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**DECLARATION OF CONDOMINIUM
OF
THE ENSIGN CONDOMINIUMS**

THIS DECLARATION OF CONDOMINIUM is made and executed to be effective as of MAY 8th, 2008 by ENSIGN DEVELOPMENT AND MANAGEMENT, L.L.C., a Utah limited liability company ("Declarant"), pursuant to the provisions of the Act defined below.

WHEREAS, Declarant desires by recording this Declaration to submit the Property, and all improvements now or hereafter constructed thereon, to the provisions of the Act as a condominium, and to impose upon the Property mutually beneficial restrictions under a general plan of improvement for the benefit of all Units and Owners;

NOW, THEREFORE, Declarant hereby declares as follows:

I. DEFINITIONS

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

1.1 "**Act**" shall mean and refer to the Utah Condominium Ownership Act, (Sections 57-8-1 through 57-8-36, Utah Code Annotated [1994 Replacement]), as the same has been and may be amended from time to time.

1.2 "**Association**" shall mean ENSIGN HOMEOWNERS' ASSOCIATION, INC., a Utah not for profit corporation.

1.3 "**Board**" shall mean and refer to the Association's Board of Trustees, which shall be determined as set forth in the Bylaws. The Association shall act at all times through the Board, subject to such delegation as shall be permitted under the Bylaws.

1.4 "**Building**" shall mean and refer to any building constructed on the Property and containing one or more Units.

1.5 "**Bylaws**" shall mean and refer to the Bylaws of the Association. The initial Bylaws shall be in the form set forth in **Exhibit C** attached hereto.

1.6 "**Common Areas**" shall mean, refer to, and include:

- (a) the Property and all interests therein, excluding the Units (including all portions of the Property not specifically included within the individual Units);
- (b) all Common Areas and Limited Common Areas designated as such on the Map; and
- (c) all Common Facilities.

1.7 "**Common Expenses**" shall mean and refer to all sums which are assessed against and expended on behalf of all Owners and all sums which are required by the Association to perform

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or exercise its functions, duties, or rights under the Act, this Declaration, the management agreement for the operation of the Project, if any, and such rules and regulations as the Association may from time to time make and adopt. By way of illustration, but not in limitation, Common Expenses shall include: (i) expenses of administration, maintenance, operation, repair and replacement of those components of the Common Areas that must be maintained and/or replaced on a periodic basis together with such reserves as may be from time to time established for the same by the Association; (ii) expenses agreed upon by the Association, or the Owners, and lawfully assessed against the Owners in accordance with the Declaration; (iii) expenses declared to be Common Expenses by the Act, by this Declaration, or the Bylaws; and (iv) any valid charge against the Project as a whole.

1.8 "**Common Facilities**" shall mean, refer to, and include:

- (a) all Common Facilities designated as such on the Plat;
- (b) all installations for any and all equipment connected with the finishing of Project utility services such as electricity, gas, heating, air conditioning, water and sewer;
- (c) all outdoor lighting, fences, landscaping, walkways, open parking spaces, and drive and pedestrian ways within the Property;
- (d) all foundations, columns, girders, beams, supports, main walls, shared or common walls, roofs, halls, corridors, lobbies, stairs, stairways, laundry room facility, and entrances and exits of the Buildings;
- (e) all tanks, pumps, motors, fans, compressors, ducts, and in general all apparatus, installations and facilities included within the Project and existing for common use;
- (f) all portions of the Project not specifically included within the individual Units;
- (g) all other parts of the Project normally in common use or necessary or convenient to its use, existence, maintenance, safety or management;
- (h) all Common Facilities as defined in the Act, whether or not enumerated herein; and
- (i) all other improvements on or to the Common Areas.

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

1. 10 "**Limited Common Areas**" shall mean and refer to the Limited Common Areas designated herein and/or shown on the Map.

1. 11 "**Manager**" shall mean and refer to any Person designated from time to time by the Association to manage, in whole or in part, the business and affairs of the Association and the Project.

1. 12 "**Map**" shall mean the Record of Survey Map regarding the Property titled "ENSIGN CONDOMINIUMS" recorded in the Official Records as Document entry no. at Page,

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, prepared by Curtis and Associates, Inc., and all modifications, amendments and/or all supplements thereto recorded in accordance with the Act and this Declaration.

1. 13 "**Mortgage**" shall mean and include any mortgage, deed of trust or other security instrument by which any Unit is encumbered.

1. 14 "**Mortgagee**" shall mean and include any mortgagee, beneficiary, or other secured party under any Mortgage.

1. 15 "**Official Records**" shall mean the official records of the County Recorder for Salt Lake County, Utah.

1. 16 "**Owner**" shall mean any Person owning fee title to a Unit. Notwithstanding any applicable theory relating to a Mortgage, the term Owner shall not mean or include any Mortgagee unless and until such party has acquired title pursuant to foreclosure or any arrangement or proceeding in lieu thereof.

1. 17 "**Percentage Interest**" shall mean and refer to the undivided percentage interest of each Owner in the Common Areas of the Property. The Percentage Interest which is appurtenant to a Unit shall be equal to 4.166% share of ownership (see 4.4). The Percentage Interest of each Unit is set forth in **Exhibit A** attached hereto and incorporated herein by reference, and shall have a permanent character and shall not be altered (except as the same may be revised as the result of minor adjustments as provided in **Section 4.4**) without the unanimous written consent of all Owners expressed in a duly recorded amendment to this Declaration.

1. 18 "**Person**" shall mean any individual or legal entity.

1. 19 "**Project**" shall mean the Property and the Buildings, which are hereby dedicated as a condominium as described herein.

1.20 "**Property**" shall mean that certain real property more particularly described on **Exhibit B**, together with all improvements and structures located thereon, including the Buildings, all easements, rights and appurtenances belonging to such real property, and all articles of personal property intended for use in connection therewith.

1.21 "**Size**" shall mean and refer to the area of floor space within a Unit, in square feet, rounded off to a whole number.

1.22 "**Unit**" shall mean the interior space of an area indicated as subject to private ownership on the Map, each of which is intended for independent use and occupancy, and separate ownership as described herein. Mechanical equipment and appurtenances located within any Unit or located outside of a Unit but designated and designed to serve only that Unit shall be considered part of such Unit, as shall all decorated interiors, all surfaces of interior structural walls, floors and ceilings, windows and window frames, balconies, doors and door frames, and trim, consisting of, among other items, and as appropriate, wallpaper, paint, flooring, carpeting and tile. All pipes, wires, conduits or other utility lines or installations constituting a part of a Unit and serving only such Unit, and any structural members or any other property of any kind, including fixtures and appliances within such Unit, which are removable without jeopardizing the soundness, safety, or usefulness of any other Unit, shall be considered part of the former. A Unit shall not include

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pipes, wires, conduits, or other utility lines running through it which are used for or which serve more than one Unit, and shall not include any common walls or floors. Each Unit shall include its appurtenant Percentage Interest in the Common Areas (See definition 1.17).

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

II. SUBMISSION TO THE ACT

Declarant hereby submits the Property and the Project to the provisions of the Act, subject to the covenants, conditions and restrictions herein contained, and subject to all liens for current and future taxes, assessments, and charges imposed or levied by governmental or quasi-governmental authorities; all Patent reservations and exclusions; any mineral reservations of record and rights incident thereto; all instruments of record which affect the same or any portion thereof, all easements and rights-of-way; any encroachments, or boundary discrepancies; an easement, which is hereby created, for each and every pipeline, cable, wire, utility line, or similar facility which now or hereafter traverses or partially occupies the Property, and for ingress to, egress from, maintenance of, and replacement of all such pipes, lines, cables, wires, utility lines, and similar facilities.

Reserving unto the Association, however, such easements and rights of ingress and egress over, across, through and under the Property as may be reasonably necessary for the Association or for any assignee or successor of the Association (in a manner which is reasonable and not inconsistent with the provisions of this Declaration): (i) to perform its duties and prerogatives as to the maintenance, repair and/or replacement of Buildings and other improvements described in this Declaration or in the Map, and to do all things reasonably necessary or proper in connection therewith; and (ii) to improve portions of the Property with such other or additional Common Facilities as the Association may reasonably determine to be appropriate. If, pursuant to the foregoing reservations, the Property or any improvement thereon is traversed or partially occupied by a permanent improvement or utility line, a perpetual easement for such improvement or utility line shall exist.

III. IMPROVEMENTS ON LAND

3.1 Description of Improvements. The major improvements contained in the Project include one building with underground parking, containing twenty four units with twenty four covered parking stalls. The location and configuration of said improvements are shown on the Map, which shows the Building, Parking structure and Units. The Building is composed of the following building materials: exterior walls consisting of brick infill on a concrete structure, flat structure roof, interior walls of wood framing with wall finish of plaster over sheet rock, according to applicable building codes at time of construction.

3.2 Description and Legal Status of Units. The Map shows each Unit Number, its location, dimensions from which its Size may be determined, the Common Areas to which it has immediate access and the Limited Common Areas reserved for each Unit. The undivided ownership interest in the Common Areas appurtenant to a Unit may not be partitioned from the balance of the Common Areas pursuant to an action under Chapter 39 of Title 78, Utah Code Annotated (1953 as amended), or otherwise.

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3.3 **Contents of Exhibit A.** Exhibit A to this Declaration contains the following information with respect to each Unit: (i) the Unit Number; (ii) its Size; and (iii) the Percentage Interest and Votes appurtenant to the Unit.

IV. NATURE AND INCIDENTS OF CONDOMINIUM OWNERSHIP

4.1 **Estate of an Owner.** Each Owner shall own fee simple title to its Unit(s).

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

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

4.4 **Computation of Percentage Interests.** The Percentage Interest which is appurtenant to a Unit shall be an equal 8.33% share of ownership. The Association reserves the right to make minor adjustments in some or all of the Percentage Interests which result from the strict application thereof for the purpose, but only for the purpose, of assuring that the total of all Percentage Interests equals 100%. Percentage Interests shall be for all purposes, including, without limitation, voting and participation in Common Expenses.

4.5 **Partition Not Permitted.** The Common Areas shall be owned in common by all the Owners, and no Owner may bring any action for partition thereof.

4.6 **Owner's Rights to Common Areas.** Subject to the limitations contained in this Declaration, any Owner shall have the non-exclusive right to use and enjoy the Common Areas and shall have the exclusive right to use and enjoy the Limited Common Areas shown on the Map as adjacent to such Owner's Unit.

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

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

4.9 **Easement for Encroachments and Shared Elements** (a) If any part of the Common Areas encroaches or shall hereafter encroach upon any Unit, an easement for such encroachment and for the maintenance of the same shall and does hereby exist. If any part of a Unit encroaches or shall hereafter encroach upon the Common Areas, or upon any adjoining Unit, an easement for

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such encroachment and for the maintenance of the same shall and does hereby exist. Encroachments referred to herein include, but are not limited to, encroachments caused by error in the original construction of the Buildings, by error in the Map, by settling, rising or shifting of the earth, or by change in position caused by repair or reconstruction of the Project or any part thereof.

(b) The Association and each Owner shall have a perpetual easement for the maintenance, use, repair, reconstruction, rebuilding and replacement of common footings, common foundations, common walls, weather-tight attachment of continuous elements such as bells, wing walls, support and other columns, pilasters, roof flashings, eaves, roof and building overhangs, etc. (Collectively, "**Shared Elements**") as they now exist regarding the Buildings currently located upon the Property. If any part of any Building is destroyed and not restored, then the Person whose improvements are destroyed shall leave in place any Shared Elements (or any portions thereof) which were not destroyed. Such rights shall be subject to the condition, however, that all such maintenance, use, repair, reconstruction, rebuilding and replacement shall be in accordance with generally accepted practices in the manner customary for improvements of such type and so as not to impose any increased load on the servient Building, except as may be approved by the Owner thereof. Such easement rights shall include reasonable access to accomplish the foregoing.

(c) It is acknowledged that some Units share common walls ("**Common Walls**"). All Common Walls shall constitute party walls for all purposes hereof, and except as herein modified or expanded, all legal and equitable principles relating to party walls shall govern and apply to the Common Walls. No Owner shall use or alter any Building or other improvements in any way that would jeopardize the support furnished by, or the soundness or integrity of, any Common Wall. The Owners sharing Common Walls shall equally share all expenses relating to damage, repair, replacement, restoration and maintenance thereof which are necessary or desirable to preserve the soundness or structural integrity thereof, provided, however, that to the extent any such expense becomes necessary or desirable as a result of the act or omission of a particular Owner, such Owner shall bear such expense. Expenses associated with maintenance, repairs or replacements benefiting only one Owner (such as interior painting or redecorating) shall be borne solely by that Owner.

(d) It is further acknowledged that some Buildings may share Utility Lines ("**Shared Utility Lines**"). No Owner shall use or alter any Shared Utility Lines without the prior written consent of all other Owners sharing the same. The Owners sharing Shared Utility Lines shall equally share all expenses relating to damage, repair, replacement, restoration and maintenance thereof which are necessary or desirable to preserve the soundness or structural integrity thereof; provided, however, that to the extent any such expense becomes necessary or desirable as a result of the act or omission of a particular Owner, such Owner shall bear such expense. Expenses associated with maintenance, repairs or replacements benefiting only one Owner shall be borne solely by that Owner.

(e) Each Owner hereby grants all other Owners with whom it shares Common Walls and/or Shared Utility Lines such easements and rights of ingress over, across, through and under its Unit, including a reasonable right to enter the same, as is reasonably necessary to permit the former to perform its obligations and/or exercise its rights hereunder.

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

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

4.12 **Association's Right to Use of Common Areas.** The Association shall have a non-exclusive easement to make such use of the Common Areas as may be necessary or appropriate to perform the duties and the functions which it is obligated or permitted to perform pursuant to this Declaration and/or the Bylaws.

4.13 **Easements Deemed Created.** All conveyances of Units hereafter made, by whatever means, shall be construed to grant and reserve such reciprocal easements as are described in this Declaration, even if no specific reference to such easements appears in any such conveyance.

V. UNITS AND LIMITED COMMON AREAS

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

Unit No. contained within ENSIGN CONDOMINIUMS as the same is identified in the Record of Survey Map recorded in Salt Lake County, State of Utah, as Entry No. 10423282 in Book 9604 at Page 8020 as said Record of Survey Map may have heretofore been amended or supplemented, and in the DECLARATION OF CONDOMINIUM OF THE ENSIGN CONDOMINIUMS recorded in Salt Lake County, Utah, as Entry No. 10423283 in Book 9604 at Page 8021 as said Declaration may have heretofore been amended or supplemented; together with the undivided ownership interest in said Project's Common Areas which is appurtenant to said Unit.

Such description shall be construed to describe the Unit, together with the Percentage Interest in the Common Areas appurtenant thereto, and to incorporate all the rights incident to ownership of such Unit and all the limitations on such ownership as described in the Declaration, including the applicable appurtenant Percentage Interest.

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5.2 Maintenance of Units. The Association shall maintain all Common Areas excluding Limited Common Areas, and the cost of so doing shall be included in the expense of maintaining the Common Areas. Each Owner shall keep the interior and exterior of his Unit, including without limitation, interior walls, doors, windows, ceilings, floors, and permanent fixtures and appurtenances thereto, including all interior utility facilities which service only that Unit, and his Limited Common Areas in a clean and sanitary condition and in good state of repair. All decks and balconies shall be maintained in a condition to that for which was the intended use and shall be used only for patio or deck furniture and related. In the event that any Unit, including the decks or balconies, shall develop an unclean or unsanitary condition or fall into a state of disrepair or the decks or balconies be used for storage or unsightly or items that do not pertain to deck or patio furniture and in the event that the Owner of such Unit shall fail to correct such condition or state of disrepair promptly following written notice from the Association, the Association shall have the right, at the expense of the Owner and without liability to the Owner for trespass or otherwise, to enter said Unit and correct or eliminate said unsanitary or unclean condition or state of disrepair, provided that the Association shall in no event have the obligation to do so. The Association shall have the irrevocable right to have access to each Unit from time to time during such reasonable hours as may be necessary to insure each Owner's compliance with the provisions of this Section.

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

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

5.5 Limited Common Areas. The Limited Common Areas consist of driveways, side yards, rear yards, common hallways, common porches, storage and common laundries, and are appurtenant to the Units as more particularly shown on the Map.

5.6 Mechanic's Liens. No labor performed or materials furnished or used in connection with any Unit shall create any right to file a notice of mechanic's lien against any other Unit or against any interest in the Common Areas other than the Percentage Interest appurtenant to the Unit where the work was performed.

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VI. THE ASSOCIATION

6.1 Membership. The Association shall be formed as a Utah nonprofit corporation. Every Owner shall be a member of the Association (a "Member"). One membership shall exist for each Unit, shall be inseparably appurtenant thereto and shall automatically transfer therewith but only therewith. If title to any Unit is held by more than one Person, the membership related to such Unit shall be shared by all such Persons in the same proportionate interests and by the same type of tenancy in which they hold title to such Unit. No Person other than an Owner shall be a member in the Association.

6.2 The Association. The Association shall have power to:

(a) adopt and publish rules and regulations governing the use of the Common Areas, the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;

(b) suspend the voting rights and right to use of the recreational facilities, if any, of a Member during any period in which such Member shall be in default in the payment of any Assessment levied by the Association and/or, after notice and hearing, for a period not to exceed 60 days, for infraction of published rules and regulations;

(c) exercise all powers, duties and authority vested in or delegated to the Association and not reserved to the Membership by other provisions of this Declaration or the Bylaws or the Association's Articles of Incorporation (the "**Articles**");

(d) enter into contracts of any kind pertaining to the affairs of the Association on behalf thereof;

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

It shall be the duty of the Association to:

(f) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing in accordance with the Bylaws;

(g) supervise all officers, agents and employees of this Association, and see that their duties are properly performed;

(h) create and adopt a budget for the Association;

(i) fix the amount of, collect and enforce the Assessments;

(j) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any Assessment has been paid (a reasonable charge may be made by the Association for the issuance of these certificates), and if a certificate states that an Assessment has been paid, such certificate shall be conclusive evidence of such payment;

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(k) procure and maintain adequate liability and hazard insurance on property owned by the Association;

(l) cause the Common Areas to be maintained;

(m) maintain current copies of this Declaration, the Articles, the Bylaws, and any rules and regulations, and make the same available for inspection during normal business hours of the Association by Owners; and

(n) maintain the books and financial records of the Association, and cause the financial statements of the Association for the preceding fiscal year to be audited and made available to the Owners upon request.

6.3 Votes and Voting. Votes and voting shall be governed by the Bylaws.

VII. RIGHTS AND OBLIGATIONS OF THE ASSOCIATION

7.1 Common Areas. The Association, subject to the rights of the Owners set forth in **Article IV** hereof, shall be responsible for the exclusive management and control of the Common Areas and all improvements thereon (including furnishings and equipment related thereto), and shall keep the same in good, clean, attractive and sanitary condition, order and repair. The Association shall be responsible for the maintenance and repair of all Common Areas, excluding Limited Common Areas, and such other areas as are specified herein. The cost of such management, operation, maintenance and repair by the Association of the Common Areas shall be borne as provided in the Bylaws of the Association.

Article VIII.

7.2 Miscellaneous Services. The Association may obtain and pay for the services of any person or entity to manage its affairs, or any part thereof, to the extent it deems advisable, as well as such other personnel of the Association as it shall be determined to be necessary or desirable for the proper operation of the Project, whether such personnel are furnished or employed directly by the Association or by any person or entity with whom or which it contracts. The Association may obtain on behalf of the Association and pay for legal and accounting services necessary or desirable in connection with the operation of the Project or the enforcement of this Declaration. The Association may arrange with others to furnish trash collection, snow removal, ground maintenance, and other common services to each Unit. The cost of such services shall be borne as provided in **Article VIII**. The Association may enter into one or more professional management contracts on behalf of the Association pursuant to the provisions hereof, provided the Association shall have the right to terminate any such contract, without cause, at any time after transfer of control of the Association to Owners.

7.3 Personal Property for Common Use. The Association may acquire and hold for the use and benefit of the Association and all of the Owners, tangible and intangible personal property and may dispose of the same by sale or otherwise, and the beneficial interest in any such property shall be deemed to be owned by each Owner in the same proportion as his Percentage Interest. Such interest shall not be transferable except with the transfer of a Unit. A transfer of a Unit shall transfer to the transferee ownership of the transferor's beneficial interest in such property without any reference thereto. Each Owner may use such property in accordance with the purpose for

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which it is intended, subject to rules and regulations adopted by the Association as provided herein, without hindering or encroaching upon the lawful rights of other Owners. The transfer of title to a Unit under foreclosure shall entitle the purchaser to the interest in such personal property associated with the foreclosed Unit.

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

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

7.6 Implied Rights and Additional Powers. The Association may exercise any other right or privilege given to it expressly by this Declaration or the Bylaws, and every other right or privilege reasonably to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege. The Association shall also have the following powers:

- (a) fix, levy, collect and enforce payment by any lawful means, all charges and Assessments pursuant to the terms of this Declaration; to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Association, including all licenses, taxes or governmental charges levied or imposed against the Property of the Association;
- (b) acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association;
- (c) borrow money, and with the consent of Members holding at least 100% of the Percentage Interests, mortgage, pledge, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;
- (d) dedicate, sell or transfer all or any part of the Common Areas to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by Members holding at least 87.5% of the Percentage Interests;

VIII. ASSESSMENTS

8.1 Agreement to Pay Assessment. Each Owner shall be deemed to covenant and agree with each other and with the Association, to pay to the Association annual assessments made by the Association for the purposes provided in this Declaration, and special assessments for capital improvements and other matters as provided in this Declaration ("**Assessments**"). All Assessments of any nature shall be allocated among the Units equally.

8.2 Amount of Total Annual Assessments. The total annual Assessments against all Units shall be based upon advance estimates of cash requirements by the Association to provide for the payment of all estimated expenses growing out of or connected with the maintenance and operation of the Common Areas, and the Association's other duties hereunder, which estimates may include, among other things: expenses of management, grounds maintenance, taxes and special governmental assessments on Common Areas; premiums for all insurance which the Association is required or permitted to maintain pursuant hereto; common lighting and heating expenses; water charges; trash collection charges; snow removal expenses; sewer service charges; repairs and maintenance expenses; wages for Association employees; legal and accounting fees; any deficit remaining from a previous period; the creation of a reasonable contingency reserve, surplus and/or sinking fund; and any other expenses and liabilities which may be incurred by the Association for the benefit of the Owners under or by reason of this Declaration. Notwithstanding the foregoing, the total amount of annual Assessments shall not exceed the previous year's annual Assessments (determined for an entire 12 month period) by more than 15% without the affirmative vote of Owners holding 67% of the Percentage Interests. Until the Association notifies the Owners to the contrary, the amount of the annual Assessment shall be \$ 135.00 per Unit.

8.3 Notice of Annual Assessments and Time for Payment Thereof. Annual Assessments shall be made on a calendar year basis. The Association shall give written notice to each Owner as to the amount of the annual Assessment with respect to his Unit not less than 30 days nor more than 60 days prior to the beginning of the next calendar year. Such Assessment shall be due and payable in equal monthly installments on the first day of each and every month of each year. Each monthly Assessment installment which is not paid by the first of the applicable month shall bear interest at the rate of 18% per annum from the date it becomes due. In addition to the foregoing, the payment of any delinquent Assessment shall be subject to the payment of a late fee as established by the Association. Failure of the Association to give timely notice of any Assessment as provided herein shall not affect the liability of any Owner for such Assessment, but the date when payment shall become due in such case shall be deferred to a date ten days after such notice shall have been given.

8.4 Special Assessments for Capital Improvements. In addition to the annual Assessments authorized by this Article, the Association may levy in any Assessment year a special Assessment, payable over such period of time as the Association may determine, for the purpose of defraying, in whole or in part the cost of any construction or reconstruction, unexpected repair or replacement of the Project or any part thereof, or for any other expense incurred or to be incurred as provided in this Declaration. This Section shall not be construed as an independent source of authority for the Association to incur expenses, but shall be construed to prescribe the manner of assessing for expenses authorized by other Sections hereof which shall make specific reference to this Article. Notice in writing of the amount of such special Assessments and the time for payment thereof shall be given promptly to the Owners, and no payment shall be due

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less than 30 days after such notice shall have been given. A special Assessment shall bear interest at the rate of 18% per annum from the date it becomes due if not paid within 30 days after such date.

8.5 Lien for Assessments.

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

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

(c) A release of notice of lien shall be executed by an officer of the Association and recorded in the Official Records upon payment of all sums secured by such lien which has been made the subject of a recorded notice of lien.

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

(e) A lien for common area Assessments will not be affected by the transfer or conveyance of a Unit, unless such transfer is pursuant to a foreclosure of a Mortgage with priority. In such event, the prior Owner shall nevertheless remain liable for the delinquent Assessments.

8.6 Personal Obligation of Owner. In addition to running with the Unit, the amount of any annual or special Assessment against any Unit shall be the personal obligation of the Owner

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thereof to the Association. Suit to recover a money judgment for such personal obligation shall be maintainable by the Association, at its option, without foreclosing or waiving the lien securing the same. No Owner may avoid or diminish any personal obligation by waiver of the use and enjoyment of any of the Common Areas or by abandonment of his Unit.

8.7 Statement of Account. Upon payment of a reasonable fee not to exceed such amount as the Act may allow, and upon written request of any Owner or any Mortgagee, prospective Mortgagee or prospective purchaser of a Unit, the Association shall issue a written statement setting forth the amount of the unpaid Assessments, if any, with respect to a Unit, the amount of the current yearly Assessment and the date that such Assessment becomes or became due, and the amount of any credit for advance payments or prepaid items, including, but not limited to, such Owner's share of prepaid insurance premiums. Such statement shall be conclusive upon the Association in favor of persons who rely thereon in good faith. Unless such request for a statement of account shall be complied with within 10 days, or such longer period allowed by the Act, all unpaid Assessments which became due prior to the date of making such request shall be subordinate to the lien of a Mortgagee which acquires its interest subsequent to requesting such statement, unless such Mortgagee acquires its interest with actual knowledge of the amount of such Assessments. Where a prospective purchaser makes such request, both the lien for such unpaid Assessments and the personal obligations of the purchaser shall be released automatically if the statement is not furnished within the 10 day period provided herein and thereafter an additional written request is made by such purchaser and is not complied with by the Association within an additional 10 days, and the purchaser subsequently acquires the Unit without actual knowledge of the amount of such Assessments.

8.8 Personal Liability of Purchaser for Assessments. Subject to the provisions of Section 8.8, a purchaser of a Unit shall be jointly and severally liable with the seller for all unpaid Assessments against the Unit up to the time of the grant or conveyance, without prejudice to the purchaser's right to recover from the seller the amount paid by the purchaser for such Assessments.

IX. INSURANCE

9.1 Provided By Association. The Association shall secure and at all times maintain for the benefit of the Association and the Owners the following insurance coverages:

(a) Hazard Coverage. A multi-peril policy or policies of fire and other hazard insurance covering the entire Project (both Units and Common Areas), with extended coverage and all other coverages in the kinds and amounts commonly required by private institutional mortgage investors for projects similar in construction, location and use, including the standard "all risk" endorsement, on a replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value (based upon replacement cost) of the Project. Each such policy shall contain the standard mortgagee clause which must be endorsed to provide that any proceeds shall be paid to the Association for the use and benefit of Mortgagees as their interests may appear. The insured shall be the Association as a trustee for the Owners, or their authorized representatives. In addition, the Association shall obtain, if available, an Inflation Guard Endorsement, a Building Ordinance or Law Endorsement and a Steam Boiler and Machinery Coverage Endorsement (with minimum liability of 2,000,000 per accident) if the Project has central heating and cooling.

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

9.2 Additional Provisions. The following additional provisions shall apply with respect to insurance.

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

(b) All insurance policies shall be written by a company holding a "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 Insurer Solvency Review, or a "BBB" or better claims-paying ability rating in Standard and Poor's International Confidential Rating Service. Each insurer must be specifically licensed to transact business within the State of Utah. Policies are unacceptable where (i) under the terms of the carrier's charter, bylaws or policy, contributions or assessments may be made against the Association, any Owners or a Mortgagee; (ii) by the terms of the carrier's charter, bylaws or policy, loss payments are contingent upon action by the carrier's board of directors, policy holders, or members; or (iii) the policy includes any limiting clauses (other than insurance conditions) which could prevent a Mortgagee or the Association from collecting insurance proceeds.

(c) The Association, on behalf of all Owners, individually and collectively, shall have the authority to adjust losses with respect to insurance secured and maintained by the Association, to pursue claims, negotiate and settle claims, and to enter into agreements relative to the same, and each Owner shall be deemed to have appointed the Association as an attorney-in-fact for such purpose.

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

(e) Each policy of insurance obtained by the Association for the benefit of the Association shall provide: a standard mortgagee clause commonly accepted by private institutional mortgage investors in the area in which the Project is located; a waiver (if available)

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of the insurer's subrogation rights with respect to the Association, the Officers of the Association, the Manager, the Board and its members, the Owners, and their respective servants, agents and guests; that it cannot be canceled, suspended or invalidated due to the conduct of any member, officer, or employee of the Association or of the Manager without a prior written demand that the defect be cured; that any "no other insurance" clause therein shall not apply with respect to insurance held individually by the Owners; and that a mortgagee clause endorsement which must provide that the insurance carrier shall notify in writing any and all insureds, including the servicers on behalf of Mortgagees thereof at least 30 days in advance of the effective date of any substantial modification or cancellation of the policy.

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

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

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

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

(j) The Association shall have no responsibility regarding insurance on the personal property of Owners nor interior furnishings and decorations of Units. Each Owner shall acquire for his own protection, such insurance on his contents as he deems appropriate.

(k) The maximum deductible amount for policies covering Units and Common Areas shall be the lesser of \$ 10,000 or 1 % of the policy face amount.

X. DAMAGE OR DESTRUCTION

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

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

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

(c) If 75% or more of the Project's improvements are destroyed or substantially damaged and if proceeds of the insurance maintained by the Association are not alone sufficient to accomplish restoration, then unless the Owners within 90 days after the destruction or damage by a vote of at least 67% elect not to repair or reconstruct the affected improvements, restoration shall be accomplished in the manner directed under subsection (b) above.

(d) If 75% or more of the Project's improvements are destroyed or substantially damaged, if proceeds of the insurance maintained by the Association are insufficient to accomplish restoration, and if the Owners, within 90 days after the destruction by a vote of at least 67% elect not to repair or reconstruct the affected improvements, the Association shall promptly record in the Official Records a notice setting forth such facts. Upon the recording of such notice the provisions of the Act shall apply and shall govern the rights of all parties having an interest in the Project or any of the Units.

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

XI. OBSOLESCENCE

11.1 Adoption of a Plan. The Owners representing an aggregate voting interest of 87.5 % of the Project may agree that the Project is obsolete and adopt a written plan for the renewal and reconstruction compliance with all applicable County, State and Federal regulations is required for amended site plans to become affective. Written notice of adoption of such a plan shall be given to all Owners. Such plan shall be recorded in the Official Records.

11.2 Payment for Renewal and Reconstruction. The expenses of renewal or reconstruction shall be payable by all of the Owners as Assessments against their respective Units. These Assessments shall be levied in advance pursuant to **Article V111** hereof and shall be allocated and collected as provided in that Article. Further levies may be made in like manner if the amounts collected prove insufficient to complete the renewal and reconstruction.

11.3 Dissents from the Plan. An Owner not party to such a plan for renewal or reconstruction may give written notice of dissent to the Association within 15 days after the recordation of such plan. The Association shall then give written notice of such dissent to all Owners within five days after the expiration of such 15 day period. Within 15 days after receipt of such notice from the Association, the Owners representing an aggregate voting interest of more than 34% of the Project may cancel the plan by written instrument recorded in the Official Records. If the plan is not cancelled then the Units of each dissenter shall be purchased according to the following procedures. If the Owner and the Association can agree on the fair market value of such Owner's Unit, then such sale and conveyance shall be completed within 60 days thereafter. If the parties are unable to agree on the fair market value of such Owner's Unit, the date when either party notifies the other that he or it is unable to agree with the other shall be the

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“commencement date” from which all following time periods set forth in this Section shall be measured. Within 10 days following the commencement date, each party shall nominate a qualified appraiser by written nomination and shall give notice to the other of such nomination. In the event a party fails to nominate an appraiser, the appraiser nominated shall, within five days after notice of the other party’s failure to appoint an appraiser, appoint and associate with him another qualified appraiser. If the two appraisers designated by the parties, or selected pursuant hereto in the event of default of one party, are unable to agree, they shall appoint another qualified appraiser to be umpire between them, if they can agree on such person. If they are unable to agree upon such umpire, then each appraiser previously appointed shall nominate two qualified appraisers, and from the names of the four persons so nominated one shall be drawn by lot by a judge of any court record in Utah, and the person whose name is so drawn shall be the umpire. The nominations from among which the name of the umpire is to be drawn by lot shall be submitted within 10 days of the failure of the two appraisers to agree, which, in any event, shall not be later than 20 days following the appointment of the second appraiser. The decision of the appraisers as to the fair market value, or in the case of their disagreement, the decision of such umpire shall be final and binding. The expenses and fees of such appraisers shall be borne equally by the Association and the Owner. The sale shall be consummated within 60 days after decision of the appraisers, and the Association as attorney-in-fact shall disburse the proceeds first to Mortgagees and encumbrancers (including the Association) in the order of the priority of their liens and the balance remaining to the Owner. The obligation of the Association to make such purchase shall be conditioned on the fair market value of the Unit exceeding the obligations secured by Mortgages and liens on such Unit, and upon the marketability of the title of the Owner. An Owner shall furnish the Association an appropriate commitment for title insurance evidencing marketability of his title not less than 15 days prior to the date set forth completion of the sale. The Association, pursuant to **Article VIII** hereof, may levy a special Assessment sufficient to provide funds to pay for other Units of the dissenters, provided that such Assessments shall not apply to any of the Owners who are among the dissenters and shall not be liens against the Units of such Owners.

11.4 Sale of Obsolete Units. The Owners representing an aggregate ownership interest of 83% or more of the Units may agree that the Units are obsolete and that the Project should be sold. In such instance the Association shall forthwith record a notice setting forth such fact or facts, and upon the recording of such notice by the Association the Project shall be sold by the Association as attorney-in-fact for all of the Owners free and clear of the provisions contained in this Declaration, the Map and the Bylaws. The sale proceeds shall be apportioned among the Owners in proportion to the respective undivided interests in the Common Areas, and such apportioned proceeds shall be paid into separate accounts, each such account representing one Unit. Each such account shall remain in the name of the Association, and shall be further identified by the Unit designation and the name of the Owner. From each separate account the Association, as attorney-in-fact, shall use and disburse the total amount of such accounts without contribution from one account to the other, first to Mortgagees and encumbrancers (including the Association) in the order of the priority of their liens and balance remaining to each respective Owners.

11.5 Distribution of Excess. In the event amounts collected pursuant to **Section 11.2** are in excess of the amounts required for renewal and reconstruction, the excess shall be returned to the Owners by the Association by a distribution to each Owner in an amount proportionate to the respective amount collected from each such owner.

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XII. CONDEMNATION

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

12.2 Proceeds. All compensation, damages or other proceeds therefrom, the sum of which is hereinafter called the "Condemnation Award", shall be payable to the Association. The Association, on behalf of all Owners, individually and collectively, shall have the authority to represent the Association and all Owners and in such regard shall represent their interests in proceedings; negotiations, settlement and agreements, and each Owner shall be deemed to have appointed the Association as attorney-in-fact for such purpose.

12.3 Complete Taking. In the event that the entire Project is taken or condemned, or sold or otherwise disposed of in lieu of or in avoidance thereof, the condominium ownership pursuant thereto shall terminate. The Condemnation Award shall be apportioned among the Owners in proportion to the respective Percentage Interest, provided that if a standard different from the value of the Project as a whole is employed to measure the Condemnation Award in the negotiations, judicial decree, or otherwise, then in determining such shares the same standard shall be employed to the extent it is relevant and applicable. On such basis, the Association shall as soon as practicable determine the share of the Condemnation Award to which each Owner is entitled, and such shares shall be paid into separate accounts and disbursed as soon as practicable in the manner provided in **Section 12.4** hereof.

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

12.5 Reorganization. In the event a partial taking results in the taking of a complete Unit, the Owner thereof automatically shall cease to be a member of the Association. Thereafter the Association shall reallocate the ownership, voting rights, and Assessment ratio determined in accordance with this Declaration according to the same principles employed in this Declaration

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at the creation of the condominium and as required by the Act and shall submit such reallocation to the Owners of remaining Units for amendment of this Declaration as provided herein.

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

XIII. USE OF UNITS AND COMMON AREAS

13.1 Unit Use Restrictions; All Units within the Project shall be used exclusively for residential housing, and for no other purposes. Units shall not be leased or rented without the Homeowners Association preliminary approval; The Homeowners Association shall have absolute authority to accept or reject a proposed tenant based on background history, including but not limited to proposed tenant credit and rental history and employment history. Under state and local condominium ordinances, the Homeowners Association shall have the right to regulate, limit or prohibit the rental of condominium units.

- A. The Homeowners Association shall require the rental of condominium units be conducted through the Homeowners Association or the contracted management company representing the association; and shall require all lease and rental agreements to be reviewed and approved by the Homeowners Association.
- B. The Homeowners Association shall require screening of the prospective tenant including but not limited to employment status, job history, and previous rental history.
- C. The language to be contained in a rental contract or lease agreement for a condominium unit shall so state the following:
 - 1. Tenant agrees to comply with all terms and conditions of the condominium declaration and by-laws; copies of which are to be made available to prospective tenant.
 - 2. Tenant shall agree not to allow or commit any nuisance, waste, unlawful or illegal activity on the premises.
 - 3. Homeowners Association is as intended a third party beneficiary of the lease/rental agreement and as such shall have the right to enforce compliance of the condominium declaration and by-laws and to abate any nuisance, waste, unlawful or illegal act on the premises.
 - 4. The Homeowners Association shall be entitled to exercise any and all of the same rights and remedies under the lease/rental agreement that would be considered as owner's rights.
- D. The Homeowners Association shall be provided copies of tenant's personal information including contact information of employer and next of kin and lease/rental contract copy.
- E. The Homeowners Association shall have the right and obligation to enforce compliance with the condominium declaration and by-laws against any owner and/or occupant of any condominium unit and shall have all rights and remedies available under state and/or local laws, which are in addition to its rights and remedies as a third-party beneficiary under any lease/rental agreement, to enforce such compliance.

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

13.3 Prohibition of Damage and Certain Activities. Nothing shall be done or kept in any Unit or in the Common Areas or any part thereof which would result in the cancellation of the insurance on the Project or any part thereof or an increase of the rate of the insurance on the Project or any part thereof, over what the Association, but for such activity, would pay, without the prior written consent of the Association. Nothing shall be done or kept in any Unit or in the Common Areas or any part thereof which would be a violation of any statute, rule, ordinance, regulation, permit or other validly imposed requirement of any governmental body. No damage to, or waste of, the Common Areas or any part thereof shall be committed by any Owner or any invitee of any Owner, and each Owner shall indemnify and hold the Association and the other Owners harmless against all loss resulting from such damage or waste caused by him or his invitees. No noxious, destructive or offensive activity shall be carried on in any Unit or in the Common Areas or any part thereof, nor shall anything be done therein which may be or may become an annoyance or nuisance to any other owner or to any person at any time lawfully occupying a Unit in the Project.

13.4 Structural Alterations. No structural alterations to any Unit shall be made, no other alterations modifying the external appearance of any Unit including all doors, windows and window coverings and no plumbing, electrical or similar work within the Common Areas (including but not limited to Limited Common Areas) shall be done or caused to be done by any Owner without prior written consent of the Association.

13.5 Rules and Regulations. No Owner or occupant shall violate the rules and regulations, for the use of the Units and/or of the Common Areas as adopted from time to time by the Association.

13.6-A Restriction on Signs and Attachments. No signs, flags, satellite dishes, windsocks, wind chimes, hanging plants, bird feeders, advertising devices, or other exterior attachments or attachments visible from outside of a Unit (collectively, "Attachments") shall be erected, displayed or maintained on any part of the Project without the prior written approval of the Association, except (i) as may be necessary temporarily to caution or warn of danger or to provide directions as required by law, and (ii) such signs as the Association may erect or maintain incident to sale or lease of Units. If the Association consents to the erection of any Attachment, the same shall be removed promptly at the request of the Association.

13.6-B Restrictions on Window and Door Treatments. All windows, window treatments, doors, screen doors, storm doors, patio doors affecting the general appearance of each unit shall be maintained in a uniform and consistent manner with the overall theme and design of the entire property. No window or window treatment or door or door treatment which shall include signs, flags, advertising, political signs, paint, decals and the like shall be visible outside the unit that would not be consistent with the window or door treatment theme of windows and doors in the

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entire project. The Association reserves the right to allow, by request from the homeowner, the advertising by signage placed in one window, the sale or rental of an individual unit. No sign shall be larger than twenty (20) inches by twenty-four (24) inches. If the Association consents to the erection of any sign, the same shall be removed promptly at the request of the Association.

13.7 Animals. No animals of any kind shall be raised, bred, or kept in or on the Property for any purpose, except by one hundred per cent (100%) of Association approval. Then if by Association approval, no Owner of Occupant shall have no more than one pet, either one cat or one dog or one other Association-approved ("Pet") per Unit, and provided: (a) they abide by the rules and regulations adopted by the Committee, (b) the Pet does not weigh more than 20 pounds, and (c) the Pet does not have a known propensity for violence. No animal enclosures shall be erected, placed, or permitted to remain on any portion of the Common Areas, nor shall any animal be kept tied to any structure outside the Unit. The keeping of Pets and use of the Common Areas shall be subject to such rules and regulations as may be issued by the Association from time to time. Dogs shall be on leashes at all times when outside a Unit. No Pet shall be permitted to defecate or urinate on any portion of the Common Areas, and the Owner of any Pet which does so shall immediately remove and clean up any waste left upon the Common Areas by his/her Pet. If an Owner or occupant fails to abide by the rules and regulations and /or covenants applicable to Pets, the committee may, in addition to all other actions permitted hereunder, bar such Pet from the Common Areas. The Association may regulate the use of the Common Areas through a user fee, which may be a general fee for all similarly-situated persons or a specific fine or fee imposed for failure of an Owner or occupant to abide by the rules, regulations, and /or covenants applicable to Pets. In addition, any Pet which endangers the health of any Owner or occupant of any Unit or which creates a nuisance or an unreasonable disturbance or is not a common household Pet, as may be determined in the sole discretion of the Committee, must be permanently removed from the Property upon three days written notice by the Association.

13.8 Recreational Vehicles and Parking. No recreational vehicle (boat, camper, trailer, motor home, or similar item) shall be parked on any portion of the Common Areas except in Common Areas, if any, designated for loading and unloading only, nor shall the same be left in such area longer than 24 hours. All such parking shall be subject to rules and regulations adopted by the Association.

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

13.10 Utah Indoor Clean Air Unit Restrictions. (Senate Bill #49-Third Revision)

- a. No owner, family member, tenant, resident, guest, business invitee, or visitor shall smoke cigarettes, cigars, or any other tobacco product, marijuana or illegal substance anywhere within the boundaries of the project or complex. This prohibition shall include the outside common area, enclosed common area, exclusive use common area and units within the project.
- b. "Smoking" shall include the inhaling, exhaling, burning, or carrying of any lighted cigarette, cigar or other tobacco product, marijuana, or illegal substance.

c. "Business invitee" shall include, but is not limited to, any contractor, agent, household worker, or other person hired by the owner, tenant or resident to provide a service or product to the owner, tenant, or resident.

d. Any owner who sells his unit shall specifically disclose to all potential buyers and Realtors that smoking is prohibited everywhere within the project, including within the units. Any owner who rents or otherwise allows someone other than the owner to reside within or occupy the unit shall disclose to all persons who reside within his unit that smoking is prohibited within all common areas and the unit prior to their residency or occupancy.

e. Each owner is responsible for the actions of all other persons residing within or visiting his/her unit and shall be subject to disciplinary action or a court action for an injunction, or any remedies available for the violation of this section. This section may be enforced in a court of law by any resident or the association. If any resident or the association is required to hire legal counsel to enforce this section, the resident or the association shall be entitled to recover his/her or its attorneys fees and costs incurred, whether or not litigation has been commenced. The association may collect the attorneys fees and costs it incurs through the use of a special assessment levied against the owner of the unit and an assessment lien, if necessary.

f. The Board of Directors shall have the authority and power to enact rules and regulations which it deems necessary to enforce this restriction, including a schedule of fines which may be imposed after notice and a hearing.

g. The restriction set forth in subparagraph "a" above shall not apply to owners, tenants, residents or occupants of units in which title was acquired by the owner prior to the enactment of the restriction and the owner, tenant, resident or occupant began occupying the unit prior to the enactment of the restriction ("existing units"). The restriction will be enforceable as to existing units once the unit is sold, transferred or conveyed to a new owner or the owner, a new tenant, resident or occupant begins to occupy the unit after the enactment of the restriction. The ability to smoke in a unit shall not be sold, transferred, or conveyed to any person who acquires title after the enactment of the restriction.

XIV. AMENDMENT

Except as otherwise specified herein: (a) Until Declarant has sold 83% of the Units, the Declarant shall have the unilateral right to amend this Declaration, the Map and all documents related thereto; and (b) once Declarant has sold 83% of the Units, the vote of Owners holding at least 83% of the votes of the Members shall be required to amend this Declaration or the Map. Any amendment so authorized shall be accomplished through the recordation in the Official Records of an instrument executed by the Association. In such instrument an officer of the Association shall certify that the vote required by this Article for amendment has occurred.

XV. GENERAL PROVISIONS

15.1 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 all Owners, the Association, all other signatories hereto, all parties subject to the Original Declaration, all parties who hereafter acquire any interest in a Unit or in the Project, and their respective grantees, transferees, heirs, devisees, personal representatives, successors and assigns. Each Owner or occupant of a Unit shall comply

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with, and all interest in all Units shall be subject to, the terms of this Declaration and the provisions of any rules, regulations, agreements, instruments, supplements, amendments, and determinations contemplated by this Declaration. Failure to comply with any of the same shall be grounds for an action to recover sums due and for damages or injunctive relief or both, maintainable by the Association on behalf of the Owners, or, in a proper case, by an aggrieved Owner. By acquiring any interest in a Unit or in the Project, the party acquiring such interest consents to, and agrees to be bound by, each and every provision of this Declaration.

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

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

15.4 Agent for Service of Process. ENSIGN DEVELOPMENT AND MANAGEMENT, LLC, Managing Member, whose address is 4609 South 2300 East Suite # 201, SLC, UT. 84117, is appointed to receive service of process in cases authorized by the Act. The Association shall, however, have the right to appoint a successor or substitute process agent. Such successor or substitute agent and her/her address shall be specified by an appropriate instrument filed in the Official Records.

15.5 Effective Date. This Declaration, any amendment or supplement hereto, and any amendment or supplement to the Map shall take effect upon verification of compliance with applicable zoning requirements and its being recorded in the Official Records.

15.6 Requests for Notice. Pursuant to U.C.A. Section 57-1-26 (1953), as amended, the Association hereby requests that a copy of any notice of default and a copy of notice of sale under any Mortgage files for record against any Unit be mailed to ENSIGN HOMEOWNERS ASSOCIATION, INC. c/o William Jefferies, whose address is 4609 South 2300 East Suite # 201, SLC, UT. 84117.

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XVI. ENFORCEMENT AND REMEDIES

If any Owner or occupant fails to comply with any provision hereof, including any of the rules and regulations promulgated hereunder by the Association, within ten days after written notice of violation thereof (except that, where such violation cannot reasonably be cured within ten days, the ten day period will be extended to that reasonably required, as long as the Owner/occupant commences the cure within such 10 day period and diligently pursues the same to completion) (the "**Cure Period**"), the Association may:

a. suspend such Owner's voting rights in the Association during any period or periods during which such Owner or the occupants of its Unit fail to comply with such rules and regulations, or with any other obligations of such Owner under this Declaration; and Owners shall be responsible for any non-compliance hereunder of all occupants of their respective Units;

b. take judicial action against the Owner and/or occupant to enforce compliance with such rules, regulations or other obligations or to obtain damages for non-compliance, all to the extent permitted by law; and/or at the Association's election; including the enforcement of rules and regulations and the eviction process of tenant occupied properties under state and local laws.

c. impose the following fines in connection therewith:

Original Violation:	\$100.00
First Recurrence of same violation:	\$200.00
Second Recurrence of same violation:	\$350.00
Third Recurrence of same violation:	\$500.00
Subsequent Recurrences of same violation:	\$1,000.00

The failure to cure a violation within a period equal to the Cure Period after receipt of notice of the imposition of a fine shall constitute a recurrence of such violation. Any fine which is not paid within 15 days after notice thereof is issued shall bear interest from such date at the rate of 18% per annum, and there shall be added thereto reasonable attorneys' fees (whether or not legal action is commenced) and, if legal action is commenced, the costs of such action; all fines and assessments shall be filed against property as a lien for all amounts and fees due. All fines and charges (collectively, "Charges") related to a Unit, the occupants thereof or a particular Owner shall be the personal obligation of such Owner, and shall constitute Assessments.

XVII – EXPANSION

There shall be no plan or option to expand the project now or in the future by adding to the project any additional land or developing any new or additional structures within the existing property.

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There shall be no plan or option to expand the project now or in the future by adding to the project any additional land or developing any new or additional structures within the existing property.

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EXECUTED BY DECLARANT to be effective as of the date first appearing above:

DECLARANT:

ENSIGN DEVELOPMENT AND MANAGEMENT, LLC., a Utah limited liability company

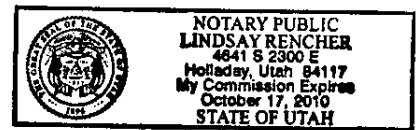
By: William Jefferies, its Manager



STATE OF UTAH; COUNTY OF SALT LAKE:

On 8 May 2008 personally appeared before me William Jefferies, Managing Member of ENSIGN DEVELOPMENT AND MANAGEMENT, L.L.C., who duly acknowledged to me that he executed the foregoing instrument in the capacity indicated.

NOTARY PUBLIC:



SUBORDINATION OF MORTGAGE:

The undersigned hereby subordinates the lien of its Mortgage/Deed of Trust (which for all purposes hereof shall be deemed to include the liens of all loan documents related thereto) recorded as Entry No. _____ in Book at Page _____, Salt Lake County, Utah Official Records, to this Declaration, which shall be senior in priority to the lien of said Mortgage/Deed of Trust, which shall be subordinate to and subject to this Declaration notwithstanding the fact that this Declaration is recorded later in time.

STATE OF UTAH; COUNTY OF SALT LAKE:

On _____ 2008 personally appeared before me
who _____
duly acknowledged to me that s/he executed the foregoing instrument in the capacity indicated.

NOTARY PUBLIC:

DOES NOT APPLY / *WJF*

**ARTICLES OF INCORPORATION
OF
THE ENSIGN**

**HOMEOWNERS' ASSOCIATION, INC.,
A NON-PROFIT CORPORATION**

The undersigned hereby forms a corporation under the Utah Non-Profit Corporation Act and adopts the following Articles of Incorporation for such corporation (the "**Corporation**"):

**ARTICLE I
NAME AND DURATION**

The name of the Corporation is ENSIGN HOMEOWNERS' ASSOCIATION, INC., and the duration of the Corporation shall be perpetual.

**ARTICLE 11
PURPOSES**

The Corporation is organized exclusively for non-profit purposes, and constitutes the incorporation of the Association defined in that certain Declaration of Condominium of ENSIGN CONDOMINIUMS dated *MAY 8th, 2008*, and recorded *MAY 8th 2008*, as Entry No. *10423283* in Book *9604* at Page *802*, et seq., of the Official Records of the Salt Lake County Recorder, as the same may now or hereafter be amended (the "**Declaration**," the terms and provisions of which are hereby incorporated herein by this reference, including all defined terms thereunder, which as used herein shall have the same meanings as given them in the Declaration), having all powers, rights and privileges which a corporation organized under the Non-Profit Corporation Act of the State of Utah may now or hereafter have or exercise.

**ARTICLE III
MEMBERSHIP**

Every person or entity who is a record Owner of a fee or undivided fee interest in any Unit which is subject to the Declaration shall be a member of the Corporation. The foregoing is not intended to include persons or entities who hold an interest in any Unit merely as security for the performance of any obligation. Membership shall be appurtenant to and may not be separated from ownership of the Unit to which it pertains.

**ARTICLE IV
REGISTERED OFFICE AND AGENT**

The address of the initial principal office and the registered office of the Corporation is 4609 South 2300 East Suite # 201, SLC, UT. 84117 and the name of the registered agent at such address is ENSIGN DEVELOPMENT AND MANAGEMENT, L.L.C.

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**ARTICLE V
LIMITATIONS ON DISPOSITION OF
EARNINGS AND ASSETS**

The Corporation's objectives are not for pecuniary profit and no part of the net earnings of the Corporation, if any, shall inure to the benefit of any Trustee, officer or Member of the Corporation or any other individual, and no Trustee, officer or Member of the Corporation or any private individual shall be entitled to share in the distribution of any of the corporate assets on dissolution or liquidation of the Corporation. No part of the activities of the Corporation shall be to provide propaganda, or otherwise attempting to influence legislation, or participate in or intervene in any political campaign on behalf of any political party or any candidate for public office. Notwithstanding any other provision of these Articles to the contrary, the Corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from federal income taxes under Section 501(c) of the Internal Revenue Code of 1954, as amended or, (b) by a corporation contributions to which are deductible under Section 17(c)(2) or the Internal Revenue Code of 1954, as amended, or their successor statutes.

**ARTICLE VI
TRUSTEES**

Subject to the provisions of the Declaration, the conduct of the affairs of the Corporation shall be governed and controlled by a Board of Trustees initially consisting of two individuals. The qualifications of individuals permitted to serve on the Board of Trustees shall be established in the Bylaws of the Corporation. Said Board of Trustees shall exercise such powers as are provided by these Articles of Incorporation, the laws of the State of Utah, and the Bylaws of the Corporation. The names and addresses of the persons who are to serve as the initial Trustees are as follows:

William Jefferies
4609 South 2300 East Suite #201
SLC, UT. 84117

Scott Ogden
2460 E. Briar Creek Cir.
SLC, UT. 84117

**ARTICLE VII
INDEMNITY OF OFFICERS AND TRUSTEES**

The Corporation shall indemnify any and all of its officers or trustees or former officers or trustees or any person who may have served at its request as a trustee against expenses actually and necessarily incurred by them in connection with the defense of any action, suit or proceeding in which they or any of them are made parties, or a party, by reason of being or having been trustees or officers or a trustee or officer of the Corporation, except in relation to matters as to which any trustee or officer or former officer or trustee or person shall be adjudged in such action, suit or proceeding to be liable for negligence or misconduct in the performance of duty.

Such indemnification shall not be deemed exclusive of any or all other rights to which those indemnified may be entitled under any Bylaws, agreement, vote of subscribers or otherwise.

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**ARTICLE VIII
INCORPORATOR**

The incorporator of the Corporation and his address are: William Jefferies, 4609 South 2300 East Suite #201,SLC, UT. 84117.

EXECUTED TO BE EFFECTIVE AS OF *MAY 8th* 2008:

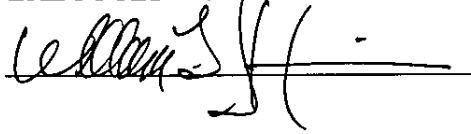
A handwritten signature in cursive script, appearing to read "William Jefferies", is written over a horizontal line. The signature is positioned to the left of the text "EXECUTED TO BE EFFECTIVE AS OF MAY 8th 2008:".

EXHIBIT A

UNIT NUMBERS, PERCENTAGE INTERESTS AND VOTES

Unit Number	Percentage Interests	
Unit 1	8.330%	1
Unit 2	8.330%	1
Unit 3	8.330%	1
Unit 4	8.330%	1
Unit 5	8.330%	1
Unit 6	8.330%	1
Unit 7	8.330%	1
Unit 8	8.330%	1
Unit 9	8.330%	1
Unit 10	8.330%	1
Unit 11	8.330%	1
Unit 12	8.330%	1

TOTALS	100%	12
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EXHIBIT B

LEGAL DESCRIPTION OF THE PROPERTY

(To be added)

See Title Report attached.

PARCEL 1:

Beginning North 89°58'19" East 6.5 feet and North 00°00'28" East 82.5 feet and South 89°58'19" West 10.46 feet from the Southwest Corner of Lot 1, East Side Subdivision, Block 31, Plat "F", Salt Lake City Survey; thence North 1°29' East 74.29 feet; thence South 89°58'19" North 130.03 feet; thence South 0°00'28" West 156.77 feet; thence North 89°58'19" East 65.7 feet; thence North 0°16'13" West 82.5 feet; thence North 89°58'19" East 62.74 feet to the point of beginning.

PARCEL 2:

Together with an easement over and across the following described property for the maintenance and repair of a carport, as set out in that certain Quit Claim Deed recorded July 26, 1991 as Entry No. 5103143 of Official Records, described as follows:

Beginning at a point which is North 0°00'28" East 82.50 feet and South 89°58'19" West 3.96 feet and North 1°29'00" East 50.80 feet from the Southwest Corner of Lot 1, East Side Subdivision of Block 31, Plat "F", Salt Lake City Survey, and running thence North 1°29'00" East 23.50 feet; thence North 89°58'19" East 2.00 feet; thence South 1°29'00" West 23.50 feet; thence South 89°58'19" West 2.00 feet to the point of beginning.

PARCEL 3:

Together with a perpetual easement over and across the following described tract of land for the purpose of gaining access to and maintaining and repairing a carport and shed, as set out in that certain Grant of Easement recorded July 26, 1991 as Entry No. 5103144 of Official Records, described as follows:

Beginning at a point which is North 89°58'19" East 6.5 feet from the Southwest Corner of Lot 1, East Side Subdivision of Block 31, Plat "F", Salt Lake City Survey, and running thence North 0°00'28" East 133.28 feet; thence South 89°58'19" West 7.15 feet; thence North 1°29'00" East 10.00 feet; thence North 89°58'19" East 16.77 feet; thence South 0°00'28" West 143.27 feet; thence South 89°58'19" West 9.88 feet to the point of beginning.

Said property is also known by the street address of:
1257 East 200 South
Salt Lake City, UT

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EXHIBIT C
BYLAWS
OF
THE ENSIGN
HOMEOWNERS' ASSOCIATION, INC.

The following are the Bylaws of the ENSIGN HOMEOWNER'S ASSOCIATION, INC., a Utah Non- Profit Corporation (the "Association"):

ARTICLE I

LOCATION

The initial principal office of the Association shall be located at 1255-57 East 200 South, Salt Lake City, Utah, but meetings of Members and Trustees may be held at such places within the State of Utah, County of Salt Lake, as may be designated by the Board of Trustees.

ARTICLE II

DEFINITIONS

All terms used but not defined herein shall have the meanings given them under that certain Declaration of Condominium of ENSIGN CONDOMINIUMS dated 5/8, 2008, and recorded *May 8th* 2008, as Entry No. *10423203* in Book *9604* at Page *8021*, et seq., of the Official Records of the Salt Lake County Recorder, as the same may now or hereafter be amended (the "**Declaration**"), the terms and provisions of which are hereby incorporated herein by this reference.

ARTICLE III

MEETINGS OF MEMBERS

Section 3.1 Annual Meetings. Unless otherwise determined by the Association and subject to notice thereof as provided in Section 3.3 below, annual meetings of the Members shall be held on the second Wednesday of May of each year, at the hour of 7:00 p.m. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 3.2 Special Meetings. Special meetings of the Members may be called by or at the request of the President of the Association or by the Board (as defined below), or upon written request of the Members holding at least 67% of the Percentage Interests.

Section 3.3 Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least 15 days before such meeting to each Member entitled to vote thereafter addressed to the Member's address last appearing on the books of the Association,

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or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 3.4 Quorum. The quorum required for any action by the Members hereunder, unless otherwise specifically set forth in the Declaration, shall be as follows: At each scheduled meeting called the presence of Members or of proxies entitled to cast at least 67% of all outstanding votes shall constitute a quorum. If a quorum is not present at a scheduled meeting, such meeting may be adjourned pending notice of subsequently scheduled meeting at which a quorum shall be one-half of the quorum which was required at the immediately preceding meeting. No such subsequently scheduled meeting shall be held more than 45 days following the immediately preceding meeting.

Section 3.5 Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Unit.

Section 3.6 Voting. The number of votes appurtenant to each respective Unit shall be one (1). Since a Unit Owner may be more than one person, if only one of such person is present at a meeting of the Association that person shall be entitled to cast the vote appertaining to that Unit. But if more than one of such person is present, the vote appertaining to that Unit shall be cast only in accordance with the agreement of a majority of them, and such consent shall be conclusively presumed if any one of them purports to cast the vote appertaining to that Unit without protest being made forthwith by any of the others to the person presiding over the meeting. The vote appurtenant to any one Unit may not be divided between Owners of such Unit or with respect to matters before the Association. If the vote of a majority of the owners of a Unit cannot be determined, no vote shall be cast in relation to such Unit.

ARTICLE IV

BOARD, SELECTION AND TERM OF OFFICE

Section 4.1 Number. Subject to the provision of the Declaration, the affairs of the Association shall be managed by a Board of Trustees (the "**Board**") comprised of three individuals. In addition to individual Unit Owners, spouses of Unit Owners, Mortgagees (or designees of Mortgagees), partners of partnerships, directors or officers of corporations and managers of limited liability companies owning a Unit, shall be eligible for membership on the Board.

Section 4.2 Term of Office. At the first annual meeting, the Members shall elect one Trustee for a term of one year, one Trustee for a term of two years and one Trustee for a term of three years, and at each annual meeting thereafter the Members shall elect the number of Trustees whose terms are then to expire for a term of three years.

Section 4.3 Removal. Any Trustee may be removed from the Board, with or without cause, by a 67% vote of the Members of the Association. In the event of death, resignation or removal of a Trustee, his successor shall be selected by the remaining Trustees and shall serve for the unexpired term of his predecessor.

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Section 4.4 **Compensation.** No Trustee shall receive compensation for any service he may render to the Association. However, any Trustee may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 4.5 **Action Taken Without a Meeting.** The Trustees may take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all Trustees. Any action so approved shall have the same effect as though taken at a meeting of the Board.

ARTICLE V

NOMINATION AND ELECTION OF TRUSTEES

Section 5.1 **Initial Nominations.** Property owner, ENSIGN DEVELOPMENT AND MANAGEMENT, L.L.C., its Managing Member and Initial Member of the Board of Trustees of ENSIGN Condominiums, shall install subsequent Board of Trustees at the First Annual Meeting of the ENSIGN HOMEOWNERS' ASSOCIATION meeting by majority vote of those present and/or by proxy.

Section 5.2 **Nomination.** Nomination for election to the Board shall be made by the Board. Nominations may also be made from the floor at the annual meeting. The Board shall make as many nominations as it shall in its discretion determine, but not less than the number of vacancies that are to be filled.

Section 5.3 **Election.** Election to the Board shall be by written ballot or oral consensus of the membership. At such election the Members or their proxies may cast in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting shall not be permitted.

ARTICLE VI

MEETINGS OF THE BOARD

Section 6.1 **Regular Meetings.** Regular meetings of the Board shall be held at least semiannually, on or about November 1 and May 1 of each year, as determined by the Board. Assessments for the upcoming year shall be fixed at the semi-annual meeting held on or about November 1 each year.

Section 6.2 **Special Meetings.** Special meetings of the Board shall be held when called by the President of the Association, or by any two Trustees after not less than three days notice to each Trustee.

Section 6.3 **Quorum.** A majority of the number of Trustees shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Trustees present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

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ARTICLE VII

POWERS AND DUTIES OF THE BOARD

The Board shall have all powers and duties as set forth in the Declaration.

ARTICLE VIII

OFFICERS AND THEIR DUTIES

Section 8.1 Enumeration of Offices. The officers of this Association shall be a president, who shall at all times be a member of the Board, a secretary, and a treasurer, and such other officers as the Board may from time to time by resolution create.

Section 8.2 Election of Officers. The election of officers shall take place at the first meeting of the Board following each annual meeting of the Members.

Section 8.3 Term and Vacancies. The officers of this Association shall be elected annually by the Board and each shall hold office for one year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 8.4 Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 8.5 Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time giving written notice to the Board, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 8.6 Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 8.4 of this Article.

Section 8.7 Duties. The duties of the officers are as follows:

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

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

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Treasurer: Shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board; shall co-sign all checks and promissory notes of the association; keep proper books of account; if the Board deems appropriate, cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the Membership at its regular annual meeting, and deliver a copy of each to the Members.

ARTICLE IX

COMMITTEES

The Board may, if it elects, appoint such committees as deemed appropriate in carrying out its purposes.

ARTICLE X

AMENDMENTS; ORDER OF PRECEDENCE

These Bylaws may be amended, at a regular or special meeting of the Members, by Members holding at least 67% of the Percentage Interests, in person or by proxy. In the case of any conflict between the Articles of incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

ARTICLE XI

FISCAL YEAR

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

END OF BYLAWS

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