or that the need for maintenance, repair, or replacement of the Common Area is caused through the willful or negligent act of any Owner, his family, guests, lessees,

or invitees, and it is not covered or paid by insurance, in whole or in part, then the Association may, but is not obligated to, provide such maintenance, repair or replacement at the Owner's sole cost and expense, subject to the following:

(1) Assessment/Lien. Such costs shall be added to and become a part of the assessment to which such Owner is subject and shall become a lien against his Unit, as provided below.

(2) Notice of Intent to Repair. Except in an emergency situation, the Association shall give the Owner written notice of the Association's intent to provide necessary maintenance, repair, or replacement at Owner's cost and expense. The notice shall set forth with reasonable particularity the maintenance, repair, or replacement deemed necessary by the Committee.

The Owner shall have ten (10) days after receipt of notice within which to complete maintenance or repair, or if the maintenance or repair is not capable of completion within such time period, to commence replacement or repair within ten (10) days.

(3) Emergency Situation. If the Committee determines that an emergency exists, then notice and the opportunity to cure the default is not necessary.

(4) Optional Repairs. The Association may, but is not obligated to, provide any such maintenance, repair, or replacement in the manner described above.

(5) Right of Entry. The Association or its agents or employees shall have a right to entry upon or into any Unit or Limited Common Area as necessary to perform such work and shall not be liable for trespass for such entry or work.

c) Alterations to the Common Area. The Declarant may make changes to the design and construction of the improvements located in or on the Common Areas without the consent of the Committee or Members of the Association. Provided, however, no Owner or Resident may make any structural alterations to the Common Area (including the Limited Common Area) without the prior written consent of the Committee.

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

e) Area of Common Responsibility. The Association shall maintain, repair and replace all of the Area of Common Responsibility which shall include but is not limited to the maintenance required by the U.S. Army Corp of Engineers, Big Ditch Irrigation Company, easement agreement with the owner of the Highland Springs Office Building, cabana, play area, wetlands, trail, artificial putting green, landscaping and green space, sprinkler system, storm drain system, entry and monument, all private roads and roadways, Building exteriors, foundations, columns, girders, beams, supports, main walls, roofs, stairways and any Common Area item not included in the Area of Personal Responsibility. The Association shall repair and replace all Limited Common Area improvements.

f) Area of Personal Responsibility. Each Owner shall maintain, repair and replace the physical improvements in and to his Unit and shall maintain his Limited Common Area. The foregoing includes without limitation all individual services such as power, light, gas, hot and cold water, heating, refrigeration, air conditioning, fixtures, windows, doors, garage doors and garage door systems, patios, balconies and decks. Each Unit Owner shall be responsible for keeping his Unit and Limited Common Area clean, attractive, tidy, uncluttered, safe, sanitary and functional so as not to detract from the health, safety or uniform appearance or design of the Project and in a manner consistent with Community Standards, and so as not to create a nuisance.

20. Common Expenses. Each Owner shall pay his Assessments subject to and in accordance with the procedures set forth below. The omission or failure of the Board to fix the assessment amounts or rates or to deliver or mail to each Owner an assessment notice shall not be deemed a waiver, modification, or a release of any Owner from the obligation to pay assessments. In such event, each Owner shall continue to pay annual assessments on the same basis as for the last year for which an assessment was made until a new assessment is made, at which time any shortfalls in collections may be assessed retroactively by the Association.

a) Declarant. Anything to the contrary notwithstanding, the Declarant shall not be obligated to pay Assessments on any Units owned by it until such time as:

- (1) the physical structures are substantially completed;
- (2) certificates of permanent occupancy are issued and the Units are sold or rented; or
- (3) Declarant elects in writing to pay the Assessments, whichever first occurs.

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

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

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

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

(2) Basis. Shall be based upon advance estimates of cash requirements by the Management Committee to provide for the payment of all estimated expenses growing out of or connected with the maintenance and operation of the Common Areas and regulation of the Association, which estimate shall include but is not limited to expenses of management, grounds maintenance, taxes and special assessments, premiums for all insurance which the Committee is required or permitted to maintain, common lighting and heating, water charges, trash collection, sewer service charges, carpeting, painting, repairs and maintenance of the Common Areas and replacement of those elements of the Common Areas that must be replaced on a periodic basis, wages for Management Committee employees, legal and accounting fees, any deficit remaining from a previous period; the creation of a reasonable contingency reserve, surplus or sinking fund, capital improvement reserve, and other expenses and liabilities which may be incurred by the Association for the benefit of the Owners under and by reason of this Declaration. Until the Project is completed, and all Phases are added, this estimate may need to be adjusted periodically as each new Phase is completed.

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

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

g) Standard of Performance. Unless otherwise specifically provided herein, responsibility for maintenance shall include responsibility for repair and replacement, as necessary. All maintenance shall be performed in a manner consistent with the initial design and construction and

all applicable covenants. Neither the Association nor an Owner shall be liable for any damage or injury occurring on, or arising out of the condition of, property which it does not own except to the extent that it has been negligent in the performance of its maintenance responsibilities hereunder.

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

i) Personal Obligation of Owner. Owners are liable to pay all Assessments assessed and Additional Charges; provided, however, no first mortgagee or beneficiary under a first deed of trust (but not the Seller under a uniform real estate contract, land sales contract, or other similar instrument), who obtains title to a Unit pursuant to the remedies provided in the mortgage or trust deed shall be liable for unpaid Assessments which accrued prior to the acquisition of title. For purposes of this Section, the term "Owner" shall mean and refer jointly and severally to:

- (1) the Owner of both the legal and equitable interest in any Unit;
- (2) the owner of record in the offices of the County Recorder of Salt Lake County, Utah; and
- (3) both the Buyer and Seller under any executory sales contract or other similar instrument.

j) Equitable Changes. If the aggregate of all monthly payments on all of the Units is too large or too small as a result of unanticipated income or expenses, the Committee may from time to time effect an equitable change in the amount of said payments, but, without the prior approval of a majority of the percentage of ownership interest in the Common Area, not greater than fifteen (15%) percent of the Common Area Assessment in any calendar year. Owners shall be given at least thirty (30) days written notice of any changes.

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

l) Reserve Account. The Committee shall establish and maintain a reserve account to pay for unexpected operating expenses and capital improvements. The reserve account shall be funded out of regular Assessments and the contributions from the Working Capital Fund.

m) Capital Improvement Table. The Committee shall establish and update at least annually a Capital Improvement Table which shall list each major capital improvement in the Project (e.g. roofs, roads, community center, etc.), each item's expected useful life, the present cost of replacement, the estimated cost to replace the item at the end of its useful life, the percentage and amount of the Common Area Assessment currently set aside in the reserve account to replace the item at the end of its useful life, and the amount of money currently set aside in the reserve account for the replacement of the item.

n) Acceleration. Assessments shall be paid in the manner and on dates fixed by the Committee who may, at its option and in its sole discretion, elect to accelerate the entire annual Common Area Assessment for delinquent Owners. If, however, the Common Area Assessment is accelerated and an Owner subsequently files bankruptcy or the Committee otherwise decides acceleration is not in its best interest, the committee, at its option and in its sole discretion, may elect to decelerate the obligation.

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

p) Superiority of Assessments. All Assessments and liens created to secure the obligation to pay Assessments are superior to any homestead exemptions to which an Owner may be entitled.

q) Termination of Right to Use Amenities for Non-Payment. At the discretion of the Committee, the right to use any recreational amenities in the Project may be terminated if the Owner is in arrears on his obligation to pay Assessments and has failed to cure or make satisfactory arrangements to cure the default after reasonable notice of at least ten (10) days.

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

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

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

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

22. Specific Assessments. The Management Committee shall also have the power specifically to assess the Owners in a particular area or Phase pursuant to this Section as, in its



discretion, it shall deem necessary or appropriate, subject to the following: If the Unit Owner has the choice to accept or reject the benefit, and:

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

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

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

23. Individual Assessments. Individual Assessments shall be levied by the Committee against a Unit and its Owner to pay, charge, compensate and/or reimburse the Association for:

a) administrative costs and expenses incurred by the Committee in interpreting or enforcing the Project Documents;

b) costs associated with the maintenance, repair or replacement of Common Area for which the Unit Owner is responsible;

c) any other charge, fee, due, expense, or cost designated as an Individual Assessment in the Project Documents or by the Management Committee; and

d) attorneys' fees, interest, fines, and other charges relating thereto as provided in this Declaration.

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

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

b) Late Assessments and Accruing Interest. A late fee of twenty-five dollars (\$25.00) or five percent (5%) of the delinquent amount, whichever is greater, shall be assessed on all tardy payments. Simple interest at the rate of one and one-half percent (1.5%) per month shall

accrue on all delinquent accounts. The Committee may, in its sole discretion, waive late fees and accruing interest but is not required to do so.

c) Lien. If any Unit Owner fails or refuses to make any payment of any Assessment of his portion of the Common Expenses when due, that amount shall constitute a lien on the interest of the Owner in the Property, and a notice of lien may be recorded in the Office of the County Recorder of Salt Lake County, but such notice shall only be necessary in order to establish the priority of the lien.

d) Foreclosure of Lien and/or Collection Action. If the Assessments remain unpaid, the Association may, as determined by the Committee, institute suit to collect the amounts due and/or foreclose the lien.

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

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

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

h) Application of Payments. All payments shall be applied as follows: Additional Charges, Delinquent Assessments and Current Assessments.

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

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

k) Attorney in Fact. Each Owner by accepting a deed to a Unit hereby irrevocably appoints the Association as his attorney in fact to collect rent from any person renting his Unit, if the Unit is rented and Owner is delinquent in his Assessments. Rent due shall be paid directly to the Association, upon written demand, until such time as the Owner's Assessments are current; and the Owner shall credit the Renter, against rent due, for the amount of money paid to the Association.

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

26. Insurance. The Management Committee shall at all times purchase, maintain in force, and pay the premiums for, if reasonably available, insurance on the Common Areas satisfying at least the following requirements:

a) Property Insurance. Blanket property insurance using the standard "Special" or "All-Risk" building form. Loss adjustment shall be based upon replacement cost. For purposes of this sub-section, the term "casualty insurance" shall not mean or refer to "earthquake" or other special risks not included in the standard planned residential development casualty policy. This additional coverage may be added by the Committee as it deems necessary in its best judgment and in its sole discretion.

b) Flood Insurance. If any part of the Project's improvements are in a Special Flood Hazard Area -- which is designated as A, AE, AH, AO, A1-30, A-99, V, VE, or V1-30 on a Flood Insurance Rate Map (FIRM) -- the Association shall obtain a "master" or "blanket" policy of flood insurance and provide for the premiums to be paid as a common expense. The policy should cover any common element buildings and any other common property. The Unit Owner may also be required to purchase an individual policy. The amount of flood insurance should be at least equal to the lesser of 100% of the insurable value of the facilities or the maximum coverage available under the appropriate National Flood Insurance Administration program.

c) Liability Insurance. Liability insurance with adequate limits of liability for bodily injury and property damage, consistent with that of similarly situated condominium homeowners associations in the county. If possible, the policy should be written on the comprehensive form and shall include not-owned and hired automobile liability protection.

d) Director's and Officer's Insurance. Adequate director's and officer's liability insurance (aka Errors and omissions insurance).

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

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

(2) Amount of Coverage. The total amount of fidelity bond coverage required shall be based upon the Committee's best business judgment, but shall not be less than the estimated maximum amount of funds, including reserve funds, in the custody of the Committee, the Association, or the management agent, as the case may be, at any given time during the term of each bond. Nevertheless, in no event may the amount of such bonds be less than a sum equal to three (3) months' aggregate assessments on all Units, plus reserve funds.

(3) Quality of Coverage. The bonds required shall meet the following additional requirements:

a. they shall name the Committee, the Owners Association, and the Property Manager as obligee;

b. if the insurance contract or bond excludes coverage for damages caused by persons serving without compensation, and may use that exclusion as a defense or reason not to pay a claim, the insurance company shall, if possible, be required to waive that exclusion or defense;

c. the premiums on all bonds required herein for the Committee and the Association (except for premiums on fidelity bonds maintained by a management agent for its officers, employees and agents) shall be paid by the Committee or the Association as part of the Common Expenses; and

d. the bonds shall provide that they may not be canceled or substantially modified, including cancellation for nonpayment of premium, without at least ten days' prior written notice to the Committee and the Association, to any Insurance Trustee, and to each service of loans on behalf of any Mortgagee, FNMA, FHLMC, FHA, VA or their equivalent.

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

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

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

(2) The Insured. The name of the insured under each policy required to be maintained hereby shall be set forth therein substantially as follows: "Association of Unit Owners of the HIGHLAND SPRINGS CONDOMINIUMS, A UTAH CONDOMINIUM PROJECT, for the use and benefit of the individual Owners."

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

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

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

(6) Mortgage Provisions. Each policy shall contain a standard mortgage

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

(7) Additional Provisions. Each insurance policy shall contain at least the following additional miscellaneous items:

a. Waiver of Subrogation. A waiver of the right of a subrogation against Owners individually;

b. Individual Neglect. A provision that the insurance is not prejudiced by any act or neglect of any individual Owner; and

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

(9) Individual Insurance. Each Owner and resident shall purchase and maintain adequate liability and property insurance on his Unit, personal property and contents; provided, however, no Owner shall be entitled to exercise his right to maintain insurance coverage in such a way as to decrease the amount which the Association, on behalf of all the Owners and their mortgagees, may realize under any insurance policy which the Association may have in force on the Property at any particular time.

(10) Primary Coverage. The insurance coverage of an Owner shall, in the event the Association also has insurance covering the loss, be primary and the insurance of the Association shall be secondary.

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

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

(13) Special Endorsements. Each policy shall also contain or provide those endorsements commonly purchased by other similarly situated condominium homeowners associations in the county, including but not limited to a guaranteed replacement cost endorsement

under which the insurer agrees to replace the insurable property regardless of the cost and,; or a Replacement Cost Endorsement under which the insurer agrees to pay up to 100% of the property's insurable replacement cost, but no more, and, if the policy includes a coinsurance clause, an Agreed Amount Endorsement which waives the requirement for coinsurance; an Inflation Guard Endorsement when it can be obtained, a Building Ordinance or Law Endorsement, if the enforcement of any building, zoning or land-use law will result in loss or damage, increased cost of repairs or reconstruction, or additional demolition and removal costs, and increased costs of reconstruction; Steam Boiler and Machinery Coverage Endorsement if the Project has any central heating or cooling.

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

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

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

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

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

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

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

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

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

(3) "Substantial Condemnation" shall exist whenever a complete taking of the Project or a taking of part of the Project has occurred under eminent domain or by grant or conveyance in lieu of condemnation, and the excess of the estimated cost of restoration over the funds available is Twenty five (25%) percent or more of the estimated restored value of the Project.

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

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

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

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

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

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

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

c) Restoration of the Project. Restoration of the Project shall be undertaken by the Committee promptly without a vote of the Owners in the event of Partial Destruction, Partial Condemnation, or Partial Obsolescence and shall also be undertaken in the event of Substantial Destruction, Substantial Condemnation, or Substantial Obsolescence unless the failure to make Restoration is consented to by Owners collectively holding at least sixty-seven



percent of the Project's undivided Ownership interest and is further consented to by Eligible Mortgagees holding Mortgages on Units which have appurtenant at least fifty-one (51%) percent of the undivided ownership interest in the Common Areas and Facilities which is then subject to Mortgages held by Eligible Mortgagees.

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

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

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

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

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

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

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

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

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

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

The termination of the legal status of the Project for reasons other than Substantial Destruction or Condemnation of the property shall be agreed to by Eligible Mortgage holders that represent at least sixty-seven (67%) percent of the votes of the mortgaged Units. However, implied approval may be assumed when an Eligible Mortgage holder fails to submit a response to any written proposal for an amendment within thirty (30) days after it receives proper notice of the proposal, provided the notice was delivered by certified or registered mail, with a "return receipt" requested.

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

a) Ninety-Day Limit. All necessary consents must be obtained prior to the expiration of ninety (90) days from the time the first written consent is obtained; and

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

29. Mortgagee Protection. The lien or claim against a Unit for unpaid Assessments levied by the Management Committee or by the Association pursuant to this Declaration or the Act shall be subordinate to any Mortgage recorded on or before the date such Assessments become due, subject to the following:

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

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

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

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

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

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

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

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

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

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

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

30. Easements for Lake and Pond Maintenance and Flood Water. The Declarant reserves for itself and its successors, assigns, and designees the nonexclusive right and easement, but not the obligation, to enter upon the lakes, ponds, streams, and wetlands located within the Common Area to (a) install, keep, maintain, and replace pumps in order to provide water for the irrigation of any of the Property; (b) construct, maintain and repair any bulkhead, wall, dam, or other structure retaining water; and (c) remove trash and other debris therefrom and fulfill their maintenance responsibilities as provided in the Declaration. The Declarant's rights and easements provided in this Section shall be transferred to the Association at such time as the Declarant shall cease to own any property subject to the Declaration, or such earlier time as Declarant may elect, in its sole discretion, to transfer such rights by a written instrument. The Declarant, the Association, and their designees shall have access easement over and across any of the property abutting or containing any portion of any of the lakes, ponds, streams, or wetlands to the extent reasonably necessary to exercise their rights under this Section. There is further reserved herein for the benefit of the Declarant, the Association, and their designees, a perpetual, nonexclusive right and easement of access and encroachment over the Common Area adjacent to or within fifty (50) feet of lake beds, ponds, and streams within the Project, in order to (a) temporarily flood back water upon, and maintain water over, such portions of the Property; (b) fill, drain, dredge, deepen, clean, fertilize, dye, and generally maintain the lakes, ponds, streams, and wetlands within the Common Area; (c) maintain and landscape the slopes and banks pertaining to such lakes, ponds, streams, and wetlands; and (d) enter upon and across such portions of the Project for the purpose of exercising its rights under this Section. All persons entitled to exercise these easements shall use reasonable care in , and repair any damage resulting from, the intentional exercise of such easements. Nothing herein shall be construed to make Declarant or any other person liable for damage resulting from flooding due to hurricanes, heavy rainfall, or other natural disasters.

31. Amendment. Before the occurrence of the Events, the Declarant may amend the Declaration without any additional consent or approval required. After Transfer of Control of the Association, the affirmative vote of at least sixty seven percent (67%) of the undivided ownership interest in the Common Areas shall be required and shall be sufficient to amend the Declaration or the Record of Survey Map. Any amendment so authorized shall be accomplished through the recordation of an instrument executed by the Management Committee. In such instrument the Committee shall certify that the vote required by this Section for amendment has occurred, and, if approval of a specified percentage of Eligible Mortgagees is required for such amendment, that such

approval has been obtained. The foregoing right of the Members of the Association to amend the Declaration shall, however, be subject to the following:

a) Consent of Eligible Mortgagee. The consent of Eligible Mortgagees holding at least sixty seven percent (67%) of the undivided ownership interest in the Common Areas and shall be required to any amendment which would terminate the legal status of the Project; and the consent of Eligible Mortgagees holding at least fifty-one (51%) percent of the undivided ownership interest in the Common Areas shall be required to add to or amend any material provision of this Declaration or the Survey Map which establishes, provides for, governs, or regulates any of the following, which are considered as "material":

- (1) voting rights;
- (2) increases in assessments that raise the previously assessed amount by more than twenty-five (25%) percent, assessment liens, or the priority of assessments liens;
- (3) reduction in reserves for maintenance, repair, and replacement of the Common Areas;
- (4) responsibility for maintenance and repairs;
- (5) reallocation of interests in the general or limited Common Areas, or rights to their use;
- (6) redefinition of any Unit boundaries;
- (7) convertibility of Units into Common Areas or vice versa;
- (8) expansion or contraction of the project, or the addition, annexation, or withdrawal of property to or from the Project;
- (9) hazard or fidelity insurance requirements;
- (10) imposition of any restrictions on the leasing of Units;
- (11) imposition of any restrictions on a Unit Owner's right to sell or transfer his Unit;
- (12) a decision by the Association of fifty (50) or more Units to establish self-management if professional management had been required previously by the Project Documents or by an Eligible Mortgage holder;

(13) restoration or repair of the Project (after damage or partial condemnation) in a manner other than that specified in the documents; or

(14) any provisions that expressly benefit mortgage holders, insurers or guarantors.

Any addition or amendment shall not be considered material for purposes of this Paragraph (b) if it is for the clarification only or to correct a clerical error.

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

b) No Priority. No provisions of this Declaration or the Bylaws gives or shall be construed as giving any Owner or other party priority over any rights of the first Mortgagee of any Unit in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or taking of the Common Area.

c) Notice to Association. Upon request, each Unit Owner shall be obligated to furnish to the Association the same address of the holder of any Mortgage encumbering such Owner's Unit.

d) Amendment by Board. Should FNMA, FHLMC, FHA, VA or their equivalent subsequently delete any of their respective requirements which necessitate the provisions of this Article or make any such requirements less stringent, the Management Committee, without approval of the Owners, may cause an amendment to this Article to be recorded to reflect such change.

e) Veterans Administration Approval. As long as the Declarant has an option unilaterally to expand the Project and subject additional property to this Declaration as provided herein, the following actions shall require the prior approval of the FNMA, FHLMC, FHA, VA or their equivalent, so long as the FNMA, FHLMC, FHA, VA or their equivalent, or any one of them, is guaranteeing any Mortgage in the Community: annexation of additional property to the Community, except for annexation by the Declarant pursuant to a plan of annexation previously approved by the said governmental agencies; dedication of Common Property to any public entity; and material amendment of the Declaration, Bylaws, or Articles of Incorporation.

f) Applicability of Section. Nothing contained in this Section shall be construed

to reduce the percentage vote that must otherwise be obtained under the Declaration, Bylaws, or Utah law for any of the acts set out in this Section.

g) Failure of Mortgagee to Respond. Any Mortgagee who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from the Mortgagee within thirty (30) days of the date of the Association's request.

32. Notice and Hearing. In the event of a claimed violation of the Act, Declaration, By-Laws or administrative rules and regulations as they may be adopted by the Committee from time to time governing the Project, an Owner or Resident shall be entitled to the following:

a) Notice. Written notice specifying the nature of the alleged violation (providing any other appropriate information) and stating the time, date, and place at which the Owner or Resident will have an opportunity to be heard by the Committee. Written notice shall be given at least fifteen (15) days prior to and no longer than thirty (30) days before the date set for the hearing. The notice may be delivered either personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered seventy-two (72) hours after it has been deposited with the U.S. Postal Service, regular mail, postage prepaid, addressed to the Owner or Resident at the address given by the member to the Committee for the purpose of service of notice, or to the address of the Owner's or Resident's Unit if no other address has been provided. The address of an Owner or Resident for purposes of notice may be changed from time to time by delivery of written notice to the Committee.

b) Costs & Assessments. If the violation, or the failure to correct or remedy a violation, results or may result in the expenditure of funds, the notice shall also state that the Management Committee may vote to assess the adverse party, or impose other sanctions if the Committee finds that a violation has occurred.

c) Final Determination. After the hearing has taken place, the Committee shall determine whether a violation has occurred and, if so, the Committee may:

(1) levy an Individual Assessment, fine or impose conditions which shall become effective not less than five (5) days after the date of the hearing; or

(2) take such other action as it may deem appropriate.

The determination of the Committee shall be final. Nothing herein shall be construed to prevent the Committee from making any emergency repairs or taking any other emergency action it deems necessary and subsequently providing notice to an Owner or Resident and the opportunity to be heard.

33. Declarant's Sales Program. Anything to the contrary notwithstanding, for so long as

Declarant continues to own any of the Units the following provisions shall be deemed to be in full force and effect, none of which shall be construed so as to relieve the Declarant from any obligations of an Owner to pay Common Area or other Assessments, except as herein otherwise provided, as to each Unit owned by Declarant in accordance with the Declaration. Until such time as Declarant has sold seventy-five percent (75%) of all of the Units owned by it in the entire Project or the expiration of a reasonable sales period following seven (7) years after the date on which this Declaration is filed for record in the Office of the County Recorder of Salt Lake County, Utah, whichever first occurs (hereinafter referred to as the "Sale's Events"), neither the Owners, the Association nor the Committee shall interfere with the completion of improvements and sale of all remaining Units, and Declarant shall have the following rights in furtherance of any sales, promotions or other activities designed to accomplish or facilitate the sale of all Units owned by Declarant:

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

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

c) Common Area Use. Declarant shall have the right to use the Common Areas of the Project including but not limited to the Community Center to facilitate sales.

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

e) Reservation for Expansion. Declarant hereby reserves to itself and for Owners in all future phases, a perpetual easement and right-of-way for access over, upon, and across the Project for construction, utilities, drainage, ingress and egress, and for use of the Common Area. The location of these easements and rights-of-way must be approved and documented by Declarant or the Association by recorded instruments.

f) Easement to Serve Additional Land. The Declarant and its duly authorized agents, representatives, and employees, as well as its successors, assigns, licensees, and mortgagees, shall have and hereby reserves an easement over the Common Area for the purposes of enjoyment, use, access, and development of the Additional Land described in Exhibit "B" attached hereto and



incorporated herein, whether or not such Additional Land is made subject to this Declaration. This easement includes, but is not limited to, a right of ingress and egress over the Common Area for construction of roads and for connecting and installing utilities on the Additional Land. Declarant agrees that it and its successors or assigns shall be responsible for any damage caused to the Common Area as a result of vehicular traffic connected with development of the Additional Land. Declarant further agrees that if the easement is exercised for permanent access to the Additional Land and such Additional Land or any portion thereof is not made subject to this Declaration, the Declarant, its successors or assigns shall enter into a reasonable agreement with the Association to share the cost of maintenance of any access roadway serving the Additional Land. Such agreement shall provide for sharing of costs based on the ratio which the number of residential dwellings on that portion of the Additional Land, which is served by the easement and not made subject to this Declaration, bears to the total number of residential dwellings within the Community and on such portion of the Additional Land.

g) Disclaimer. Declarant specifically disclaims any intent to have made any warranty or representation in connection with the Project or the Declaration except as specifically set forth herein or in any agreement for sale of a Unit, and no person shall rely upon any warranty or representation not so specifically made therein.

34. Limitation on Improvements By Association. Until the occurrence of the Sale's Events described above, neither the Association nor the Committee shall, without the written consent of Declarant, make any improvement to or alteration in any of the Common Areas and Facilities created or constructed by Declarant, other than such repairs, replacements, or similar matters as may be necessary to properly maintain the Common Areas as originally created or constructed by Declarant.

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

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

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

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

authority, privileges, protections and controls which are accorded to Declarant (in its capacity as Declarant) herein.

37. Lender Approval. No lender or mortgagee approval is required for the Declarant to annex additional properties or amend the Declaration prior to the occurrence of the Events.

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

39. Working Capital Fund. A working capital fund shall be established by the Declarant equal to or greater than two (2) months' Assessments for each Unit. Each Unit's share of the working capital fund shall be collected and transferred to the Management Committee at the time of closing of the sale of each Unit by Declarant. Notwithstanding the foregoing, the contribution to the working capital fund for each unsold Unit shall be paid to the Management Committee at the time such Unit is first occupied for residential purposes or a certificate of permanent occupancy is issued, whichever first occurs. With respect to each Unit for which the Declarant pays the contribution to the working capital fund, the Declarant shall be reimbursed for such contribution by the buyer of such Unit at the time of closing. The purpose of the working capital fund is to insure that the Management Committee will have cash available to satisfy unforeseen expenses or to acquire additional equipment or services necessary for the operation, control and regulation of the Project. Sums paid into the working capital fund are not to be considered as advance payments or regular monthly payments of Common Expenses.

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

41. Covenants to Run with Land. This Declaration and all the provisions hereof shall constitute covenants to run with the land or equitable servitudes, as the case may be, and shall be binding upon and shall inure to the benefit of Association, all other signatories hereto, all parties who hereafter acquire any interest in a Unit or in the Project, and their respective grantees, transferees,

heirs, devisees, personal representative, successors, and assigns. Each Owner or occupant of a Unit shall comply with, and all interests in all Units shall be subject to, the terms of this Declaration and the provisions of any rules, regulations, agreements, instruments, supplements, amendments, and determinations contemplated by this Declaration. By acquiring any interest in a Unit in the Project, the party acquiring such interest consents to, and agrees to be bound by, each and every provision of this Declaration.

42. Enforcement and Right to Recover Attorney's Fees. Should the Association or Committee be required to take action to interpret or enforce the Declaration, By-Laws or any administrative rules and regulations adopted from time to time, or to pursue any remedy provided hereunder or by applicable law, whether such remedy is pursued by filing suit or otherwise, they may recover all Additional Charges, including a reasonable attorney's fee, which may arise or accrue.

43. Mechanics Liens. Mechanics liens shall be filed in the office of the County Recorder of Salt Lake County as follows:

a) Association Goods or Services. Mechanics liens for labor, materials or supplies purchased by the Association shall be filed against ALL UNITS in the Project and their appurtenant interest in the Common Area, and shall be indexed in the public records under the name of the Association and Community. If the Association has encumbered the Common Areas and thereafter defaults on its obligations, the lienholder must exercise its rights against the Common Areas before it may proceed against any particular Unit. Any Owner wishing to release that lien as to his or her Unit may pay the pro rata share of the total amount of the lien and that shall be sufficient to release the lien against his or her Unit.

b) Unit Good or Services. Mechanics liens filed for labor, materials or supplies benefitting a particular Unit shall be filed against that Unit and its appurtenant interest in the Common Area.

c) Constructive Consent. Any person or entity who elects to perform labor or provide materials at this Project agrees to be bound by and subject to the terms of this Section.

44. Agent for Service of Process. The President of the Association is the person to receive service of process in the cases authorized by the Act and the office. The initial Registered Agent is Gary Strang and the initial office of the Registered Agent is 1082 West Walden Park Drive, Murray, Utah 84123.

45. Expansion of the Project. Declarant hereby reserves the option to expand the Project to include additional Units in the Project.

a) Option to Expand. The Declarant's option to expand may be exercised from time to time, at different times and in any order, without limitation, provided however, the option shall expire seven (7) years from the date following the first conveyance of a Unit in Phase I to a Unit

purchaser unless sooner terminated by Declarant's recorded Waiver of such option, there being no other circumstances which will cause the option to expire prior to said seven (7) years. Such right may be exercised without first obtaining the consent or vote of Unit Owners and shall be limited only as herein specifically provided. Such Units shall be constructed on any or all portions of the Additional Property. Declarant hereby reserves to itself and for Owners in all future phases, a perpetual easement and right-of-way for access over, upon, and across the Properties of construction, utilities, drainage, ingress and egress, and for use of the Common Area. The location of these easements and right-of-way must be approved and documented by Declarant or the Association by recorded instruments.

b) Supplemental Declarations and Supplemental Maps. Such expansion may be accomplished by the filing for record by Declarant in the office of the County Recorder of Salt Lake County, Utah, no later than seven (7) years from the date this Declaration is recorded, a Supplement or Supplements to this Declaration containing a legal description of the site or sites for new Units, together with supplemental Map or Maps containing the same information with respect to the new Units as was required on the Map with respect to the Phase I Units. The expansion may be accomplished in phases by successive supplements or in one supplemental expansion.

c) Expansion of Definitions. In the event of such expansion the definitions used in this Declaration automatically shall be expanded to encompass and refer to the Project as so expanded. The term "Property" shall mean the real property initially submitted under the Declaration, plus any Additional Land added to the Project by a Supplemental Declaration or by Supplemental Declarations, and reference to this Declaration shall mean this Declaration as so supplemented. All conveyances of Units after such expansion shall be effective to transfer rights in the Project, with additional references to the Supplemental Declaration and the Supplemental Map. The recordation in the office of the Salt Lake County Recorder of a Supplemental Map incident to any expansion shall operate automatically to grant, transfer, and convey to then Owners of Units in the Project as it existed before such expansion the respective undivided interests in the new Common Areas added to the Project as a result of such expansion. Such recordation shall also operate to vest in any then mortgagee of any Unit in the Project as it existed, interest so acquired by the Owner of the Unit encumbering the new Common Areas added to the Project as a result of such expansion.

d) Declaration Operative on New Units. The new Units shall be subject to all the terms and conditions of this Declaration and of a Supplemental Declaration, and the Units therein shall be subject to condominium ownership with all the incidents pertaining thereto as specified herein, upon recording the Supplemental Map and Supplemental Declaration in the said office of the Salt Lake County Recorder.

e) Right of Declarant to Adjust Ownership Interest in Common Areas. Each deed of a Unit shall be deemed to irrevocably reserve to the Declarant the power to appoint to Unit Owners, from time to time, the percentages in the Common Areas set forth in Supplemental or Amended Declaration. The proportionate interest of each Unit Owner in the Common Areas after any expansion of the Project shall be an undivided interest of the Project as expanded. A power

coupled with an interest is hereby granted to the Declarant, its successors and assigns, as attorney in fact to shift percentages of the Common Areas in accordance with Supplemental or Amended Declarations recorded pursuant hereto and each deed of a Unit in the Project shall be deemed a grant of such power to the Declarant. Various provisions of this Declaration and deeds and mortgages of the Units may contain clauses designed to accomplish a shifting of the Common Areas. None of said provisions shall invalidate the other, but each shall be deemed supplementary to the other toward the end that a valid shifting of the Common Areas can be accomplished. Notwithstanding anything to the contrary herein, no change in the percentage of undivided interest in the Common Areas may be effected more than seven (7) years after the effective date of the Declaration.

Accordingly, upon the recordation of a Supplemental Declaration and Supplemental Map incident to any expansion, the revised schedule of undivided interests in the Common Areas contained therein shall automatically become effective for all purposes and shall fully supersede any similar schedule which was contained in any declaration associated with any prior phase. In the event the provisions of the separate instruments relating to the Project conflict irreconcilably, the terms of that instrument which was recorded most recently shall control.

f) Other Provisions Concerning Expansion. If the Project is expanded as hereinbefore contained, then it is further provided that:

(1) All or any part of the Additional Land may be added to the Project without any limitations whatsoever save and except that all additional Units created must be restricted to multi family residential housing limited to one family per Dwelling Unit.

(2) Portions of the Additional Land may be added to the Project at different times without any limitations.

(3) Declarant shall have the right without further conveyance or documentation to build roads and access ways to the Additional Property through the easement areas as shown on the Map. The Association of Unit Owners shall not allow anything to be built upon or interfere with said easement areas.

(4) No assurances are made concerning:

a. The locations of any improvement that may be made on any portion of the Additional Land that may be added to the Project.

b. Type, kind or nature of improvement which may be created on any portion of the Additional Land, except that the common facilities, Buildings and Units will be comparable to the Phase I facilities on a per Unit basis and will be of a similar quality of materials and construction to Phase I and will be substantially completed prior to annexation.

c. Whether any Units created on any portion of the Additional

Land will be substantially identical to those within the initial Project except that Units will be constructed of an equal or better quality of materials and construction than the Units in Phase I.

d. Type, size, or maximum number of Limited Common Areas which may be created within any portion of the Additional Land added to the Project.

(5) Notwithstanding anything to the contrary which may be contained herein, the Declaration is not intended, and shall not be construed so as to impose upon Declarant any obligation respecting, or to restrict Declarant in any way with regard to: (i) the submission of any portion of the Additional Land to the provisions of the Act as Land under this Declaration; (ii) the creation, construction, or addition to the Project of any additional property; (iii) the carrying out in any particular way or within any particular time of any development which may be undertaken except as herein mentioned; or (iv) the taking of any particular action with respect to the Additional Land, the Project, or any Land.

(6) Assuming that only Phase 1 of the original Declaration is completed the minimum number of Buildings would be 3, two 8-plexes and one 4-plex, the minimum number of units would be twenty (20) and the maximum percentage of ownership interest of each Unit would be 20.0%. Assuming all Phases are completed and all Additional Land is added to the Project the maximum number of Units shall be sixty-four (64) on the 6.07 acres, the maximum number of units per acre will be 0.095, and the minimum percentage ownership interest of each Unit would be 1.56%. Provided, however, the number of Units actually constructed and the actual undivided percentage of ownership interest of each Unit may actually be somewhere in between the numbers and percentages set forth above.

g) Easements to Serve Additional Land. The Declarant and its duly authorized agents, representatives, and employees, as well as its successors, assigns, licensees, and mortgagees, shall have and hereby reserves an easement over the Common Area for the purpose of enjoyment, use, access, and development of the Additional Land described in Exhibit B attached hereto and incorporated herein, whether or not such Additional Land is made subject to this Declaration. This easement includes, but is not limited to, a right of ingress and egress over the Common Area for construction of roads and for connecting and installing utilities on the Additional Land. Declarant agrees that it and its successors or assigns shall be responsible for any damage caused to the Common Area as a result of vehicular traffic connected with development of Additional Land. Declarant further agrees that if the easement is exercised for permanent access to the Additional Land and such Additional Land or any portion thereof is not made subject to this Declaration, the Declarant, its successors or assigns shall enter into a reasonable agreement with the Association to share the cost of maintenance of any access roadway serving the Additional Land. Such agreement shall provide for sharing of costs based on the ratio which the number of residential dwellings on that portion of the Additional Land, which is served by the easement and not made subject to this Declaration, bears to the total number of residential dwellings within the Community and on such portion of the Additional Land.

46. Second Hand Smoke. Smoking or the use of tobacco products is not prohibited in the Buildings, Units or Common Area and Facilities; provided, however, the Association expressly reserves the right to prohibit smoking or the use of tobacco products in the Common Area and Facilities, although the Unit Owners and residents shall be given at least thirty (30) days prior written notice of any change in policy. In addition:

a) Nuisance Defined. Utah Code Annotated, Section 76-3-203.1 (1997) defines a "nuisance" so as to include tobacco smoke that drifts into any Unit a person rents, leases or owns from another Unit more than once in each of two (2) or more consecutive seven (7) day periods which is injurious to health, indecent, offensive to the senses, or an obstruction to the free use of property, so as to interfere with the comfortable enjoyment of life or property. The Association adopts this definition until such time as it is amended or repealed by the Utah legislature at which time this definition shall be similarly and automatically amended or repealed.

b) Release, Waiver & Indemnity. By accepting a deed or other document of conveyance to a Unit, each Owner hereby expressly waives, releases and forever discharges, and further agrees to indemnify, save and hold the Association, Management Committee and members of the Management Committee harmless against any and all claims, suits, actions, debts, damages, costs, charges and expenses, including court costs and attorney's fees, and against all liability, losses and damages of any nature whatever, arising out of the smoking of tobacco products in, on or about the Project, including but not limited to any claim that the Association or Management Committee abate or attempt to abate any alleged nuisance caused by smoking tobacco products.

c) Reservation of Right of Action. Anything to the contrary notwithstanding, the right of action of a Unit Owner or resident created by Utah Code Annotated, Section 78-38-1 (1997) against another Unit Owner or resident who creates a nuisance by generating tobacco smoke is expressly recognized and reserved, conditioned upon the existence of the statutory remedy or its equivalent, and the Association shall approve any reasonable structural alterations to the Common Areas and Facilities provided the alterations (a) do not impair the structural integrity of the buildings or improvements, (b) do not materially alter the nature of the Project, (c) do not damage another Unit, and (d) are paid for by the Unit Owner or resident.

d) Delivery of Copy of Project Documents to Purchaser or Resident. By accepting a deed or other document of conveyance to a Unit, each Unit Owner promises and agrees, when he sells, rents or leases his Unit, to deliver a copy of the Declaration, By-Laws, and Rules and Regulations to the buyer, renter, tenant, lessee or resident, and further promises to ask said person to sign the "Second Hand Smoke Waiver" in the form of Exhibit "E" attached hereto and incorporated herein by this reference.

47 Use of Term "Highland Springs". No Person shall uses the term "Highland Springs" or any derivative thereof in any printed or promotional material without the prior written consent of the Declarant. However, Owners may use the term "Highland Springs" in printed or promotional matter where such term is used solely to specify that particular property is located within the

Community.

48. Assumption of Risk, Release, Waiver and Indemnity for Water Hazards. By virtue of taking title to a Unit or accepting a deed or other document of conveyance, occupying a Unit or entering the Project, all Unit Owners and residents as well as their guests and invitees shall be deemed to have accepted the terms and provisions of Exhibit "HP" which is attached hereto and incorporated herein by this reference.

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

EXECUTED the day and year first above written.

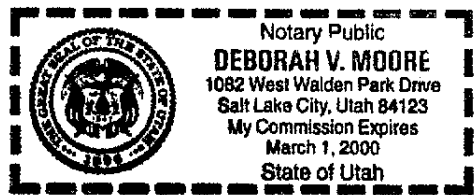
HIGHLAND SPRINGS, L.L.C.,  
a Utah limited liability company

By: *Gary R. Strang*  
Title: Gary R. Strang, Manager

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

On the 20<sup>th</sup> day of April 1999, personally appeared before me Gary R. Strang who by me being duly sworn, did say that he is the Manager of HIGHLAND SPRINGS, L.L.C., a Utah limited liability company, and that the within and foregoing instrument was signed in behalf of said Company by authority of a resolution of its Members or Articles of Organization, and said Gary Strang duly acknowledged to me that said Company executed the same.

*Deborah V. Moore*  
NOTARY PUBLIC  
Residing at:  
My Commission Expires:





LEGAL DESCRIPTION  
EXHIBIT "A"

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

LEGAL DESCRIPTION

BEGINNING AT A POINT WHICH IS EAST 94.991 FEET AND SOUTH 198.867 FEET FROM THE CENTER OF SECTION 4, TOWNSHIP 2 SOUTH, RANGE 1 EAST, SALT LAKE BASE AND MERIDIAN, SAID BEGINNING POINT ALSO BEING NORTH 89°54'07" WEST 466.047 FEET ALONG THE MONUMENT LINE OF 4500 SOUTH STREET AND NORTH 08°45'00" WEST 53.638 FEET FROM BRASS CAP MONUMENT LOCATED AT THE INTERSECTION OF SAID 4500 SOUTH STREET AND HIGHLAND DRIVE; THENCE NORTH 08°45'00" WEST 465.821 FEET; THENCE NORTH 81°15'00" EAST 21.610 FEET; THENCE NORTH 04°22'00" WEST 37.000 FEET; THENCE NORTH 85°38'00" EAST 82.134 FEET; THENCE NORTH 03°46'48" WEST 116.732 FEET; THENCE NORTH 82° 53'02" WEST 4.384 FEET; THENCE WEST 89.257 FEET; THENCE NORTH 2°03'00" EAST 60.119 FEET; THENCE WEST 67.780 FEET; THENCE SOUTH 15°28'59" EAST 10.032 FEET; THENCE SOUTH 51°25'48" WEST 58.138 FEET; THENCE SOUTH 87°09'19" WEST 47.686 FEET; THENCE SOUTH 81°00'00" WEST 99.029 FEET; THENCE SOUTH 48°52'00" WEST 73.360 FEET; THENCE SOUTH 18° 24' 30" WEST (DEEDED 211.458 FEET) 214.959 FEET TO THE CENTER LINE OF THE BIG DITCH IRRIGATION COMPANY CANAL; THENCE NORTH 40° 45'00" WEST 13.859 FEET; THENCE SOUTH 377.463 FEET; THENCE SOUTH 89°54'07" EAST (DEEDED 457.699') 457.703 FEET TO THE POINT OF BEGINNING. CONTAINS 6.01 ACRES.

LESS AND EXCEPTING THE FOLLOWING THREE PARCELS:

PARCEL 1

BEGINNING AT A POINT WHICH IS SOUTH 55.888 FEET AND WEST 20.349 FEET FROM THE CENTER OF SECTION 4, TOWNSHIP 2 SOUTH, RANGE 1 EAST, SALT LAKE BASE AND MERIDIAN, SAID BEGINNING POINT ALSO BEING NORTH 89°54'07" WEST 466.047 FEET ALONG THE MONUMENT LINE OF 4500 SOUTH STREET AND NORTH 08°45'00" WEST 198.301 FEET AND DUE WEST 93.333 FEET FROM BRASS CAP MONUMENT LOCATED AT THE INTERSECTION OF SAID 4500 SOUTH STREET AND HIGHLAND DRIVE ; THENCE WEST 186.333 FEET; THENCE WESTERLY 36.128 FEET ALONG A 23.000 FOOT RADIUS CURVE TO THE RIGHT (BEARING TO RADIUS POINT BEARS DUE NORTH); THENCE NORTH 66.589 FEET; THENCE EASTERLY 86.394 FEET ALONG A 55.000 FOOT RADIUS CURVE TO THE RIGHT (BEARING TO RADIUS POINT BEARS DUE EAST); THENCE EAST 114.471 FEET; THENCE SOUTHERLY 45.317 FEET ALONG A 35.000 FOOT RADIUS CURVE TO THE RIGHT (DELTA 74°11'04", BEARING TO RADIUS POINT SOUTH); THENCE SOUTH 15°48'56" EAST 105.273 FEET; THENCE WEST 22.504 FEET; THENCE SOUTH 17.840 FEET TO THE POINT OF BEGINNING. CONTAINS .687 ACRES.

PARCEL 2

BEGINNING AT A POINT WHICH IS SOUTH 11.321 FEET AND WEST 264.682 FEET FROM THE CENTER OF SECTION 4, TOWNSHIP 2 SOUTH, RANGE 1 EAST, SALT LAKE BASE AND MERIDIAN, SAID POINT ALSO BEING NORTH 89°54'07" WEST 466.047 FEET ALONG THE MONUMENT LINE OF 4500 SOUTH STREET AND NORTH 08°45'00" WEST 243.393 FEET AND WEST 330.807 FEET FROM BRASS CAP MONUMENT LOCATED AT THE INTERSECTION OF SAID 4500 SOUTH STREET AND HIGHLAND DRIVE; THENCE WEST 98.029 FEET; THENCE NORTH 190.700 FEET; THENCE SOUTH 40°45'00" EAST 13.859 FEET; THENCE SOUTH 59°23'02" EAST 136.471 FEET; THENCE SOUTHERLY 73.613 FEET ALONG A 90.000 FOOT RADIUS CURVE TO THE LEFT (DELTA 46°51'50", BEARING TO RADIUS POINT BEARS SOUTH 43°08'10" EAST); THENCE SOUTH 45.022 FEET TO THE POINT OF BEGINNING. CONTAINS 0.371 ACRES.

PARCEL 3

BEGINNING AT A POINT WHICH IS NORTH 123.702 FEET AND WEST 59.737 FEET FROM THE CENTER OF SECTION 4, TOWNSHIP 2 SOUTH, RANGE 1 EAST, SALT LAKE BASE AND MERIDIAN, SAID POINT ALSO BEING NORTH 89°54'07" WEST 466.047 FEET ALONG THE MONUMENT LINE OF 4500 SOUTH STREET AND NORTH 08°45'00" WEST 380.005 FEET AND WEST 104.990 FEET FROM THE BRASS CAP MONUMENT LOCATED AT THE INTERSECTION OF SAID 4500 SOUTH STREET AND HIGHLAND DRIVE; THENCE WEST 115.034 FEET; THENCE WESTERLY 67.759 FEET ALONG A 90.000 FOOT RADIUS CURVE TO THE LEFT (DELTA 43°08'10" BEARING TO RADIUS POINT BEARS SOUTH); THENCE NORTH 59°23'02" WEST 136.471 FEET; THENCE NORTH 18°24'30" EAST 188.437 FEET (DEED 211.458 FEET); THENCE SOUTH 59°32'09" EAST 279.026 FEET; THENCE SOUTH 64.507 FEET; THENCE WEST 5.993 FEET; THENCE SOUTH 18.000 FEET TO THE POINT OF BEGINNING. CONTAINS 1.009 ACRES

LEGAL DESCRIPTION OF ADDITIONAL LAND  
EXHIBIT "B"

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

PARCEL 1

BEGINNING AT A POINT WHICH IS SOUTH 55.888 FEET AND WEST 20.349 FEET FROM THE CENTER OF SECTION 4, TOWNSHIP 2 SOUTH, RANGE 1 EAST, SALT LAKE BASE AND MERIDIAN, SAID BEGINNING POINT ALSO BEING NORTH 89°54'07" WEST 466.047 FEET ALONG THE MONUMENT LINE OF 4500 SOUTH STREET AND NORTH 08°45'00" WEST 198.301 FEET AND DUE WEST 93.333 FEET FROM BRASS CAP MONUMENT LOCATED AT THE INTERSECTION OF SAID 4500 SOUTH STREET AND HIGHLAND DRIVE ; THENCE WEST 186.333 FEET; THENCE WESTERLY 36.128 FEET ALONG A 23.000 FOOT RADIUS CURVE TO THE RIGHT (BEARING TO RADIUS POINT BEARS DUE NORTH); THENCE NORTH 66.589 FEET; THENCE EASTERLY 86.394 FEET ALONG A 55.000 FOOT RADIUS CURVE TO THE RIGHT (BEARING TO RADIUS POINT BEARS DUE EAST); THENCE EAST 114.471 FEET; THENCE SOUTHERLY 45.317 FEET ALONG A 35.000 FOOT RADIUS CURVE TO THE RIGHT (DELTA 74°11'04", BEARING TO RADIUS POINT SOUTH); THENCE SOUTH 15°48'56" EAST 105.273 FEET; THENCE WEST 22.504 FEET; THENCE SOUTH 17.840 FEET TO THE POINT OF BEGINNING. CONTAINS .687 ACRES.

PARCEL 2

BEGINNING AT A POINT WHICH IS SOUTH 11.321 FEET AND WEST 264.682 FEET FROM THE CENTER OF SECTION 4, TOWNSHIP 2 SOUTH, RANGE 1 EAST, SALT LAKE BASE AND MERIDIAN, SAID POINT ALSO BEING NORTH 89°54'07" WEST 466.047 FEET ALONG THE MONUMENT LINE OF 4500 SOUTH STREET AND NORTH 08°45'00" WEST 243.393 FEET AND WEST 330.807 FEET FROM BRASS CAP MONUMENT LOCATED AT THE INTERSECTION OF SAID 4500 SOUTH STREET AND HIGHLAND DRIVE; THENCE WEST 98.029 FEET; THENCE NORTH 190.700 FEET; THENCE SOUTH 40°45'00" EAST 13.859 FEET; THENCE SOUTH 59°23'02" EAST 136.471 FEET; THENCE SOUTHERLY 73.613 FEET ALONG A 90.000 FOOT RADIUS CURVE TO THE LEFT (DELTA 46°51'50", BEARING TO RADIUS POINT BEARS SOUTH 43°08'10" EAST); THENCE SOUTH 45.022 FEET TO THE POINT OF BEGINNING. CONTAINS 0.371 ACRES.

PARCEL 3

BEGINNING AT A POINT WHICH IS NORTH 123.702 FEET AND WEST 59.737 FEET FROM THE CENTER OF SECTION 4, TOWNSHIP 2 SOUTH, RANGE 1 EAST, SALT LAKE BASE AND MERIDIAN, SAID POINT ALSO BEING NORTH 89°54'07" WEST 466.047 FEET ALONG THE MONUMENT LINE OF 4500 SOUTH STREET AND NORTH 08°45'00" WEST 380.005 FEET AND WEST 104.990 FEET FROM THE BRASS CAP MONUMENT LOCATED AT THE INTERSECTION OF SAID 4500 SOUTH STREET AND HIGHLAND DRIVE; THENCE WEST 115.034 FEET; THENCE WESTERLY 67.759 FEET ALONG A 90.000 FOOT RADIUS CURVE TO THE LEFT (DELTA 43°08'10" BEARING TO RADIUS POINT BEARS SOUTH); THENCE NORTH 59°23'02" WEST 136.471 FEET; THENCE NORTH 18°24'30" EAST 188.437 FEET (DEED 211.458 FEET); THENCE SOUTH 59°32'09" EAST 279.026 FEET; THENCE SOUTH 64.507 FEET; THENCE WEST 5.993 FEET; THENCE SOUTH 18.000 FEET TO THE POINT OF BEGINNING. CONTAINS 1.009 ACRES

EXHIBIT "C"  
 PERCENTAGES OF UNDIVIDED OWNERSHIP INTEREST

<u>Phase</u>	<u>Bldg</u>	<u>Unit No.</u>	<u>Percentage Interest</u>	<u>Par Value</u>
1	1	4480S A	5.0%	100
1	1	4480S B	5.0%	100
1	1	4480S C	5.0%	100
1	1	4480S D	5.0%	100
1	1	4478S A	5.0%	100
1	1	4478S B	5.0%	100
1	1	4478S C	5.0%	100
1	1	4478S D	5.0%	100
1	8	1692E A	5.0%	100
1	8	1692E B	5.0%	100
1	8	1692E C	5.0%	100
1	8	1692E D	5.0%	100
1	8	1694E A	5.0%	100
1	8	1694E B	5.0%	100
1	8	1694E C	5.0%	100
1	8	1694E D	5.0%	100
1	9	1674E A	5.0%	100
1	9	1674E B	5.0%	100
1	9	1674E C	5.0%	100
1	9	1674E D	5.0%	100

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TOTAL: 100.0%

EXHIBIT "D"  
BY-LAWS OF HIGHLAND SPRINGS HOMEOWNERS ASSOCIATION, INC.

I. IDENTITY

These are the By-Laws of HIGHLAND SPRINGS CONDOMINIUMS, A UTAH CONDOMINIUM PROJECT and the HIGHLAND SPRINGS HOMEOWNERS ASSOCIATION, INC., duly made and provided for in accordance with the Utah Condominium Ownership Act (the "Act") and the Declaration. Any term used herein which is defined in the Act or Declaration, to which these By-Laws are appended, shall have the meaning ascribed therein.

II. OFFICE

The office of the Association shall be located at the Project cabana or at such other place as may be designated by the Management Committee.

III. APPLICATION

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

IV. ASSOCIATION

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

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

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

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

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

6. Quorum. At the meeting of the Association, the Owners of more than fifty (50%) percent in the aggregate of interest in the undivided ownership of the Common Areas and Facilities shall constitute a quorum for any and all purposes, except where express provisions of these By-Laws or the Declaration require a vote of more than fifty (50%) percent of the Association, in which event a quorum shall be the percentage of interest required for such vote. In the absence of a quorum, the President of the meeting may adjourn and reschedule the meeting from time to time, without notice other than be announcement at the meeting. The Members of the Association present at the rescheduled meeting shall constitute a quorum. At any such adjourned meeting at which a quorum shall be present any business may be transacted which might have been transacted at the meeting as originally notified. The rescheduled meeting may not be held earlier than forty-eight (48) hours or more than thirty (30) days after the original meeting.

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

8. Proxies. The votes appertaining to any Unit may be cast pursuant to a proxy or proxies duly executed by or on behalf of the Unit Owner, or, in cases where the Unit Owner is more than one person, by or on behalf of all such persons. No such proxy shall be revocable except by actual notice to the person presiding over the meeting, by the Unit Owner or by any of such persons, that it be revoked. Any proxy shall be void if it is not dated, or if it purports to be revocable without notice as aforesaid. The proxy of any person shall be void if not signed by a person having authority,

at the time of the execution thereof, to execute deeds on behalf of that person. Any proxy shall terminate automatically upon the adjournment of the first meeting held on or after the date of that proxy. All proxies must be individual Unit Owners or the legal representative of an organizational Owner.

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

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

#### V. MANAGEMENT COMMITTEE

1. Purposes and Powers. The business, property and affairs of the Association shall be managed and governed by the Management Committee consisting of three (3) members. The Committee shall have all of the powers and duties necessary for the administration of the affairs of the Association in accordance with the provisions of the Declaration, and may do all such acts and things as are not by the Act or by these By-Laws directed to be exercised and done by the Association. The Committee shall have the power from time to time to adopt any rules and regulations deemed necessary for the enjoyment of the Project provided such rules and regulations shall not be in conflict with the Act, the Declaration or these By-Laws. The President shall have the authority to act on behalf of the Committee on all matters relating to the duties of the Manager, if any, which might arise between meetings of the Committee. Subject to any limitations or provisions contained in the Declaration, the Committee shall be responsible for the following:

a) Preparation of an annual budget, in which there shall be established the contribution of each Owner to the Common Expenses;

b) Making assessments against Owners to defray the costs and expenses of the Project, establishing the means and methods of collecting such assessments from the Owners, and establishing the period of the installment payment of the annual assessment for Common Expenses. Unless otherwise determined by the Committee, the annual assessment against each Owner for his proportionate share of the Common Expenses shall be payable in equal monthly installments, each such installment to be due and payable in advance on the first day of each month for said month;

c) Providing for the operation, care, upkeep, replacement, maintenance and surveillance of all of the Common Areas and services of the Project;

d) Designating, hiring and dismissing the personnel necessary for the maintenance, operation, repair and replacement of the Common Areas, and providing services for the Property,

and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies and material to be used by such personnel in the performance of their duties, which supplies and equipment shall be deemed the common property of the Owners;

e) Collecting the assessments against the Owners, depositing the proceeds thereof in a federally insured bank depository which it shall approve, and using the proceeds to carry out the administration of the Project;

f) Making and amending administrative rules and regulations from time to time respecting the use of the Property;

g) Opening of any federally insured bank accounts on behalf of the Association and designating the signatories required therefor;

h) Making, or contracting for the making of, repairs, additions, and improvements to, or alterations of, the Property and repairs to, and restoration of, the Property, in accordance with the Declaration and other provisions of these By-Laws, after damage or destruction by fire or other casualty;

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

j) Obtaining and carrying insurance against casualties and liabilities, as provided in the Declaration, and paying the premium cost therefor;

k) Paying the cost of all services rendered to the Project and not billed to the Owners of individual Units;

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

m) To do such other things and acts not inconsistent with the Act, the Declaration

or By-Laws or by a resolution of the Association.

2. Composition of Committee. At the Annual meeting of the Association, the percentage of undivided ownership interest appurtenant to a Unit may be voted in favor of as many candidates for Committee membership as there are seats on the Committee to be filled; provided, however, notwithstanding anything herein to the contrary, Declarant alone shall be entitled to select all of the Committee Members until the occurrence of the earlier of the following events (hereinafter referred to as the "Events") at which time control of the Management Committee shall be transferred by Declarant to the Association: (a) One hundred twenty (120) days after the date by which seventy five percent (75%) of the Units in the entire Project have been conveyed to a Unit purchaser; or (b) Seven (7) years after the first Unit in the Project is conveyed by Declarant; or (c) One hundred twenty (120) days after the date that Declarant abandons Phasing of the Additional Land by recording of a waiver as set forth below.

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

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

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

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

4. Terms. At the first Annual meeting of the Association after Transfer of Control from the Declarant, three (3) Committee Members shall be elected. Two (2) of the Committee Members shall be elected for two (2) year terms and the remaining Committee Member shall be elected for a one (1) year term. The Committee Members elected to serve the two (2) year terms shall be the President and the Secretary of the Association. Thereafter all Committee Members shall be elected for two (2) year terms.

5. Qualify. To qualify, a Member of the Committee must be an individual Owner, or the legal representative of an entity or institutional Owner in good standing.

6. Vacancies. Any vacant seat on the Committee shall be filled with a Member of the Association duly elected or appointed.



7. Dismissal. Any Committee member who fails on three (3) successive occasions to attend Committee meetings (whether regular or special) or who has failed to attend at least twenty-five percent (25%) of all Committee meetings (whether regular or special) held during any twelve (12) month period shall automatically forfeit his seat. In such cases, the remaining Committee Members shall elect a replacement to sit on the Committee until the next meeting of the Association when his permanent replacement shall be duly elected to complete his term.

8. Removal of Committee Member/Declarant's Rights. Except for Committee Members appointed by the Declarant prior to the occurrence of the Events, Committee Members may be removed at any time by the affirmative vote of a majority of the Members of the Association.

9. Replacement. Committee Members dismissed in the manner set forth above or who resign, shall be replaced by an appointment of the remaining Members of the Committee. Committee Members removed by the affirmative majority vote of the Association shall be replaced by the Association. Anything to the contrary notwithstanding, Committee Members appointed by the Declarant prior to the Event shall be replaced by another appointment of the Declarant.

10. Completion of Term. Unless he forfeits or otherwise loses his seat as herein provided, a Member shall serve on the Committee until his successor qualifies and is properly elected by the Association.

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

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

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

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

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

any meeting thereof shall be a waiver of notice by him of the time and place thereof.

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

17. Adjournments. The President, in his sole discretion, or a majority of the Members of the Management Committee may elect to adjourn any meeting until such other time as may be prudent or necessary, provided that no meeting may be adjourned for longer than thirty (30) days.

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

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

20. Dispute Resolution. The Management Committee may, but shall not be obligated to, exercise jurisdiction over an act as an arbiter with respect to any dispute between or among Unit Owners or Residents.

## VI. OFFICERS

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

2. Other Officers. The Management Committee may appoint such other officers, in addition to the officers hereinabove expressly named, as they shall deem necessary, who shall have

authority to perform such duties as may be prescribed from time to time by the Management Committee.

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

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

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

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

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

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

9. Agreement, Contracts, Deeds, Checks, etc. All agreements, contracts, deeds, leases,

checks and other instruments of the Project for expenditures or obligations shall be executed by any two officers of the Committee or by such other person or persons as may be designated by the Committee except that the President shall be one of the signatories on all conveyances, mortgages and contracts.

## VII. ACCOUNTING

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

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

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

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

## VIII. BUILDING RULES

The Management Committee shall have the power to adopt and establish, by resolution, such building, management, operational and administrative rules and regulations as it may deem necessary for the maintenance, operation, management and control of the Project and the Management Committee may from time to time, by resolution, alter, amend, and repeal such rules and regulations. Unit Owners shall at all times obey such rules and regulations and use their best efforts to see that they are faithfully observed by their lessees and the persons over whom they have or may exercise

control or supervision, it being clearly understood that such rules and regulations shall apply and be binding upon all Unit Owners and Residents of the Project, their guests and invitees. Provisions of the Act pertaining to rules and regulations are incorporated herein by reference and shall be deemed a part hereof.

#### IX. AMENDMENT OF THE BY-LAWS

These By-Laws may be amended with the prior written affirmative consent of at least a majority of the percentage of ownership interest in the Common Areas and Facilities.

#### X. OPERATION AND MAINTENANCE OF PROJECT

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

#### XI. NOTICE

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

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

#### XII. COMPLIANCE, CONFLICT, AND MISCELLANEOUS PROVISIONS

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

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

the Act shall control.

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

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

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

6. Construction. Whenever in these By-Laws the context so requires, the singular number shall include the plural and converse; the use of any gender shall be deemed to include all genders; and the term "shall" is mandatory and the term "may" is permissive.

Adopted and executed by Declarant the \_\_\_ day of April, 1999.

HIGHLAND SPRINGS, L.L.C.,  
a Utah limited liability company

By: *Gary R. Strang*  
Title: Gary R. Strang, Manager

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

On the 20<sup>th</sup> day of April, 1999, personally appeared before me Gary R. Strang who by me being duly sworn, did say that he is the Manager of HIGHLAND SPRINGS, L.L.C., a Utah limited liability company, and that the within and foregoing instrument was signed in behalf of said Company by authority of a resolution of its Members or Articles of Organization, and said Gary Strang duly acknowledged to me that said Company executed the same.

*Deborah V. Moore*  
NOTARY PUBLIC  
Residing at:  
My Commission Expires:

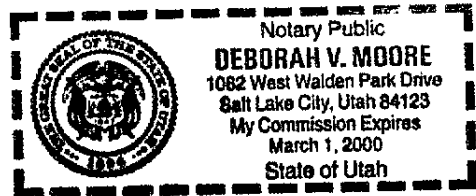


EXHIBIT "E"

SECOND HAND SMOKE DISCLOSURE & ACKNOWLEDGMENT

COMES NOW the undersigned and acknowledges that (a) s/he has been given a copy of the HIGHLAND SPRINGS DECLARATION OF CONDOMINIUM, BY-LAWS and RULES & REGULATIONS, (b) s/he has been informed that the HIGHLAND SPRINGS CONDOMINIUMS, A UTAH CONDOMINIUM PROJECT, located in Salt Lake County, Utah does NOT prohibit smoking or the use of tobacco products, (c) that smoke may drift into the Unit s/he is renting, leasing, purchasing or occupying, and (d) s/he waives any right to a cause of action for nuisance under U.C.A., Sections 78-38-1 et. seq. (1997).

DATED this \_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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EXHIBIT "F"



\*\*--\*\*\*--\*\*\*--\*\*

DECLARATION OF ESTABLISHMENT OF  
CONDITIONS, COVENANTS, AND RESTRICTIONS

KNOW ALL MEN BY THESE PRESENTS, that whereas under Section 1344 of Title 33 of the United States Code, the Sacramento District Engineer, US Army Corps of Engineers, has authorized certain improvements on and/or adjacent to my certain piece of real property at Assessor's Parcel No. \_\_\_\_\_ in the County of \_\_\_\_\_, State of Utah described in that certain deed recorded as Instrument No. \*\*\*\*\* of Book \*\*\*\*\* on Page \*\*\*\*\* of the official records of County, I, the owner of said real property, in consideration of such authorization, certify and declare that the following covenants, conditions, and restrictions are placed on said property for the protection of the owner and the public at large:

1) Management and maintenance of the mitigation site shall conform with the approved mitigation and management plan for Department of the Army Permit No. \_\_\_\_\_ as it specifically pertains to this mitigation site.

2) No discharge of dredged or fill material or excavation in the mitigation area shall be allowed, including the construction of buildings or other structures, unless authorization is first obtained from the Corps;

3) No grazing of animals is allowed; if necessary, the site shall be fenced in order to preclude grazing livestock.

4) No mowing or alteration of vegetation in the mitigation area is allowed unless necessary for safety reasons or to control noxious weeds, provided that prior authorization is obtained from the Corps;

5) These covenants are to run with the land and shall be binding on all successors and assigns of the owner.

IN WITNESS WHEREOF, the undersigned has caused this instrument to be executed

OWNER(S) OF RECORD:

Questions regarding these deed restrictions may be directed to:

The U.S. Army Corps of Engineers  
Utah Regulatory Office  
1403 South 600 West, Suite A  
Bountiful, Utah 84010

Post-it® Fax Note	7671	Date	# of pages ▶
To	JIA	From	Gary Strong
Co./Dept.		Co.	
Phone #		Phone #	
Fax #	493-040	Fax #	

BK8271PG3119

EXHIBIT "G"

## AGREEMENT and GRANT of EASEMENT

THIS AGREEMENT is made and entered into Salt Lake County, State of Utah, by and between the **BIG DITCH IRRIGATION COMPANY**, a Utah Non-Profit mutual water company (hereinafter referred to as "BDIC"), and **HIGHLAND SPRING, L.L.C.**; or its assigned owners of property located at 1577 East 4500 South, Salt Lake City, Utah 84117 (hereinafter referred to as "HS").

WHEREAS, the **BDIC** is the owner of an irrigation ditch easement for the conveyance of water to its shareholders; and

WHEREAS, **HS** owns property in a close proximity or even borders the easement that is burdened by the **BDIC** easement; and

WHEREAS, **HS** desires to make certain changes in the ditch easement to make better use of and develop the property; and

WHEREAS, both parties have jointly agreed upon a plan by which the location and course of the **BDIC's** ditch may be altered;

NOW THEREFORE, in consideration of the promises and covenants contained within: **BDIC** grants **HS** the right to make the changes in the **BDIC** irrigation system as described below and as shown on the plan marked *Exhibit "A"* (pg 3/10 *EWP Civil Drawings*) attached hereto and by this reference incorporated herein.

### 1). PROPERTY DESCRIPTION:

**HS** represents and warrants it is the rightful owner of the following described real property and that it has the right, power and authority to change, encumber and burden the property as provided for in this **AGREEMENT**. The property so warranted is located in Salt Lake County, State of Utah, and is more particularly described on *Exhibit "A"* attached hereto and made a part hereof by reference.

### 2). REALIGNMENT FEE:

**HS** agrees to pay **BDIC** the sum of Ten Thousand (\$10,000.00) Dollars for the right to

realign the ditch and perform the work contemplated by this **AGREEMENT**. **HS** agrees to pay **BDIC** the sum of Five Thousand (\$5,000.00) Dollars, to be refunded to **HS** if the irrigation pipe and all boxes are satisfactorily completed as of April 1, 1999 as contained per **AGREEMENT**.

Two separate checks: one check will be placed in **BDIC** Escrow Account for immediate refunding to **HS** per **AGREEMENT**. both checks will be made payable to **Paul E Brown/BDIC** for depositing.

### 3). PIPING OF DITCH AND ALTERATIONS:

**BDIC** grants **HS** the right to relocate and change the nature of its ditch easement as follows:

**HS** shall engineer, plan, and install 36 inch ADS smooth wall pipe with pressure fitted couplers throughout the project except for the existing pipe crossing 4500 South. This pipe; to extend across 4500 South shall be the same type and size as the existing pipe on 4500 South. **HS** will engineer, plan, construct new irrigation boxes on the north side of 4500 South where the existing **BDIC** ditch is now located; "Box A" will be 96 x 60 inches; a silt trap will be 36 inches below the incoming pipe. "Box B" will be located at southwest corner of property and will be 64 x 64 inches and have a silt trap of 24 inches below the 36 inch ADS pipe; "Box C" will be 64 x 64 and without a silt trap and be located half way between southwest corner and concrete retaining wall of existing open ditch. The concrete retaining wall will be 30 inches below bottom of pipe; 60 inches wide and be 12 inches above final ground level;

a). The reinforced concrete side walls, silt trap and retaining wall will be a minimum of 8 inches thick and conform to Salt Lake County specifications.

b). The side walls of all boxes will extend 6 inches above final ground level; recessed diamond-trend 5/8 inch steel plate covers and trash grills will be to **BDIC's** design and specifications and will be fabricated and installed by Alumsteel Manufacturing Company, (Bob Norton) 3855 West 800 South Salt LakeCity, Utah.

c). **HS** shall fill, level, and compact all sections of the ditch being abandoned at **HS** expense.

### 4). RIGHT OF INSPECTION AND NO INTERRUPTIONS:

**BDIC** shall have the right to inspect all construction as related to the irrigation ditch. **HS**, and/or its contractor, will notify **BDIC** in writing two days before the construction commence and permit reasonable access for inspection throughout the construction as it related to the irrigation ditch. **BDIC** must inspect the construction within a reasonable time not to exceed two (2) business days after receiving notice.

**5). COSTS:**

a). All costs in accomplishing the changes by this **AGREEMENT** will be borne by **HS**, including attorney and engineering fees, construction and material costs. In the event that **BDIC** finds it necessary to hire an outside engineer of their own, in addition to those in of **HS's**, **HS** agrees to pay reasonable and customary engineering costs not to exceed One Thousand Dollars (\$1000.00), incurred by **BDIC** to review the proposed changes.

b). All alteration and construction work to the ditch will be completed by **HS**, and/or its contractor, in a workmanlike manner and shall be coordinated with **BDIC** to minimize interference with the total operation of the irrigation system, to the extent possible. No work will be allowed to take place during the "water year" which runs from April 1 to October 1 without expressed written permission of **BDIC**.

**6). MAINTENANCE**

a) **BDIC** will be responsible for the general maintenance of the section of the ditch affected by this **AGREEMENT** which includes the cleaning and inspection of clean-out boxes; **HS** or assigns, will be responsible for all maintenance, repairs or replacement having to do with the pipe/boxes from the date of the piping/box completion of the **HS** Project.

b) In accomplishing routine maintenance, **BDIC** shall not be responsible or liable for any damages caused to improvements constructed by the owner of the property over the ditch or within the easements of the ditch. **BDIC** will not be obligated to restore the disturbed landscape to its original condition.

**7). RIGHT OF USE:**

**HS** will have the right to ingress and egress **BDIC** easement but not the right to construct any permanent apparatus.

**8). AGREEMENT FEE:**

In consideration for the rights of use and other accommodations made within, **HS** agrees to pay the following sum of Three Hundred Dollars (\$300.00) for the preparation and review of this **AGREEMENT** by check to **Paul E. Brown/BDIC**.

**9). INDEMNIFICATION:**

**HS** will indemnify, defend and in all respects hold **BDIC** harmless from and against any and

all damages, injuries, claims, demands, debts, or other causes of action of any nature whatsoever, arising out of or in connection with the design, construction, installation and change contemplated to the **BDIC** system by this **AGREEMENT** or as a result of **HS's** failure to repair or reconstruct such changes in the event of damage or destruction, including, but not limited to actions for personal injury, wrongful death and/or loss and destruction of damage to property both real and personal; other than claims arising from or as a result of the acts and omissions of **BDIC** or its successors or assigns

#### 10). GRANT OF EASEMENT

**HS** hereby grants and conveys to **BDIC** a water pipeline easement which includes the perpetual right of ingress and egress, as well as to perpetual right to locate, construct, reconstruct, operate, inspect, replace, substitute, remove and maintain, a water pipeline and appurtenant facilities for the transportation of water on, over, across and through the describe lands:

The 15 feet portion west along 4500 South to southwest corner of said property and then north to the open **BDIC** ditch. The easement granted hereby is subject to the following terms and conditions:

a) **BDIC** agrees that any use of said easement will be by a buried irrigation pipeline that will be no larger than 36 inches in diameter.

b) **BDIC** agrees that any construction that ingressed or egressed on its easements made prior to this time by other owners of this property are approved at this time by this **AGREEMENT** and are therefor made part of this **AGREEMENT**.

#### 11). OWNERSHIP AND MAINTENANCE OF FACILITIES:

The pipe, clean-out boxes and all other items necessary to accomplish the changes by this **AGREEMENT** shall be purchased and installed by **HS** for the exclusive use and benefit of **BDIC**. **BDIC** will own said facilities. **HS** shall maintain, repair and replace those facilities as necessary, to insure the safe and effective operation of the **BDIC** system in those areas affected by this **AGREEMENT**. In maintaining, repairing or replacing said facilities, **HS** shall be liable for any damage caused to surrounding areas and shall be responsible for restoring the disturbed landscape to its original condition.

#### 12). ATTORNEY'S FEES:

In the event that it becomes necessary or desirable for either party to obtain the services of an attorney to enforce any of the provisions of this **AGREEMENT**, or to make claim for damages, specific performance or for any breach under this **AGREEMENT**, then the prevailing party in such a dispute shall be entitled to recover its reasonable attorney's fees incurred in the prosecution or defence of such a dispute.

**13). BINDING EFFECT:**

This document shall be binding upon the parties hereto and upon their heir successors, administrators and assigns.

**14). ASSIGNMENT:**

HS may assign this **AGREEMENT** to the Highland Spring Homeowners Association upon the completion, inspection and the approval by BDIC of the irrigation system pipe/box work. The **AGREEMENT** may not be assigned to any other person or entity without the prior expressed written consent of BDIC, which shall not be unreasonably withheld.

**15). TERMS:**

Wherever used in this **AGREEMENT**, the singular shall include plural, the plural the singular, and the use of any gender shall be applicable to all gender.

IN WITNESS WHEREOF, the parties have hereunto set their hands this 21<sup>st</sup> day of DECEMBER, 1998.

  
\_\_\_\_\_  
Gary Strang, Member HS

  
\_\_\_\_\_  
Paul E. Brown, President BDIC

EXHIBIT "H"

POND, WATER AND WETLANDS :  
ASSUMPTION OF RISK, RELEASE, WAIVER AND INDEMNITY.

IT IS HEREBY ACKNOWLEDGED THAT A POND AND WATER ARE PRESENTLY LOCATED WITHIN THE BOUNDARIES OF THE PROJECT. ALL UNIT OWNERS AND RESIDENTS AS WELL AS THEIR GUESTS AND INVITEES HEREBY:

1. ACCEPT AND ASSUME CERTAIN INHERENT RISKS, TO WIT: THOSE DANGERS OR CONDITIONS WHICH ARE AN INTEGRAL PART OF HAVING A POND AND WATER ON THE PROJECT, INCLUDING BUT NOT LIMITED TO THE RISK OF INJURY TO PERSONS OR PROPERTY RESULTING THEREFROM, INCLUDING THAT WHICH MAY BE CAUSED BY OR RESULT FROM NEGLIGENCE. FOR PURPOSES OF THIS SECTION, THE TERM "INJURY" IS INTENDED TO MEAN ANY BODILY HARM OR PROPERTY DAMAGE. NO OWNER OR RESIDENT, NOR THEIR FAMILY MEMBERS, GUESTS OR INVITEES MAY MAKE ANY CLAIM AGAINST OR RECOVER FROM THE DECLARANT, ASSOCIATION, MANAGEMENT COMMITTEE OR MEMBERS OF THE MANAGEMENT COMMITTEE, OR THEIR AGENTS, REPRESENTATIVES OR EMPLOYEES, FOR ANY LOSS, DAMAGE OR LIABILITY FOR ANY INJURY RESULTING FROM, CAUSED BY OR ARISING OUT OF ANY OF THE INHERENT RISKS OF LIVING BY OR VISITING LAND WHICH INCLUDES A POND AND WATER. BY ACCEPTING A DEED OR OTHER DOCUMENT OF CONVEYANCE OR TRANSFER OF, OR BY OCCUPYING A UNIT, OR BY ENTERING OR VISITING THE PROJECT OR A UNIT OWNER, EACH UNIT OWNER AND RESIDENT AS WELL AS THEIR FAMILY MEMBERS, GUESTS AND INVITEES ASSUME ALL RISKS INHERENT IN LIVING IN OR ENTERING INTO A PROJECT WHICH CONTAINS LAND IN WHICH A POND AND WATER ARE LOCATED, INCLUDING DAMAGES CAUSED BY NEGLIGENCE:

2. WAIVE ANY AND ALL CLAIMS, DEMANDS, ACTIONS, CAUSES OF ACTIONS, COSTS, JUDGMENTS, AWARDS, SUITS AT LAW OR IN EQUITY, AND THE LIKE AGAINST THE DECLARANT, ASSOCIATION, MANAGEMENT COMMITTEE AND MEMBERS OF THE MANAGEMENT COMMITTEE, THEIR AGENTS, REPRESENTATIVES OR EMPLOYEES FOR ANY LOSS, LIABILITY OR DAMAGE ARISING OUT OF AN INJURY RESULTING FROM ANY OF THE INHERENT RISKS OF LIVING IN OR VISITING A PROJECT WHICH CONTAINS LAND IN WHICH A POND AND WATER ARE LOCATED, INCLUDING DAMAGES CAUSED BY NEGLIGENCE;

3. RELEASE THE DECLARANT, ASSOCIATION, MANAGEMENT COMMITTEE AND MEMBERS OF THE MANAGEMENT COMMITTEE, THEIR AGENTS, REPRESENTATIVES OR EMPLOYEES, FROM ANY AND ALL CLAIMS, DEMANDS, COSTS, JUDGMENTS, AWARDS, ACTIONS, CAUSES OF ACTION, SUITS AT LAW OR IN EQUITY, AND THE LIKE FOR AND ON ACCOUNT OF ANY AND ALL INJURIES



RESULTING FROM ANY OF THE INHERENT RISKS OF LIVING IN OR VISITING A PROJECT WHICH CONTAINS LAND IN WHICH A POND AND WATER ARE LOCATED, INCLUDING DAMAGES CAUSED BY NEGLIGENCE; AND

4. INDEMNIFY, HOLD HARMLESS AND SAVE THE DECLARANT, ASSOCIATION, MANAGEMENT COMMITTEE AND MEMBERS OF THE MANAGEMENT COMMITTEE, THEIR AGENTS, REPRESENTATIVES OR EMPLOYEES FROM ANY AND ALL LIABILITY, LOSS OR DAMAGE SAID UNIT OWNER OR RESIDENT, OR HIS FAMILY MEMBERS, GUESTS AND INVITEES MAY SUFFER AS A RESULT OF ANY CLAIM, DEMAND, COST, JUDGMENT, AWARD, ACTIONS, CAUSES OF ACTION, SUITS AT LAW OR IN EQUITY, AND THE LIKE RESULTING FROM ANY OF THE INHERENT RISKS OF LIVING IN OR VISITING A PROJECT WHICH CONTAINS LAND IN WHICH A POND AND WATER ARE LOCATED, INCLUDING DAMAGES CAUSED BY NEGLIGENCE.

UNIT OWNERS AND RESIDENTS FURTHER AGREE TO AND SHALL NOTIFY AND ADVISE ALL OF THEIR VISITORS, GUESTS AND INVITEES OF THIS SECTION, THE WAIVER, RELEASE AND INDEMNITY PROVISIONS HEREOF, AND THE ASSUMPTION OF THE INHERENT RISKS DEFINED ABOVE.

THE FOREGOING RELEASE, WAIVER AND INDEMNITY SHALL NOT RELIEVE OWNERS OR RESIDENTS OF LIABILITY FOR DAMAGES CAUSED BY THEMSELVES, THEIR AGENTS, REPRESENTATIVES OR FAMILY MEMBERS.