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**DECLARATION OF COVENANTS, CONDITIONS,
RESTRICTIONS, AND RESERVATION OF EASEMENTS
FOR
CREEK ROAD VILLAS,
A Utah Planned Unit Development**

LOCATED IN CITY OF SANDY, SALT LAKE COUNTY, UTAH

AFTER RECORDING PLEASE RETURN TO:

**Ivory Development, LLC
Christopher P. Gamvroulas
978 Woodoak Lane
Salt Lake City, UT 84117
(801) 747-7440**

**DECLARATION OF COVENANTS, CONDITIONS,
RESTRICTIONS AND RESERVATION OF EASEMENTS
FOR
CREEK ROAD VILLAS,**

This Declaration of Covenants, Conditions and Restrictions, and Reservation of Easements for Creek Road Villas, a Planned Unit Development (the "Declaration") is executed by Ivory Development, LLC, a Utah limited liability company, of 978 East Woodoak Lane, Salt Lake City, Utah 84117 (the "Developer").

RECITALS

- A. The Tract is an area featuring unique and distinctive terrain;
- B. By subjecting the Tract to this Declaration, it is the desire, intent and purpose of Developer to create a townhouse development in which beauty shall be substantially preserved, which will enhance the desirability of living on or visiting real estate subject to this Declaration, and which will increase and preserve the utility, attractiveness, quality and value of the lands and improvements therein.
- C. This Declaration affects that certain real property located in the City of Sandy in Salt Lake County, Utah described with particularity in Article II below (hereinafter referred to as the "Tract").
- D. Developer is the owner of the Tract, except as noted in the Exhibits and the affirmative consents of those Owners are attached.
- E. Developer has constructed or is in the process of constructing upon the Tract a planned townhouse development which shall include certain Buildings, Units, Common Areas and Facilities, and other improvements. The construction will be completed in accordance with the plans contained in the Final Plat to be recorded concurrently herewith.
- G. Developer intends to sell to various purchasers the fee title to the individual Units contained in the Tract, together with an appurtenant membership interest in an association of the Unit owners, subject to the Final Plat and Declaration.
- H. Developer desires, by filing this Declaration and Final Plat, to submit the property and all improvements now or hereafter constructed thereon to the provisions, covenants, conditions, restrictions and easements set forth herein.
- I. The Tract is to be known as "Creek Road Villas."

J. Since the completion of the Tract may be in phases, the completed Project will consist of the original phase and all subsequent phases.

COVENANTS, CONDITIONS, AND RESTRICTIONS

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

1. Definitions.

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

1. The term Area of Common Responsibility shall mean and refer to the area and items for which the Association is responsible.
2. The term Area of Personal Responsibility shall mean and refer to the area and items for which the Owners are responsible.
3. The term Articles of Incorporation shall mean and refer to the Articles of Incorporation of Creek Road Villas Association on file or to be filed with the Utah Department of Commerce.
4. The term Assessment shall mean and refer to any amount imposed upon, assessed or charged an Owner or Unit by the Association.
5. The term Association shall mean and refer to the association of Owners at Creek Road Villas taken or acting as a group in accordance with this Declaration.
6. The term Board of Directors shall mean and refer to the governing board of the Association.
7. The term Building shall mean and refer to any of the structures constructed in the Tract.
8. The term Building Exterior Assessment shall mean and refer to any amount imposed upon, assessed or charged an individual Owner for the maintenance, repair or replacement of the Building exterior surfaces of his Unit, which is the Unit Owner's responsibility and is not considered a Common Expense.
9. The term Bylaws shall mean and refer to the Bylaws of the Association, a copy of which is attached hereto, marked Exhibit "B", and incorporated herein by this reference.
10. The term Capital Improvement or Addition shall mean and refer to a permanent addition to or the betterment of real property that enhances its capital value and improves the

expenditure of labor or money and is designed to make the property more useful or valuable as distinguished from ordinary repairs.

11. The term City shall mean and refer to the City of Sandy in Salt Lake County, Utah.

12. Common Area and Facilities shall mean and refer to all real property in the Tract owned in common by the Unit Owners including but not limited to the following items:

(a) The real property and interests in real property submitted hereby, including the entirety of the Tract and all improvements constructed thereon, excluding the individual Units.

(b) All Common Areas and Facilities designated as such in the Final Plat;

(c) Any Limited Common Areas designated as such in the Final Plat for the exclusive use of a Unit or Units and those Common Areas designated in this Declaration as reserved for the use of a certain Unit Owner to the exclusion of the other Unit Owners. Any portico, colonnade, entry, doorsteps, landings, porches, balconies, decks, patios, private yard areas, garages, assigned parking spaces, or other improvements intended to serve only a single Unit shall constitute Limited Common Area appertaining to that Unit exclusively, whether or not the Final Plat or Declaration makes such a designation.

(d) All utility installations and all equipment connected with or in any way related to the furnishing of utilities to the Project and intended for the common use of all Unit Owners, such as power, gas, water and sewer;

(e) The Project's outdoor grounds including the Entry, Entry Monument and all landscaping, open and green space;

(f) All portions of the Tract not specifically included within the individual Units; and

(g) All other parts of the Project normally in common use or necessary or convenient to the use, existence, maintenance, safety, operation or management of the Property owned by the Association or for the common benefit of the Owners.

Anything to the contrary notwithstanding, utility installations such as power, gas, water and sewer may be dedicated to the City and, if so, this definition shall not be construed to allow the Association to exclude the City from the ownership and control of the utility systems so dedicated.

13. The term Common Expense shall mean and refer to:

(a) All sums lawfully assessed against the Owners;

(b) Expenses of administration of the Association and the maintenance, repair or replacement of the Area of Common Responsibility;

- (c) Expenses allocated by the Association among all of the Owners;
- (d) Expenses agreed upon as common expenses by the Association; and
- (e) Expenses declared common expenses by the Declaration.

14. The term Declaration shall mean and refer to this Declaration of Covenants, Conditions, Restrictions, and Reservation of Easements for Creek Road Villas.

15. The term Dedicated Streets shall mean and refer to those streets, roads and cul-de-sacs within the Project formally dedicated to the City or any other municipal or governmental body politic, entity or agency.

16. The term Default Assessment shall mean and refer to any amount imposed upon, assessed or charged an individual Owner pursuant to the Governing Documents for failure to perform an obligation under the Governing Documents or because the Association has incurred an expense on behalf of the Owner.

17. The term Developer shall mean and include Ivory Development, LLC and any person or persons who might acquire title from it to all or some of the unsold Units or Memberships through purchase, assignment or other transfer including foreclosure or deed in lieu of foreclosure; or, in the situation where, any person purchases all, or some of the remaining Units or Memberships in a sale in the nature of a bulk sale. The person acquiring any of such property from the Developer shall be considered a Developer with respect to that portion of the property so acquired and shall have the right to develop the property and/or sell such property in accordance with the terms and provisions of this Declaration; provided, however, a notice of succession shall be recorded in the Office of the County Recorder signed by both the current Developer and by its successor in interest as the new Developer.

18. The term Developmental Rights shall mean and refer to the right granted hereunder to the Developer, its agents, representatives, employees, successors and assigns, to develop and improve the Tract.

19. The term Director shall mean and refer to a member of the Board of Directors.

20. The term Eligible Guarantor shall mean and refer to a governmental guarantor of a mortgage or trust deed who has requested notice in writing of certain matters from the Association in accordance with the Declaration.

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

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

23. The term Eligible Votes shall mean and refer to those votes available to be cast on any issue before the Association or the Board of Directors. A vote which is for any reason suspended is not an "eligible vote".

24. The term Final Plat shall mean and refer to the recorded Final Plat for Creek Road Villas on file in the Office of the County Recorder.

25. The term Governing Documents shall mean and refer to this Declaration, Bylaws, Articles of Incorporation, and Rules and Regulations.

26. The term Guest shall mean and refer to a guest, visitor or invitee of an Owner or the occupant of a Unit.

27. The term Guest Parking shall mean and refer to those parking spaces reserved for the exclusive use of Guests.

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

29. The term Individual Charge shall mean and refer to a charge levied against an Owner or Permittee for all expenses resulting from the act or omission of such Person, excepting the Owner's failure to pay any Assessment. Individual Charges shall include, by way of illustration but not limitation, any expense resulting from the act or omission of any Owner or Permittee including:

(a) The cost to repair any damage to any portion of the Tract on account of loss or damage caused by such Person; or

(b) The cost to satisfy any expense to any other Owner or Owners or to the Association due to any intentional or negligent act or omission of such Person, or resulting from the breach by such Person of any provisions of the Governing Documents; or

(c) Any fines;

(d) Any Default Assessments; or

(e) The amount of the deductible on an insurance claim, subject to the Board's right to adjust claims.

Individual Charges may be secured by a lien in the same manner as Assessments and the Association shall have all other remedies, both legal and equitable, described in the Governing Documents available against any Owner for nonpayment of any monetary obligation.

30. The term Land shall mean and refer to all of the real property subject to this Declaration.

31. The term Landscaping shall mean and refer to all of the grass, trees, shrubs, bushes, flowers, plants, and like improvements located within the Tract, as well as the appurtenant sprinkling and irrigation systems.

32. The term Lender shall mean and refer to a Mortgagee.

33. The term Limited Common Areas shall mean and refer to those Common Areas designated in this Declaration or in the Final Plat as reserved for the use of a certain Unit Owner to the exclusion of the other Unit Owners. Any portico, colonnade, Unit entry, doorsteps, landings, porches, balconies, decks, patios, private yard areas, garages, assigned parking spaces, or other improvements intended to serve only a single Unit, shall constitute Limited Common Area appertaining to that Unit exclusively, whether or not the Final Plat makes such a designation.

34. The term Manager shall mean and refer to the Person appointed or hired by the Association to manage and operate the Tract.

35. The term Mortgage shall mean and refer to any mortgage, deed of trust or other security instrument (including the seller's rights under a contract for deed) by which a Unit or any part thereof or interest therein is encumbered. A First Mortgage is a Mortgage having priority as to all other Mortgages encumbering a Unit, or any part thereof or interest therein.

36. The term Mortgagee shall mean and refer to any person or entity named as the mortgagee, beneficiary or holder of the seller's interest (so long as a copy of the contract for deed is given to the Association) under any Mortgage by which the interest of any Owner is encumbered, or any successor to the interest of such person under such Mortgage. A First Mortgagee shall mean and refer to any person or entity holding a First Mortgage including any insurer or guarantor of a First Mortgage. Any and all Mortgagee protections contained in the Declaration shall also protect the Developer as the holder of a First Mortgage of a Unit, or any interest therein.

37. The term Office of the County Recorder or County Recorder shall mean and refer to the Office of the County Recorder of Salt Lake County, Utah.

38. The term Owner shall mean and refer to a Person who is the owner of a fee or an undivided fee interest in a Unit, excluding a mortgagee or a beneficiary or trustee under a deed of trust unless and until such party has acquired title pursuant to foreclosure or any arrangement or proceeding in lieu thereof.

39. The term Period of Developer's Control shall mean and refer to the period of time during which there is Class B voting.

40. The term Permittee shall mean a Guest, tenant, renter, lessee and non-occupant residents.

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

42. The term Plans and Specifications shall mean and refer to any and all documents designed to guide or control the construction of an Improvement, or alterations, modifications, changes, additions and the like thereto, including without limitation all documents indicating the size, shape, configuration and/or materials, to be incorporated; all site plans, excavation and grading plans, elevation drawings, floor plans, techniques, samples of exterior colors, plans for utility services, and all other documentation or information relevant to the improvement or proposal in question.

43. The term Private Road, Street, Cul-de-sac, Way or Drive shall mean and refer to those streets, roads, cul-de-sacs, ways, drives or turnabouts within the Project not dedicated to the City or any county, state, or other governmental body politic, entity or agency.

44. The term Project shall mean and refer to Creek Road Villas.

45. The term Property shall mean and refer to all of the land or real estate, improvements and appurtenances comprising the Project submitted to this Declaration.

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

47. The term Repair shall mean and refer to merely correcting the damage done sometimes by accident or fire or other cause, but more often due to the ravages of time and the deterioration resulting from ordinary wear and tear, by substituting for the damage, decayed or worn-out parts, new material, usually similar to that replaced, and so restoring the structure to its original sound condition.

48. The term Residence Number shall mean and refer to the number, letter or combination of name, numbers and letters that identifies only one Unit in Creek Road Villas.

49. The term Resident shall mean and refer to any person living or staying at Creek Road Villas. This includes but is not limited to natural person or persons residing in the Unit.

50. The term Single Family shall mean and refer to one of the following: (a) a single person, (b) a group of natural persons related to each other by blood or legally related to each

other by marriage or adoption, or (c) a group of not more than three unrelated persons who maintain a common household to be distinguished from a group occupying a boarding house, club, fraternity or hotel. An additional person or persons may also be allowed under appropriate circumstances, for example, as a caretaker or as domestic help, with the prior written consent of the Board of Directors.

51. The term Single Family Residence shall mean and refer to both (a) the architectural style of a Unit and (b) the nature of the residential use permitted.

52. The term Size shall mean and refer to the number of cubic feet, or the number of square feet of ground or floor space, within each Unit as computed by reference to the Final Plat and rounded off to a whole number. Certain spaces within the Units, such as the attic, basement, or garage space, may be omitted from the calculation or be partially discounted by the use of a ratio if the same basis of calculation is employed for all Units in the Project and if that basis is described in the Governing Documents.

53. The term Total Votes of the Association shall mean and refer to the total number of votes appertaining to all Units at Creek Road Villas.

54. The term Town House or Town Home shall mean and refer to a Unit.

55. The term Tract shall mean and refer to all of the real estate submitted to this Declaration.

56. The term Unit shall mean and refer to a residential unit as shown on the Final Plat. Each Unit shall be assigned a separate "parcel" or tax identification number by the appropriate governmental agency.

57. The term Unit Number shall mean and refer to the number, letter or combination thereof designating a particular Unit, identified on the Final Plat.

58. The term Use Restrictions shall mean and refer to the use restrictions governing the Project set forth herein, as they may be modified, amended, repealed, canceled, limited, withdrawn or expanded from time to time.

59. Visible From a Neighboring Property shall mean with respect to any object, that such object is or would be visible to an individual six feet (6') tall, standing at ground level on any portion of the neighboring property.

60. Voting Group shall mean and refer to a group of Owners designated by the Declarant as a "voting group."

2. Submission

The Developer hereby submits the Tract, together with all appurtenances thereto to be known as Creek Road Villas, to this Declaration and Utah Code Ann., §§57-8a-1 et seq. (2004) (the "Act"). Developer hereby declares that the Tract and every part thereof is and shall be held, conveyed, devised, leased, granted, encumbered, used, occupied, and otherwise transferred in any manner, subject to the provisions of this Declaration and the Act. Each and all of the provisions hereof are hereby declared to be in furtherance of the general plan and scheme of ownership, and are further declared to be for the benefit of the Property and every part thereof, and for the benefit of each Owner. All provisions hereof shall be deemed to run with the land as covenants running with the land, or as an equitable servitude, as the case may be, and shall bind all persons hereafter acquiring or owning any interest in the Property, however such interest may be obtained.

All present and future Owners, Permittees and Mortgagees shall be subject to and shall be obligated to comply with the provisions of this Declaration.

Acceptance of a deed of conveyance, entering into a lease or rental agreement, taking possession of Unit, accepting a mortgage on one of the Units, or entering the Project shall constitute an agreement that the provisions of the Declaration, and all amendments thereto, are accepted and ratified by such Person, and all of such provisions shall be deemed and taken to bind any Person having at any time any interest or estate in such Unit, as though such provisions were recited and stipulated at length in each and every deed, conveyance, mortgage, lease or rental agreement thereof.

3. The Buildings and Facilities.

1. The Project consists or will consist of 4 Buildings and 8 Units as shown on the Final Plat located at approximately 1724 East Creek Road, Sandy, Utah.

2. All details involving the description and location of the Buildings, Units and other like details are shown on the Final Plat.

3. Common Areas consist or will consist of the Entry, Entry Monument, Private Road, landscaping, and all other common elements as denoted on the Final Plat.

4. The Project also contains or will contain other improvements of a less significant nature, such as outdoor lighting, landscaping and a perimeter fence. It is anticipated that the Buildings will be composed of a wooden frame, with load and non-load bearing walls studded with wood, basement floor of concrete, first and second floor of wooden joists, combination truss-rafter roof surfaced with asphalt shingle roofing, interior walls surfaced with gypsum board, and an exterior surface of rock, brick, stucco or hardi-plank although the construction materials are subject to change.

4. Nature and Incidents of Ownership.

1. In addition to a fee simple interest in a Unit, each Owner shall be a member in the Association. Such membership is hereby declared to be appurtenant to the Unit.
2. Percentages of ownership, voting rights and the allocation of Common Expenses shall be equal and uniform among all Units.
3. Title to a Unit may be held or owned by any entity and in any manner in which title to any other real property may be held or owned in the State of Utah.
4. The Common Areas and Facilities may not be separated or partitioned.
5. No Unit may be separated or partitioned from its corresponding membership interest in the Association.
6. Each Unit shall always be conveyed, devised, encumbered, and otherwise affected with its appurtenant membership in the Association. The Unit and membership interest in the Association may never be separated from one another.
7. Common Area and Facilities shall be owned by the Association and shall be used in common by all the Owners in the Project, and no Owner may bring any action for partition thereof.
8. Subject to the limitations contained in this Declaration, any Owner shall have the non-exclusive right to use and enjoy the Common Areas.
9. If any part of the Common Areas encroaches or shall hereafter encroach upon a Unit, an easement for such encroachment and for the maintenance of the same shall and does exist. If any part of a Unit encroaches or shall hereafter encroach upon the Common Areas, or upon an adjoining Unit, an easement for such encroachment and for the maintenance of the same shall and does exist. Such encroachments shall not be considered to be encumbrances either on the Common Areas or a Unit. Encroachments referred to herein include, but are not limited to, encroachments caused by error in the original construction of the building on the Property, by error in the Final Plat, by settling, rising, or shifting of the earth, or by changes in position caused by repair or reconstruction of the Property or any part thereof.
10. Each Owner hereby appoints the Board of Directors as his agent, to have access if necessary through his Unit 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 making emergency repairs therein necessary to prevent damage to the Common Areas or to another Unit. The Board of Directors shall also have such right independent of any agency relationship. Damage to a Unit resulting from the maintenance, repair, emergency repair, or replacement of any of the Common Areas or as a result of emergency repairs at the insistence of the Board of Directors or an Owner shall be a Common Expense; provided however, that if such

damage is the result of negligence of the Owner of a Unit, then such Owner shall be financially responsible for all of 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 Board of Directors by Assessment as provided herein.

11. Each Owner shall have a right of ingress and egress over, upon and across the Common Areas necessary for access to his Unit. Each Owner shall have a right to the horizontal and lateral support of his Unit, and such rights shall be pertinent to and pass with the title to each Unit.

12. The Board of Directors 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 functions which it is obligated or permitted to perform pursuant to this Declaration, including the right to construct and maintain storage and maintenance facilities in Common Areas for use by the Board of Directors.

13. Easements are hereby reserved throughout the Property as may be required for utility and other services.

14. The Developer hereby reserves for itself and its affiliates and assignees a temporary construction easement over the Common Area for the purpose of doing all things that are reasonably necessary as a part of constructing any new improvements for the Project. The Owners do hereby acknowledge and agree that there will be construction activities, traffic, noises, odors and vibrations which may temporarily disrupt their quiet enjoyment of their property until all improvements are complete. The Owners do hereby waive any right to object to such construction activity. Developer's construction activities pursuant to the easement granted hereunder shall not be deemed to be a violation of the Use Restrictions.

15. Developer hereby reserves for itself and its affiliates and assignees a non-exclusive easement for itself and its affiliates and assignees to construct, operate, maintain, repair and replace all types of telecommunication facilities, including but not limited to roof antennas, within suitable locations for such facilities (the "Locations of Facilities") within the Project. Declarant further reserves a right of access to the Locations of Facilities over, across, and through all other Common Area and Facilities of the Project in order to access the Locations of Facilities to exercise the rights established herein. Declarant reserves the perpetual right to transfer by easement, license agreement or other conveyance the rights reserved hereunder to one or more telecommunication facilities providers. Declarant may exercise all of such rights unilaterally and without the consent of any Owner, Mortgagee or the Association. The Association, on behalf of all Owners, agrees to execute such further and additional instruments as may be requested by Declarant documenting the rights hereunder, in form satisfactory to the Declarant, and any assignee of its rights hereunder.

16. Developer hereby reserves for itself and its affiliates and assignees easements for the Entry and Entry Monument, and corresponding easements for the utility, drainage and

irrigation systems and facilities. No Owner or resident may do any landscaping, grading or work, or install any structure, building, improvement, planting, or other object, natural or artificial, or materials which may damage or interfere with the installation and maintenance of such improvements, or which may change the direction of flow of drainage channels in, on or about the easements and rights of way, or which may obstruct or retard the flow of water through the drainage channels in the easements and rights of way. If a drainage channel is altered by an Owner, the Declarant and/or the Association expressly reserve the right to enter onto the property to restore the area at the cost of the Owner, and without being guilty of a trespass.

17. As shown on the Final Plat, the Developer hereby grants a private non-exclusive easement and right of way to the developer of the contiguous property to the west of this Project (the "Neighboring Property"), or his affiliates and assigns, for the sole purpose of improving and accessing the Neighboring Property.

18. All conveyances of a Unit hereafter made, whether by Developer or otherwise, shall be construed to grant and reserve such reciprocal easements as shall give effect to this Declaration, even though no specific reference to such easements appears in any such conveyance.

5. Description and Conveyance of a Unit.

1. Every conveyance or contract for the sale of a Unit and every other instrument affecting title to a Unit may describe that Unit by the number shown on the Final Plat, in substantially the following fashion:

UNIT NO. _____, as shown in the Declaration and on the Final Plat for "CREEK ROAD VILLAS," PHASE _____, appearing in the records of the County Recorder of Salt Lake County, Utah, together with an undivided interest in and to the Common Area and Facilities, as the same are established and identified in the Declaration and Final Plat referred to above.

SUBJECT TO: The Declaration and Final Plat; all liens for current and future Assessments and charges imposed or levied pursuant to the Declaration of Covenants, Conditions, Restrictions, and Reservation of Easements for Creek Road Villas; mineral reservations of record and rights incident thereto; all instruments of record which affect the above-described tract or any portion thereof, including, without limitation, any mortgage or deed of trust; all visible easements and rights-of-way; and all easements and rights-of-way of record; all easements, rights-of-way, encroachments, or discrepancies shown on or revealed by the Final Plat or otherwise existing; an easement for every pipe, line, cable, wire, utility line, or similar facility which traverses or partially occupies the above-described tract; and all easements necessary for ingress to, egress

from, maintenance of, and replacement of all such pipes, lines, cables, wires, utility lines, and similar facilities.

Such description shall be construed to describe the Unit, together with the appurtenant membership in the Association, and to incorporate all the rights and limitations incident to such ownership contained in the Governing Documents.

2. Title to each Unit is hereby made subject to the terms and conditions hereof which bind the Developer and all subsequent owners, whether or not it be so expressed in the deed by which any Owner acquired a Unit.

6. Board of Directors Rights and Obligations.

1. The property and affairs of the Association shall be managed by a Board of Directors composed of three (3) individuals. Until the first regular meeting of the Association is held pursuant after the termination of the Developer's Period of Control, the Developer alone shall be entitled to select the three (3) members of the Board of Directors. In the event a Director seat which was filled by Developer becomes vacant, Developer shall have the right to select a replacement member to sit on the Board for the balance of the term associated with the vacated seat. In all other cases of vacancy the remaining Board members shall elect a replacement as provided in the By-Laws.

2. The Board of Directors may exercise any right or privilege given to it expressly by this Declaration, or by law, 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.

3. The Board of Directors shall have the rights and obligations set forth in the By-Laws.

4. The Board of Directors shall be responsible for the exclusive management, governing and control of the Common Area and Facilities, 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 Board of Directors shall be responsible for maintenance, repair or replacement of Area of Common Responsibility and shall have the exclusive right to contract for all goods, services, and insurance payments which are made for such maintenance, repair or replacements. The cost of such management, operation, maintenance, repair and replacement by the Board of Directors shall be a Common Expense.

5. The Board of Directors 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 as the Board of Directors shall determine to be necessary or desirable for the proper operation of the Property, whether such personnel are furnished or employed directly by the Board of Directors or by any person or entity with whom or which it contracts. The Board of Directors may obtain and pay for legal and accounting services necessary or desirable in connection with the

operation of the Property; the enforcement of this Declaration, the By-Laws, or any Rules and Regulations. The Board of Directors may arrange with others to furnish lighting, water, snow removal, grounds maintenance and other common services. The cost of such services shall be borne as provided in paragraph 7 of this Declaration and in the By-Laws.

6. The Board of Directors may acquire and hold, for the use and benefit of all Owners, tangible and intangible personal property and may dispose of the same by sale or otherwise, and the beneficial interest in any such property shall be deemed to be owned by the Owners in the same proportion as their respective interests in the Association.

7. The Board of Directors may make Rules and Regulations governing the use of the Units and of the Common Area and Facilities, which Rules and Regulations shall be consistent with the rights and duties established in this Declaration.

8. The Board of Directors may suspend an Owner's voting rights for the period during which such Owner fails to comply with the Governing Documents. Notice of non-compliance will be sent to an Owner at least ten (10) days prior to any meeting at which action may be taken by the Board of Directors. The Board of Directors may also take judicial action against any Owner to enforce compliance with the Governing Documents, with other obligations, or to obtain damages for non-compliance, all to the extent permitted by law.

9. The Board of Directors may fine or otherwise sanction an Owner or Permittee for a violation of the Governing Documents.

10. During the Period of Developer's Control, the Board of Directors shall have a Managing Member. The initial Managing Member shall be Christopher P. Gamvroulas who shall serve in this capacity until his successor is appointed by the Developer. The Managing Member is hereby appointed as the agent of and attorney-in-fact for the Board of Directors, and is hereby granted the right, power and authority to act unilaterally on its behalf and in behalf of the Association, anything to the contrary notwithstanding. This office and agency shall expire automatically upon the termination of the Period of Developer's Control.

7. Assessments.

1. Each Owner of any Unit by the acceptance of a deed therefore, whether or not it be so expressed in the deed, hereby covenant and agree with each other and with the Association to pay to the Association all Assessments, including by illustration but not limitation all Special, Individual or Default Assessments, and other fees, charges, levies and fines as provided in the Governing Documents. Anything to the contrary notwithstanding, the Developer is not obligated to pay Assessments on Units it owns.

2. The total annual Assessments against all Units shall be based upon advance estimates of cash requirements by the Board of Directors to provide for the payment of each Owner's share of the Common Expenses and all estimated expenses growing out of or connected with the maintenance and operation of the Common Area and Facilities, among other things,

expenses of Management; grounds maintenance; taxes and special assessments levied by governmental authorities until the Units are separately assessed as provided herein; premiums for all insurance which the Board of Directors is required or permitted to maintain; common lighting and heating; water charges; trash collection; sewer service charges; repairs and maintenance; wages for Board of Directors 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 Board of Directors for the benefit of the Owners under or by reason of this Declaration.

3. There may be a master meter for utilities. Each Unit Owner shall be responsible for the cost of water, sewer, gas and electric service to his Unit. Water, sewer, gas, electricity and garbage for Common Area and Facilities may be metered separately or in combination with individual Units. Common utilities shall be considered a Common Expense.

4. Expenses attributable to the Common Areas and Facilities as a whole shall be apportioned among all Units not owned by the Developer equally and uniformly.

5. Annual Assessments shall be made on a calendar year basis. The Board of Directors shall give written notice of each annual Assessment not less than thirty (30) days nor more than sixty (60) days prior to the beginning of the next calendar year. The first annual Assessment shall be for the balance of the calendar year remaining after the date fixed by the Board of Directors. Each annual Assessment shall be due and payable in monthly installments on the first day of each and every month and no separate notices of such monthly installment shall be required. Each monthly Assessment shall bear interest at the rate of eighteen (18%) percent per annum from the date it becomes due and payable if not paid within thirty (30) days after such date.

6. If the aggregate of all Annual Assessments on all of the Units is too large or too small as a result of unanticipated income or expenses, the Board of Directors may from time to time effect an equitable change in the amount of said payments. Owners shall be given at least thirty (30) days written notice of any changes.

7. The Board of Directors shall establish and maintain a reserve account or accounts to pay for unexpected operating expenses, major Repairs, and Capital Improvements.

8. The Board of Directors shall prepare and update a written Capital Asset Replacement and Reserve Account Analysis as often as is necessary and at least every five (5) years, and make the report available to the Owners at the annual meeting of the Association.

9. Pursuant to ¶15-03-11F of the Sandy City Development Code, the Developer shall establish a road maintenance fund or funds for the Private Road(s) in the Project (collectively "Road Maintenance Fund"). Each Unit shall be charged a monthly Road Maintenance Fund assessment, in an amount to be established by the Developer, until the Road Maintenance Fund reaches a minimum balance of \$6,500.00 (the "Minimum Required Balance"). If Road Maintenance Fund subsequently falls below the Minimum Required Balance, then the monthly

assessment shall resume and continue until such time as the Minimum Required Balance is restored. Funds for subsequent phases, if any, shall be addressed in the supplemental declarations.

10. A working capital fund shall be established by the Developer in an amount equal to or greater than two (2) months' Assessments for each Unit. Each Unit's share of the working capital fund shall be paid by the buyer of a Unit and collected by the title company and transferred to the Association at the time of closing of the sale of each Unit. If the working capital contribution is advanced by the Developer, in cash or kind, then the Developer shall be reimbursed for each such contribution by the buyer of such Unit at the time of closing. The purpose of the working capital fund is to insure that the Board of Directors will have an adequate reserve fund and cash available to satisfy unforeseen expenses or to acquire additional equipment or services necessary for the operation, control and regulation of the Tract. Sums paid into the working capital fund are not to be considered as advance payments or regular monthly payments of Assessments or a Unit's share of the Common Expenses. Thereafter, the Board of Directors is encouraged to and may continue the working capital fund by charging a reasonable transfer and/or impact fee when Units are sold or rented.

11. In addition to annual Assessments, the Board of Directors may levy in any Assessment year a Special Assessment, payable over such a period as the Board of Directors 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 Property or any part thereof, or for any other expense incurred or to be incurred as provided in this Declaration. This paragraph shall not be construed as an independent source of authority for the Board of Directors to incur expenses, but shall be construed to prescribe the manner of assessing for expenses authorized by other paragraphs of this Declaration. Any amounts assessed pursuant hereto shall be assessed to the Owners in proportion to their respective membership interest in the Association. Notice in writing of the amount of such Special Assessments and the time for their payment shall be given as soon as is reasonably possible to the Owners. Payment shall be due on the dates and in the manner provided in the notice. Any Special Assessment or part thereof shall bear interest at the rate of eighteen (18%) percent per annum from the date it becomes due and payable if not paid within thirty (30) days after such date.

12. All sums assessed to any Unit pursuant to this section, together with interest thereon as provided herein shall be secured by a lien on such Unit in favor of the Association. Such lien shall have such priorities as established by law.

13. To establish a lien for any unpaid Assessment, the Board of Directors shall prepare a written notice of lien as set forth by statute. No notice of lien shall be recorded until there is a delinquency in the payment of an Assessment or other monetary obligation. Such lien may be enforced by judicial foreclosure by the Board of Directors as provided by law. The lien shall also secure, and the Owner shall also be required to pay to the Board of Directors any Assessments against the Unit which shall become due during the period of foreclosure sale or other legal sale. The Board of Directors may bid on the Unit at foreclosure or other sale and may acquire, hold, convey, lease, rent, encumber, use and otherwise deal with the same as the Owner thereof.

14. A release of lien shall be executed by the Board of Directors and recorded in the office of the County Recorder of Salt Lake County, Utah, upon payment of all sums secured by a lien which has been made the subject of a recorded notice of lien.

15. If an encumbrancer holding a lien on a Unit pays any amounts secured by the lien created by this section, the encumbrancer shall be subrogated to all rights of the Board of Directors with respect to such lien, including priority.

16. The Board of Directors shall report to any encumbrancer of a Unit any unpaid Assessments remaining unpaid for longer than ninety (90) days if the encumbrancer has requested in writing such notice.

17. The amount of any Assessment against any Unit shall be the personal obligation of the Owner thereof. Suit to recover a judgment of such personal obligation shall be maintainable by the Board of Directors without foreclosing or waiving the lien securing the same. No Owner may void or diminish any personal obligation by waiver of the use and enjoyment of any of the Common Areas or by abandonment of his Unit or any amenities.

18. Upon payment of a reasonable fee to be established by the Board of Directors and upon written request of any Owner, or any Mortgagee, prospective Mortgagee or prospective purchaser of a Unit, the Board of Directors shall issue a written statement setting forth the amount of unpaid Assessments, if any, with respect to such Unit; the amount of the current yearly Assessment and the portion thereof which has theretofore been paid; and credit for advanced payments or prepaid items. Such statement shall be conclusive upon the Board of Directors in favor of persons who rely thereon in good faith. Unless such request for a statement of account shall be complied with within ten (10) days, all unpaid Assessments which become due prior to the making of such request shall be subordinate to the lien of a Mortgagee which acquired its interest subsequent to requesting such statement. Where a prospective purchaser makes such a request, both the lien and unpaid Assessments and the personal obligations of the purchaser shall be released automatically if the statement is not furnished within ten (10) days, and that purchaser subsequently acquires the Unit.

19. The 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 conveyance, without prejudice to the purchaser's right to recover from the seller the amount paid by the purchaser for such Assessments.

20. The Board of Directors may elect to (a) suspend utility services, cable or satellite television services, and/or the right to use amenities for the failure to pay Assessments and/or (b) collect rents directly from a renter if the Owner/landlord fails to pay any Assessment for a period of more than 60 days after it is due and payable,

21. Anything to the contrary notwithstanding, any Mortgagee who obtains title to a Unit pursuant to the remedies in the mortgage or trust deed or through foreclosure will not be liable for more than six (6) months of the unpaid regularly budgeted Assessments, dues or charges

accrued before acquisition of the title to the property by the mortgage, although the Mortgagee will also be liable for any reasonable attorney's fees or costs related to the collection of the unpaid dues. All other grantees who obtain title to a Unit in a voluntary conveyance or pursuant to the remedies in a mortgage or trust deed or through foreclosure shall be jointly and severally liable with the trustor or mortgagor for all unpaid Assessments, late fees, default interest and collection costs, including a reasonable attorney's fee, against the Unit for its share of the Common Expenses up to the time of the grant or conveyance, without prejudice to the grantee's rights to recover from the trustor or mortgagor the amounts paid by the grantee.

22. Any Assessment, fine or other monetary obligation shall bear interest at a rate to be determined by the Board of Directors from the date it becomes due and payable if not paid within thirty (30) days after such date.

23. A late fee in a sum to be determined by the Board of Directors may be charged on any payment not paid within ten (10) days after its due date.

8. Use of Units.

1. Each Unit is intended and restricted to be used for residential use. No Unit shall be used except for residential purposes for a Single Family. Each Owner shall have and enjoy the privileges of fee simple ownership of his Unit. There shall be no requirements concerning who may own a Unit, it being intended that they may and shall be owned as any other property rights by any Person. Unless otherwise expressly and specifically noted, the Project shall be used only for residential purposes and the Common Areas and Facilities shall only be used in a manner consistent with the residential nature of the Project.

2. There shall be no obstruction of Common Areas by Owners or Permittees without the prior written consent of the Board of Directors. The Board of Directors may, by Rules and Regulations, prohibit or limit the use of the Common Areas as may be reasonably necessary for protecting the interests of all Owners or protecting the Units or the Common Areas. Nothing shall be kept or stored on any part of the Common Areas without the prior written consent of the Board of Directors, 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 Board of Directors.

3. Nothing shall be done or kept in any Unit or in the Common Area which would result in the cancellation of the insurance on the Property or increase the rate of the insurance on the Property, over what the Board of Directors, but for such activity, would pay, without the prior written consent of the Board of Directors. 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 Area and Facilities or shall be committed by any Owner or any invitee of any Owner, and each Owner shall indemnify and hold the Board of Directors and the other Owners harmless against all loss resulting from any such damage or waste caused by that Owner or an invitee; provided, however, that any invitee of the Developer shall not under any circumstances be deemed to be an invitee of any other Owner.

4. Each Owner shall keep the exterior of his Unit and the adjacent Common Area in a clean, sanitary and attractive condition, and good state of repair.

5. No Owner or Permittee shall violate the Rules and Regulations as adopted from time to time by the Board of Directors.

6. No alterations, plumbing, electrical or similar work within the Common Area and Facilities shall be done by any Owner or Resident without the prior written consent of the Board of Directors, except emergency repair. No alterations, plumbing, electrical or similar work within a Unit that may affect the structural integrity of the Building or another Unit shall be done by any Owner or Resident without the prior written consent of the Board of Directors, except emergency repair.

7. Notwithstanding anything herein to the contrary, until the Developer has completed and sold all of the Units, neither the Owners who have purchased Units nor the Board of Directors shall interfere with the completion of the contemplated improvements and sale of the Units. The Developer may make such use of the unsold Units and the Common Areas as may facilitate such completion and sale, including but not limited to the maintenance of a sales office, the showing of the Units, and the display of signs.

8. Similarly situated Owners and residents shall be treated similarly.

9. The rights of Owners and residents may display religious and holiday signs, symbols, and decorations on their Units of the kinds normally displayed in residences located in single family residential neighborhoods shall not be abridged, except that the Association may adopt time, place, and manner restrictions regulating displays which are visible from outside the Unit. Signs, symbols and decorations generally, such as wind chimes, wreaths, dream catchers, pinwheels and so forth, may be controlled by rule and may not be installed or placed so as to be visible to or heard by other residents without the express prior written consent of the Board of Directors.

10. No rule shall interfere with the freedom of occupants of Units to determine the composition of their households, except that the Declaration limits residency in a Unit to a Single Family and the Association shall have the power to limit the total number of occupants permitted in each Unit on the basis of the size and facilities of the Unit and its fair share use of the Common Areas and Facilities, which, unless otherwise agreed in writing shall be no more than two (2) individuals per bedroom plus one (1).

11. No rule shall interfere with the activities carried on within the confines of Units, except that the Association may prohibit activities not normally associated with property restricted to residential use, and it may restrict or prohibit any activities that create monetary costs for the Association or other Owners, that create a danger to the health or safety of occupants of other Units, that generate excessive noise or traffic, that create unsightly conditions visible from outside the Unit, or that create an unreasonable sounds of annoyance.

12. Commercial activities and home businesses are allowed if they conform to all local home occupation and zoning ordinances for the Subdivision, do not create a nuisance, do not threaten the health, safety or welfare of the Subdivision and the business activity is consistent with the residential character of the Project. No commercial trade or business may store any inventory over 250 cubic feet, and it must be contained within the Unit so as not to be Visible From a Neighboring Property or apparent by sound or smell from outside the Unit. The operator must have a City issued business license and must conform to all zoning requirements for the property. Approval by the Management Committee is required if the business activity involves people coming into the Subdivision who are not residents, the parking of motor vehicles by non-residents within the Subdivision, increase in traffic flow or changes in traffic patterns, or door-to-door solicitations. The Board of Directors may deny permission if in its sole opinion the business activity may threaten the security or safety of the other residents of the Project. The leasing of a Unit shall not be considered a trade or business within the meaning of this subsection.

13. All motor vehicles, trailers, watercraft, bikes and other transportation devices of any kind as determined by the Board of Directors shall be subject to and governed by the rules and regulations adopted by the Board of Directors.

14. No Unit shall be used as a dumping ground. All trash, garbage, debris, rubbish or other waste shall be kept in a sealed, sanitary bag or container, and stored out of sight except for a twenty-four (24) hour period on pick-up days.

15. Satellite dishes, aerials, antenna, or systems may only be installed in accordance with FCC regulations taking into consideration the written guidelines established for or by the Board of Directors. The Board of Directors may bar, in its sole discretion, satellite dishes, aerials, antenna, or systems, including HAM radio antenna, not expressly authorized by FCC regulations

16. No pets, animals, livestock, or poultry of any kind may be commercially bred at the Property. Up to two (2) domestic pets as that term is defined by City Ordinance per Unit are allowed. All pets must be properly licensed and registered. Pets may not create a nuisance. The following acts shall be considered a nuisance: (1) causing damage to the property of anyone other than the pet owner; (2) causing unreasonable fouling of the air by odors; (3) causing unsanitary conditions; (4) running loose throughout the Property and not in a cage or on a leash and under the control of a responsible person; (5) barking, howling, whining, or making other disturbing noises in an excessive, continuous or untimely fashion; (6) molesting or harassing passersby by lunging at them or chasing passing vehicles; (7) attacking or threatening to attack people or other domestic animals; (8) otherwise acting so as to bother, annoy or disturb the sensibilities of a reasonable person or interfering with the right of residents to the peaceful and quiet enjoyment of their property; (9) the mere number of pets maintained creates an offensive or dangerous condition to the health, welfare or safety of other residents; and (10) a violation of the City's pet ordinance. The Board of Directors may require pet registration and may charge a registration fee and/or pet security deposit from Owners and/or renters.

17. No signs, billboards or advertising structures or devices of any kind may be built, installed, placed or displayed on the Property or in any Unit, except one 2' x 2' "For Sale" sign may be put in one window of a Unit. No "For Rent" signs or political signs are allowed. Anything herein to the contrary notwithstanding, this signage restriction does not apply to and is not binding upon the Developer, who is expressly authorized to employ and use whatever signs or signage it deems appropriate to market its Units.

18. All land use and buildings shall be in compliance with all zoning and land use ordinances as well as all regulations of the municipalities and agencies governing the Property land use and buildings.

19. Personal property placed on a patio, deck or balcony shall be managed and controlled by rule adopted by the Board of Directors, as it may be modified from time to time and may, although the Board of Directors is not obligated to do so, allow one table, one set of chairs, and one BBQ grill, if covered and not visible to the other residents. Clothes lines, the hanging or drying of clothes, swimsuits and towels, dream catchers, wind chimes, pinwheels, the storing of bicycles, tricycles, equipment, machinery, furniture, appliances, furnishings or other items which may be considered inappropriate or unsightly by the Board of Directors in its sole discretion, shall not be allowed.

20. No air conditioning systems or units are allowed except those initially installed by the Developer and replacements authorized in writing by the Board of Directors. Window air conditioning Units, swamp coolers or other similar refrigeration devices are not permitted.

21. Fencing is not allowed, except:

- (a) Fencing installed by the Developer;
- (b) A privacy fence around the Limited Common Area patio may be allowed with the prior express written consent of the Board of Directors; and
- (c) Replacement fencing authorized by the Board of Directors.

No dog runs or animal pens are allowed. All fencing must match the perimeter fencing installed by the Developer, including by way of illustration but not limitation, the construction materials, quality of construction, and uniformity of appearance and design. All replacement fencing must be approved in writing by the Board of Directors in order to maintain quality of construction and the integrity of the original design scheme. The approval of any proposals or plans and specifications or drawings for any work done or proposed or in connection with any other matter requiring the approval and consent of the Developer or Board of Directors shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar proposals, plans and specifications, drawings or matters whatever subsequently or additionally submitted for approval or consent. The Developer or Board of Directors may but are not obligated to authorize variances from compliance with any of the provisions of the fencing design guidelines when circumstances such as topography, natural obstructions, hardship, aesthetic, or

environmental considerations require, but only in accordance with its duly adopted rules and regulations. Such variances may only be granted, however, when unique circumstances dictate and no variance shall (a) be effective unless in writing, (b) be contrary to the restrictions set forth in the body of this Declaration, or (c) estop the Developer or Board of Directors from denying a variance in other circumstances. For purposes of this Section, the inability to obtain approval of any governmental agency, the issuance of any permit or the terms of financing shall not be considered a hardship warranting a variance. Neither the Developer nor the Board of Directors or any of their employees, agents, or consultants shall be responsible in any way for any defects in any plans or specifications submitted, revised or approved in accordance with the provisions of this Declaration, nor for any structural or other defects in any work done according to such plans and specifications. The Association shall in each and every such circumstance, including negligence, save, indemnify, hold harmless and defend the Developer, Board of Directors and their employees, agents, or consultants.

22. Motor vehicles within the Project are subject to the parking rules and regulations adopted by the Board of Directors. The parking rules are subject to change. Resident parking on the Private Road(s) and turnarounds is prohibited. No Recreational, Oversized or Commercial Vehicles may be parked or stored in the Project.

23. No noxious or offensive activity shall be carried on, in or about the Property, nor shall anything be done or permitted thereon which may be or may become an annoyance, disturbance, bother or nuisance to the neighborhood, or which might interfere with the right of other residents to the quiet and peaceful enjoyment of their property.

24. This Property is located by and is subject to the normal, everyday sounds, odors, and all other aspects associated with the nearby manufacturing area and an outdoor entertainment venue.

25. No Owner shall be permitted to lease his Unit for short term, transient, hotel, vacation, seasonal or corporate use, which for purposes of this section shall be considered any rental with an initial term of less than six (6) months. Daily or weekly rentals are prohibited. No Owner may lease individual rooms to separate persons or less than his entire Unit, including by way of illustration but not limitation to domestic help or a caretaker, without written notice to and the written consent of the Board of Directors. Any rental agreement entered into in violation of this subsection is voidable at the option of the Board of Directors and the renter may be declared "non-conforming." No renter shall be declared non-conforming without prior written notice to the Owner giving him the opportunity to be heard at an informal hearing before the Board of Directors, and to remedy the default. A non-conforming renter shall be considered a nuisance and the Association may require the Owner to permanently remove the renter (and all persons claiming a right to possession by or through him) from the Property, at the Owner's sole expense. Other than as stated in this Section, there is no restriction on the right of any Owner to lease or otherwise grant occupancy rights to a Unit. The Association may require that Owners use lease forms approved by the Association or include specific terms in their leases, such as a Crime Free Addendum or Safe Renting Addendum, and may impose a review or administration fee on the lease or transfer of any Unit.

26. Anything to the contrary notwithstanding, a Unit must be owner-occupied for a period of at least one (1) year after closing. For use herein, the term "owner-occupied" shall mean a Unit occupied by one of the following: (1) The vested owner (as shown on the public records in the Office of the County Recorder); (2) The vested owner and/or his spouse, children or siblings; or (3) The shareholder, partner, member, trustor, beneficiary or other legal representative of an institutional owner (provided, such person holds a beneficial interest in such legal entity of at least 50%) and/or his spouse, children or parents.

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

1. Any Capital Improvement or Addition to the Project which costs ten percent (10%) or less of the Total Annual Operating Budget, and does not alter the nature of the Project, may be authorized by the Board of Directors alone (the "Capital Improvement Ceiling"). A major repair or a major maintenance expense shall not be considered a Capital Improvement or Addition.

2. Any Capital Improvement, the cost of which will exceed the Capital Improvement Ceiling, must, prior to the commencement of construction, be authorized by at least a majority of the percentage of undivided ownership interest in the Common Area.

3. Any Capital Improvement which would materially alter the nature of the Project (e.g., changing the roofing materials, the construction of the external Building surfaces, color scheme, etc.) must, regardless of its cost and prior to being constructed or accomplished, be authorized by at least sixty-seven (67%) percent of the undivided ownership interest in the Common Areas.

10. **Operation, Maintenance and Alterations.** The Property shall be maintained in a usable, clean, functional, safe, sanitary, attractive and good condition.

1. The Association is responsible for the maintenance, repair and replacement of the Area of Common Responsibility, which consists of the Common Area and Facilities within or serving the Project (unless otherwise expressly noted below) and ALL landscaping, including ALL irrigation and sprinkling systems.

2. Each Unit Owner is responsible for the maintenance and repair of his Area of Personal Responsibility, and the replacement of the physical improvements thereto. The Area of Personal Responsibility consists of his Unit and the Limited Common Area appurtenant thereto. The Area of Personal Responsibility includes by way of illustration but not limitation his roof, foundation, exterior surfaces of the Building, driveway, and sidewalk(s) servicing only his Unit; and the following improvements (whether or not such improvements are located within his Unit), all individual services such as power, light, gas, hot and cold water, heating, refrigeration, air conditioning, fixtures, windows and window systems, glass, doors and door systems, garage doors and garage door systems, patios, balconies and decks, plumbing fixtures, systems and lateral pipes or valves, and all concrete, including the driveway, sidewalks, walkways, steps, porch and landing

serving or servicing only his Unit, including any damage caused thereby and not covered by insurance. Each Owner shall also keep the following areas broom clean and free of debris, grease spills, fluid leaks, personal property, trash and litter: Any Common Area or Facility appurtenant to his Unit, his driveway, sidewalk(s), porch, landing, patio, deck or balcony. All maintenance, repairs and replacements are subject to the approval of the Board of Directors as to construction materials, quality of construction and installation, and uniformity of appearance. No Owner shall allow his Unit or the Common Area and Facilities adjacent thereto to detract from the health, safety or uniform appearance or design of the Project. Any repairs or replacements to physical improvements Visible to a Neighboring Property, including by way of illustration but not limitation all driveways and sidewalk(s) appurtenant to a Unit, are conditional upon and subject to the prior written approval of the Board of Directors. Any such repairs not approved by the Board of Directors shall be considered unacceptable and non-conforming. The Board of Directors may require the Units in a particular Building to repair or replace shared or common improvements, such as the roof of a Building, in whole or in part, and the cost thereof shall be divided equally among the Units in the Building.

3. Anything to the contrary notwithstanding, if a Unit Owner fails to maintain his share of the exterior of the Building, then the Association may but is not obligated to provide for the care, maintenance, repair and replacement of the exterior surfaces of any Building in order to maintain quality of construction and uniformity of appearance at the Unit Owner's sole expense (the "Building Exterior Assessment"). The Unit Owner shall be personally and individually responsible to pay for his Building Exterior Assessment, which shall not be considered a Common Expense. The Association may record a lien against the property to secure payment of any Building Exterior Assessment and shall have all other remedies allowed by law.

4. To protect, honor and preserve the integrity and aesthetics of the Project, all landscaping within the Project, including by way of illustration but not limitation, each Entry, Entry Monument, and the perimeter wrought iron fencing with Trex and Rock Pillars, shall be maintained and cared for in a manner consistent with the (i) design scheme, standards of design, appearance and quality of construction originally established by Declarant and (ii) in accordance with any City landscaping maintenance plans or ordinances. All landscaping shall be maintained in a safe, sanitary, and aesthetic condition. Any weeds or diseased or dead lawn, trees, ground cover or shrubbery shall be removed and replaced. All lawn areas shall be mowed and edged; all trees, shrubs and bushes shall be pruned, trimmed and topped. No landscaping may affect adversely the value or use of any other Unit, or to detract from the uniform design and appearance of the Project established by the Developer. The Board of Directors may adopt, amend or repeal written landscaping rules, regulations, guidelines, standards, controls and restrictions from time to time.

5. If (except in the case of an emergency) after written notice and a hearing, it is determined that any responsible party has failed or refused to discharge properly his obligation with regard to the maintenance, repair, or replacement of the real property and improvements described herein, or that the need for maintenance, repair, or replacement thereof is caused through the willful or negligent act of any person, then the Association, or Board of Directors may, but is not obligated to, provide such maintenance, repair, or replacement at the defaulting or

responsible party's sole cost and expense (the "Default Maintenance Cost"). The Default Maintenance Cost is the debt of such defaulting or responsible party at the time the expense is paid and shall be collectible as such. In addition, it may be considered a "Fine" against a Owner. A Fine assessed hereunder which remains unpaid after the time for appeal has expired becomes a lien against the Owner's interest in the property in accordance with the same standards as a lien for the nonpayment of Common Expenses hereunder.

6. The Developer may make changes to the design and construction of the improvements located in or on the Common Areas without additional approval required, including without limitation the consent of the Board of Directors or Members of the Association; provided, however, no Owner or Permittee may make any structural alterations to the Common Area and Facilities, without the express prior written consent of the Board of Directors.

7. No Owner shall do any work or make any alterations or changes which would jeopardize the soundness or safety of the Property, reduce its value or impair any easement or hereditament, without in every such case the unanimous written consent of all the other Owners being first had and obtained.

8. Each Owner is responsible for the removal of ice and snow accumulations from his Unit, including by way of illustration but not limitation his driveway, sidewalk(s), steps, landing, porch, etc.

9. The Association is only responsible for the removal of snow and ice accumulations from the Private Road.

10. Heat tape may be required on the roof to mitigate ice damming and water damage and, if so, each Owner shall be responsible, at his sole expense, to purchase, install, maintain, repair and replace the heat tape, subject to the approval of the Board of Directors in order to maintain quality of construction and uniformity of appearance.

9. Party Walls.

1. Each wall which is built as a part of the original construction of the Units upon the properties and placed on the dividing line between the Units shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply.

2. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use.

3. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however,

to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

4. Notwithstanding any other provision of this section, an Owner who by his negligent or willful acts causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

5. The right of any Owner to contribution from any other Owner under this section shall be appurtenant to the land and shall pass to such Owner's successors in title.

10. Entry Monument and Signage.

1. The Entry Monument and signage constructed or placed by the Developer within the Common Area shall be maintained by the Association in all respects. In the event of a partial or total destruction of the sign from any cause, the Owners shall rebuild the sign to restore it to its original dimensions and conditions consistent with applicable law. The Association shall have the sole and exclusive right to allocate the space on said sign for any and all purposes.

2. Any signs comprising a part of a central directory to the Units or business development, or individual signs attached to individual Units shall conform in all respects to the Bylaws as administered by the Board of Directors.

11. Insurance.

1. Each Owner will obtain:

(a) public liability insurance; and

(b) insurance against loss or damage by fire or other hazards for his Unit, the Building in which his Unit is contained, including by way of illustration but not limitation the foundation, columns, beams, girders, supports, basements, exterior surfaces and roofs, and contents. Each Owner shall provide the Association with a Certificate of Insurance upon request. The insurance premium shall be an individual expense. The Owner shall obtain and keep in full force and effect at all times the required insurance coverage provided by companies duly authorized to do business in Utah. The provisions of this subsection shall not be construed to limit the power or authority of the Owner to obtain and maintain insurance coverage in addition to any insurance coverage required hereunder, in such amounts and in such forms as he may deem appropriate.

2. The Board of Directors shall obtain and keep in full force and effect at all times the following insurance coverage provided by companies duly authorized to do business in Utah (collectively, "Master Policy").

(a) The Manager, Board of Directors or Association, will obtain insurance against loss or damage by fire and other hazards for all Common Areas and Facilities, excluding

the Units, Units and the Buildings in which the Units are located. The insurance premiums shall be a Common Expense. Casualty insurance on the Property in such amounts as shall provide for full replacement thereof on the event of damage or destruction, all in the manner in which a corporation owning similar Apartments buildings would, in the exercise of prudent business judgment, obtain such insurance. Such insurance shall at a minimum include fire and extended coverage, and vandalism and malicious mischief coverage. The Board of Directors may comply with the above requirements by the purchase of blanket coverage and may elect such "deductible" provisions as in the opinion of the Board of Directors are consistent with good business practice.

(b) Broad form comprehensive liability coverage in such amounts and in such forms as it deems advisable to provide adequate protection. Coverage shall at a minimum include liability for personal injuries, operation of automobiles on behalf of the Association or Board of Directors, and activities in connection with the ownership, operation, maintenance and other use of the Property.

(c) Workers' compensation or employer's liability insurance and all other similar insurance in respect to employees of the Board of Directors in the amounts and in the forms now or hereafter required by law.

(d) A fidelity bond in the amount of 150% of the Association's estimated annual Common Expenses and reserves, to insure against dishonesty of employees, destruction or disappearance of money or securities, and forgery.

3. The Board of Directors may obtain insurance against such other risks, of a similar or dissimilar nature, as it shall deem appropriate with respect to the Property, including any personal property of the Board of Directors located thereon.

4. This Section is without prejudice to the right and obligation of each Unit Owner to insure his own Unit for his benefit.

5. The Board of Directors may obtain insurance on the personal property and furnishings initially placed in the Units by Developer upon completion of construction of the Property in such amounts as shall provide for the full replacement thereof in the event of damage or destruction from casualty.

6. The provisions of this section shall not be construed to limit the power or authority of the Board of Directors to obtain and maintain insurance coverage in addition to any insurance coverage required hereunder, in such amounts and in such forms as the Manager, Board of Directors or Association may deem appropriate.

7. Such policies shall provide a standard, non-contributory mortgages clause in favor of each first Mortgagee which shall have given notice to the Board of Directors of such first mortgage.

8. Each policy also shall provide that it cannot be canceled by either the insured or the insurance company until after ten days prior written notice is first given to each Owner, to Developer, and to each first Mortgagee.

9. All policies of insurance shall, if possible, provide that the insurance thereunder shall be invalidated or suspended only in respect to the interest of any particular Owner guilty of breach of warranty, act, omission, negligence or noncompliance with any provision of such policy, including payment of the insurance premium applicable to that Owner's interest, or who permits or fails to prevent the happening of any event, whether occurring before or after a loss, which under the provisions of such policy would otherwise invalidate or suspend the entire policy.

10. All policies of insurance shall, if possible, provide further that the insurance under any such policy as to the interest of all other insured Owners not guilty of any such act or omission, shall not be invalidated or suspended and shall remain in full force and effect.

11. The Board of Directors may adjust claims.

12. If a claim is covered by a Unit Owner's policy and the Master Policy, it is the intent of the Developer that the Unit Owner's policy be considered primary and the Master Policy secondary.

12. Casualty Damage or Destruction

1. All of the Owners irrevocably constitute and appoint the Board of Directors their true and lawful agent in their name, place and stead for the purpose of dealing with the Property upon its damage or destruction. Acceptance of a deed from the Developer or from any Owner shall constitute appointment of the Board of Directors as attorney in fact for the limited purposes as herein provided.

2. As attorney in fact, the Board of Directors shall have full and complete authority, right and power to make, execute, and deliver any contract, deed or other instrument with respect to the interest of a Owner which may be necessary or appropriate to exercise the powers herein granted. Repair and reconstruction of the improvements as used in the succeeding subparagraphs means restoring the Property to substantially the same condition in which it existed prior to damage, with each Unit and the Common Areas having substantially the same vertical and horizontal boundaries as before.

3. In the event any Mortgagee should not agree to rebuild, the Board of Directors shall have the option to purchase such mortgage on behalf of the Association by payment in full of the amount secured thereby. The Board of Directors may obtain the funds for such purpose by Special Assessments under paragraph 7 of this Declaration.

4. As soon as practicable after receiving estimates, the Board of Directors shall diligently pursue completion of the repair or reconstruction of the part of the Property damaged or destroyed, but only if the Property is damaged or destroyed to the extent of 75% or less than the

value thereof. In the event the Property is destroyed or damaged to the extent of more than 75% of the value thereof, the Owners shall, at a meeting within one hundred (100) days after such damage or destruction duly called by the Board of Directors for the purpose, determine whether or not said premises should be rebuilt, repaired or disposed of. Unless Owners representing at least 80% of the undivided interest in the Common Areas agree to the withdrawal of the Property from the provisions of the Act and this Declaration and to its subsequent disposal, the Property shall be repaired, rebuilt or restored to substantially the same condition it was in immediately prior to destruction or damage. The Board of Directors may take all necessary or appropriate action to effect repair or reconstruction, as attorney in fact for the Owners, and no consent or other action by any Owner shall be necessary in connection therewith. Such repair or reconstruction shall be substantially in accordance with the original plans and specifications of the Property or may be in accordance with any other plans and specifications the Owners may approve, provided that in such latter event the number of cubic feet and the number of square feet of any Unit may not vary by more than 5% from the number of cubic feet and the number of square feet for such Unit as originally constructed pursuant to the original plans and specifications, and the location of any building shall be substantially the same as prior to damage or destruction. The same easements for encroachments as declared in Section 4 shall apply under the provisions of this Section.

5. The proceeds of any insurance collected shall be available to the Board of Directors for the purpose of repair or reconstruction. If the proceeds of insurance are insufficient to pay the estimated or actual cost of such repair or reconstruction, the Board of Directors may levy in advance a Special Assessment sufficient to provide funds to pay the estimated or actual costs of repair or reconstruction. Such Assessment shall be allocated and collected as provided in this Declaration. Further levies may be made in like manner if the amounts collected prove insufficient to complete the repair or reconstruction.

6. The insurance proceeds held by the Board of Directors and the amounts received from Assessments provided for in Section 7 constitute a fund for the payment of cost of repair and reconstruction after casualty. It shall be deemed that the first money disbursed in payment for cost or repair of reconstruction shall be made from insurance proceeds; if there is a balance after payment of all costs of such repair or reconstruction, such balance shall be distributed to the Owners in proportion to the contributions each Owner made pursuant to the Assessments the Board of Directors made under Section 7 of this Declaration.

7. If 75% of the Owners and all holders of first mortgages on Units agree not to rebuild, as provided herein, the Property may be removed from the provisions as prescribed therein. Withdrawal shall be in accordance with the Utah Statutes.

13. Duty of Owner to Pay Taxes on Unit Owned.

Each Unit and its appurtenant membership interest in the Association is subject to separate assessment and taxation of each taxing authority and the special district(s) for all types of taxes

and Assessments authorized by law, and that as result thereof no taxes will be assessed or levied against the Property as such. Accordingly, each Owner will pay and discharge any and all taxes and assessments which may be assessed on that Unit.

14. Allocation of Profits, Losses and Voting Rights.

1. Voting rights (subject to subsection (b) below) shall be distributed among the Units equally. The ownership interest in the Association appurtenant to each Unit is equal. The ownership interest of each Unit and membership in the Association shall have a permanent character and shall not be altered without the express affirmative consent of at least two-thirds (2/3) of the Units memorialized in an amendment to the Declaration duly recorded.

2. The Association shall have two (2) classes of membership -- Class A and Class B, described more particularly as follows:

(a) Class A Members shall be all Owners with the exception of the Class B Members, if any.

(b) Class A Members shall be entitled to vote on all issues before the Association to, subject to the following:

(i) Each Unit shall have one (1) vote;

(ii) No vote shall be cast or counted for any Unit not subject to assessment;

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

(iv) Any Owner who has leased his Unit may, in the lease or other written instrument, assign the voting right appurtenant to that Unit to the lessee, provided that a copy of such instrument is furnished to the Secretary at least three (3) days prior to any meeting.

(c) Class B Member shall be the Developer and any successor of Developer who takes title for the purpose of development and sale of Units, and who is designated as such in a recorded instrument executed by Developer.

(i) The Class B Member shall originally be entitled to three (3) votes per Unit owned; provided, however, anything to the contrary notwithstanding, the Class B Member shall never have less than one more vote than all Class A votes combined.

(ii) The Class B membership and the Class B Control Period shall terminate, and Class B membership shall convert to Class A membership upon the happening of the earlier of the following (which is hereinafter referred to as the "Event" or "Events"): (1) After all of the Units have

been sold or (2) when, in its sole discretion, Developer so determines and records a written "Notice of Termination of Class B Control Period."

From and after the happening of these Events, whichever occurs earlier, the Class B Member shall be deemed to be a Class A Member entitled to one (1) vote for each Unit owned. At such time, the Developer shall transfer control of the Association in the manner described herein.

15. Amendment of this Declaration.

1. General. Except as provided elsewhere in this Declaration, including by way of illustration but not limitation to sections pertaining to the annexation or withdrawal of land, any amendment to this Declaration shall require the affirmative written vote or consent of at least sixty-seven percent (67%) of the Total Votes of the Association cast either in person or by proxy at a meeting duly called for such purpose or otherwise approved in writing by such Owners without a meeting. Any amendment authorized pursuant to this Section shall be accomplished through the recordation in the Office of the County Recorder of an instrument executed by the Association. In such instrument an officer or Director of the Association shall certify that the vote required by this Section for amendment has occurred.

2. Developer Right to Amend. The Developer reserves to itself and is hereby granted the right to unilaterally amend or terminate this Declaration.

3. To Satisfy Requirements of Lenders. The Developer reserves to itself and is hereby granted the unilateral right to amend all or any part of this Declaration to such extent and with such language as may be requested by a State Department of Real Estate (or similar agency), FHA, VA, the FHLMC or FNMA and to further amend to the extent requested by any other federal, state or local governmental agency which requests such an amendment as a condition precedent to such agency's approval of this Declaration or approval of the sale of Units, or by any federally chartered lending institution as a condition precedent to lending funds upon the security of any Unit, or any portions thereof. Any such amendment shall be effected by the recordation by Developer of a written Amendment duly signed by the Developer, specifying the federal, state or local governmental agency or the federally chartered lending institution requesting the amendment and setting forth the change, modification or amendment requested by such agency or institution. Recordation of such an Amendment shall be deemed conclusive proof of the agency's or institution's request for such an amendment, and such Amendment, when recorded, shall be binding upon all Units and all persons having an interest therein. It is the desire of Developer to retain control of the Association and its activities during the anticipated period of planning and development. If any amendment requested pursuant to the provisions of hereof deletes, diminishes or alters such control in any manner whatsoever in the opinion of Developer, Developer shall have the unilateral right to amend this Declaration to restore such control.

4. Developer's Rights. No provision of this Declaration reserving or granting to Developer the Developmental Rights may be amended without the prior express written consent of Developer.

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

- (a) voting rights;
 - (b) increases in Assessments that raise the previously assessed amount by more than twenty-five (25%) percent, Assessment liens, or the priority of Assessments liens;
 - (c) reduction in reserves for maintenance, repair, and replacement of the Common Area and Facilities;
 - (d) responsibility for maintenance and repairs;
 - (e) reallocation of interests in the Common Area and Facilities, or rights to their use;
 - (f) redefinition of any Unit boundaries;
 - (g) convertibility of Units into Common Area and Facilities or vice versa;
 - (h) expansion or contraction of the Tract, or the addition, annexation, or withdrawal of property to or from the Tract;
 - (i) hazard or fidelity insurance requirements;
 - (j) imposition of any restrictions on the leasing of Units;
 - (k) imposition of any restrictions on an Owner's right to sell or transfer his Unit;
 - (l) a decision by the Association to establish self-management if professional management had been required previously by the Governing Documents or by an Eligible Mortgage holder;
 - (m) restoration or repair of the Tract (after damage or partial condemnation) in a manner other than that specified in the documents;
 - (n) any provisions that expressly benefit mortgage holders, insurers or guarantors;
- and

(o) any provisions required by Utah State Department of Real Estate (or similar agency), FHA, VA, the FHLMC or FNMA, any other federal, state or local governmental agency or a federally chartered lending institution, which in all respects shall govern and control.

7. Material Amendment. Any addition or amendment shall not be considered material for purposes of this Article if it is for the clarification only or to correct a clerical error.

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

16. Expansion of the Tract.

1. Reservation of Option to Expand. Developer hereby reserves the option to expand the Tract to annex additional real estate and include additional Units in the Tract ("Additional Land"). This option to expand may be exercised from time to time, at different times and in any order, without limitation, provided however, the option shall expire five (5) years from the date following the first conveyance of a Unit in the initial phase of the Project to a Unit purchaser unless sooner terminated by Developer's recorded Waiver of such option, there being no other circumstances which will cause the option to expire prior to said five (5) years. Such right may be exercised without first obtaining the consent or vote of Unit Owners and shall be limited only as herein specifically provided. Such Units shall be constructed on any or all portions of the Additional Land.

2. Supplemental Declarations and Supplemental Plats. Such expansion may be accomplished by the filing for record by Developer in the office of the County Recorder of Salt Lake County, Utah, no later than five (5) years from the date this Declaration is recorded, a Supplement or Supplements to this Declaration containing a legal description of the site or sites for new Units, together with Supplemental Plat or Final Plats containing the same information with respect to the new Units as was required on the Final Plat with respect to the Units in the initial phase. The expansion may be accomplished in phases by successive supplements or in one supplemental expansion.

3. Expansion of Definitions. In the event of such expansion the definitions used in this Declaration automatically shall be expanded to encompass and refer to the Tract as so expanded. The term "Property" shall mean the real property initially submitted under the Declaration, plus any Additional Land added to the Tract by a Supplemental Declaration or by Supplemental Declarations, and reference to this Declaration shall mean this Declaration as so supplemented. All conveyances of Units after such expansion shall be effective to transfer rights in the Tract, with additional references to the Supplemental Declaration and the Supplemental Plat. The recordation in the office of the Salt

Lake County Recorder of a Supplemental Plat incident to any expansion shall operate automatically to grant, transfer, and convey to then Owners of Units in the Tract as it existed before such expansion the respective undivided interests in the new Common Areas added to the Tract as a result of such expansion. Such recordation shall also operate to vest in any then mortgagee of any Unit in the Tract as it existed, interest so acquired by the Owner of the Unit encumbering the new Common Areas added to the Tract as a result of such expansion.

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

5. Right of Developer to Adjust Ownership Interest in Common Areas. Each deed of a Unit shall be deemed to irrevocably reserve to the Developer the power to appoint to Unit Owners, from time to time, the percentages in the Common Areas set forth in Supplemental or Declaration. The proportionate interest of each Unit Owner in the Common Areas after any expansion of the Tract shall be an undivided interest of the Tract as expanded. A power coupled with an interest is hereby granted to the Developer, its successors and assigns, as attorney in fact to shift percentages of the Common Areas in accordance with Supplemental or Declarations recorded pursuant hereto and each deed of a Unit in the Tract shall be deemed a grant of such power to the Developer. Various provisions of this Declaration and deeds and mortgages of the Units may contain clauses designed to accomplish a shifting of the Common Areas. None of said provisions shall invalidate the other, but each shall be deemed supplementary to the other toward the end that a valid shifting of the Common Areas can be accomplished. Notwithstanding anything to the contrary herein, no change in the percentage of undivided interest in the Common Areas may be effected more than five (5) years after the effective date of the Declaration.

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

7. Other Provisions Concerning Expansion. If the Tract is expanded as hereinbefore contained, then it is further provided that:

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

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

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

(d) No assurances are made concerning:

(1) The locations of any improvement that may be made on any land that may be added to the Tract.

(2) Type, kind or nature of improvement which may be created on any portion of the Land originally submitted or subsequently annexed, except that the common facilities, Buildings and Units will be comparable and will be of a similar quality of materials and construction and will be substantially completed prior to annexation.

(3) Whether any Units created on any portion of land annexed will be substantially identical to those within the initial Tract except that Units will be constructed of an equal or better quality of materials and construction than the initial Building and Units.

(4) Type, size, or maximum number of Common Area and Facilities which may be created within any portion of any land annexed to the Tract.

(d) Notwithstanding anything to the contrary which may be contained herein, the Declaration is not intended, and shall not be construed so as to impose upon Developer any obligation respecting, or to restrict Developer in any way with regard to:

(1) the submission of any Additional Land to the provisions of the Act as Land under this Declaration;

(2) the creation, construction, or addition to the Tract of any Additional Land;

(3) the carrying out in any particular way or within any particular time of any development which may be undertaken except as herein mentioned; or

(4) the taking of any particular action with respect to the Tract or any Additional Land.

(e) Assuming that only one Building is completed, the minimum number of Units would be 2; and the maximum percentage of ownership interest of each Unit would be 50%. Assuming all Buildings in the proposed development are completed, then (a) the maximum number of Buildings would be 4; (b) the maximum number of Units would be 8; (d) there will be approximately 1.1985 acres and 0.149375 Units per acre; and (e) the minimum Percentage Interest of each Unit would be 1.25%; provided, however, the number of Units actually constructed and the actual undivided percentage of ownership interest of each Unit may actually be somewhere in between the numbers and percentages set forth above.

(h) General Liability Insurance Policy for Expansion of Tract. If government financing, guaranty or insurance is obtained to finance the purchase of a Unit, then pursuant to Title 38, CFR Section 36.4360 (a) (5), which is incorporated herein by this reference, the Developer shall purchase at its own expense and maintain a general liability insurance policy in the sum of not less than \$1 million to cover any liability which owners of previously sold Units are exposed to as a consequence of further and future expansion of the Tract pursuant hereto.

17. Transfer of Management.

Anything to the contrary notwithstanding, Developer may at any time relinquish its reserved right to select the Members of the Committee and may elect to transfer the management of the Tract to a Committee elected by the Owners. Upon the termination of the Period of Developer's Control, or sooner if the Developer so elects, Developer shall notify Owners in writing of the effective date of such transfer (the "Transfer Date"). The transfer shall be considered effective on the date of the Notice of Transfer Date letter. Thereupon, the Owners shall be obligated to call a meeting to elect the members of the Owner controlled Board of Directors to take office as of the Transfer Date. Developer covenants to cooperate with the Owners in effecting an orderly transition of management. The Owners covenant with the Developer to cooperate with Developer in effecting an orderly transition of management. Developer shall cause all obligations for Common Expenses of the Association prior to the Transfer Date to be paid in full on or before such date, and shall transfer any Association funds to the newly elected Board of Directors.

18. Enforcement and Right to Recover Attorneys Fees.

1. General Remedies. Should the Association, Manager, Board of Directors or an aggrieved Owner be required to take action to enforce the Governing Documents, or to pursue any remedy provided hereunder or by applicable law, whether such remedy is pursued by filing suit or otherwise, they may recover reasonable attorneys fee and costs which may arise or accrue.

2. Additional Remedies. In addition, the Board of Directors may impose the following sanctions after proper notice and the opportunity to be heard:

(a) imposing Individual Charges, Default Assessments and fines, which may be secured by a lien against the Owner's interest in the Property;

(b) suspending an Owner's right to vote;

(c) suspending any Person's right to utility services or cable/satellite television service separately metered or the right to use any of the recreational amenities located in the Common Area;

(d) requiring an Owner at his sole expense to remove any structure or improvement in the Common Area and Facilities, and upon the failure of the Owner to do so, the Board of Directors

or its designee shall have the right to enter the property and remove the violation and restore the property to its original condition, and such action shall not be deemed a trespass;

(e) without liability to any Person, precluding any contractor, subcontractor, agent, employee, or other invitee of an Owner who fails to comply with the Governing Documents; and

(f) levying Individual Charges or a Default Assessment to cover costs and expenses incurred by the Association to bring an Owner into compliance.

19. Service of Process.

Until changed by amendment to this Declaration, the name of the person to receive service of process and the place of his residence is:

Christopher P. Gamvroulas
978 East Woodoak Lane
Salt Lake City, Utah 84117

20. Mortgagees.

Notwithstanding all other provisions hereof:

1. The liens created hereunder upon any Unit shall be subject to and subordinate to, and shall not affect the rights of the holder of the indebtedness secured by any recorded first mortgage (meaning a mortgage or a trust deed with first priority over other mortgages) where such interest was made in good faith and for value, provided that after the foreclosure of any such mortgage there may be a lien on the interest of the purchaser at such foreclosure sale to secure all Assessments made pursuant to this Declaration after the date of such foreclosure sale, which lien shall have the same effect and be enforced in the manner as provided herein. All other mortgages shall have such rights and priorities as established by law.

2. No amendment to this paragraph shall affect the rights of the holder of any such mortgage who does not join in the execution thereof.

21. Indemnification of Board of Directors.

Each member of the Board of Directors shall be entitled to be indemnified and held harmless by the Owners against all cost, expenses, and liabilities whatsoever, including attorney's fees, reasonably incurred by him in connection with any proceeding to which he may become involved by reason of being or having been a member of the Committee.

22. Severability.

If any provision, paragraph, sentence, clause, phrase, or word of this Declaration

should under any circumstance be invalidated, such invalidity shall not affect the validity of the remainder of the Declaration, and the application of any such provision, paragraph, sentence, clause, phrase, or word in any other circumstances shall not be affected thereby.

23. Topical Headings and Conflict.

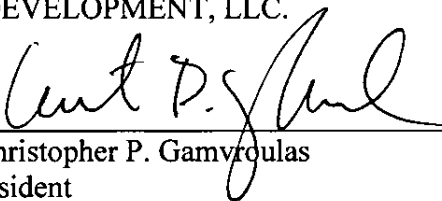
The headings appearing at the beginning of the paragraphs of this Declaration are only for convenience of reference and are not intended to describe, interpret, define or otherwise affect the content, meaning or intent of this Declaration of any paragraph or provision hereof. In case any provisions hereof shall conflict with Utah law, Utah law shall be deemed to control.

24. Effective Date.

This Declaration shall take effect upon recording in the office of the County Recorder of Salt Lake County, Utah.

IN WITNESS WHEREOF, the undersigned has hereunto set its hand this 17th day of March, 2010.

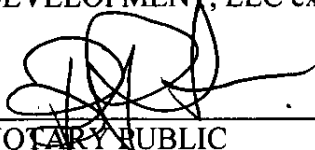
DEVELOPER:
IVORY DEVELOPMENT, LLC.

By: 
Name: Christopher P. Gamvroulas
Title: President

ACKNOWLEDGMENT

STATE OF UTAH)
 ss:
COUNTY OF SALT LAKE)

The foregoing instrument was acknowledged before me this 17 day March, 2010 by Christopher P. Gamvroulas, as President of IVORY DEVELOPMENT, LLC, a Utah limited liability company, and said Christopher P. Gamvroulas duly acknowledged to me that said IVORY DEVELOPMENT, LLC executed the same.



NOTARY PUBLIC
Residing at: SLC, UT
My Commission Expires: 01-30-2012

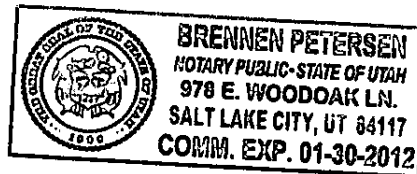


EXHIBIT "A"
LEGAL DESCRIPTION OF CREEK ROAD VILLAS

The land referred to in the foregoing document as Creek Road Villas is located in Salt Lake County, Utah and is described more particularly as follows:

A PARCEL OF LAND LOCATED IN THE NORTHEAST QUARTER OF SECTION 33, TOWNSHIP 2 SOUTH, RANGE 1 EAST, SALT LAKE BASE & MERIDIAN.

COMMENCING AT A CENTERLINE ROAD MONUMENT LOCATED AT THE INTERSECTION OF CREEK ROAD AND TELFORD WAY, SAID MONUMENT BEING N89°48'21"W, 2181.09 FEET; THENCE S00°11'39"W, 1175.35 FEET FROM THE NORTHEAST CORNER OF SECTION 33, TOWNSHIP 2 SOUTH, RANGE 1 EAST, SALT LAKE BASE & MERIDIAN; THENCE N75°44'19"W ALONG THE CENTERLINE OF CREEK ROAD, 575.77 FEET; THENCE S14°15'41"W, 33.00 FEET TO THE SOUTH RIGHT-OF-WAY LINE OF SAID CREEK ROAD AND THE POINT OF BEGINNING; THENCE S00°04'01"W, 153.94 FEET; THENCE N89°55'59"W, 277.95 FEET; THENCE N00°04'01"E, 224.24 FEET; THENCE S75°44'19"E, 286.70 FEET TO THE POINT OF BEGINNING.

CONTAINING: 8 TOWNHOMES UNITS - 52,557 SQUARE FEET OR 1.207 ACRES, MORE OR LESS.

EXHIBIT "B"
BYLAWS OF THE
CREEK ROAD VILLAS ASSOCIATION

ARTICLE I
NAME AND LOCATION

Section 1 .01 Name and Location. The name of the association is Creek Road Villas Association (the "Association"). The principal office of the corporation shall be located at 978 East Woodoak Lane, Salt Lake City, UT 84117. Meetings of the Owners and Board of Directors may be held at such places within the State of Utah, as may be designated by Board of Directors.

ARTICLE II
DEFINITIONS

Section 2.01 Definitions. Except as otherwise provided herein or as may be required by context, all terms defined in Paragraph 1 of the Declaration shall have such defined meanings when used in these Bylaws.

ARTICLE III
MEETINGS OF MEMBERS OF THE ASSOCIATION

Section 3.01 Annual Meeting. The Association shall meet as often as it deems reasonably necessary but not less than annually at a convenient time and place.

Section 3.02 Special Meetings. Special meetings of the Association may be called at any time by the President, by a majority of the Members of the Board of Directors, or by a petition signed by twenty-five percent (25%) of the Units.

Section 3.03 Notice of Meetings. Written notice of each meeting of the Association shall be given to each Owner 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 fifteen (15) days before such meeting to said Owner addressed to the Owner's address last appearing on the books of the Association, or supplied by such Owner 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 3.04 Quorum. The Owners present at a meeting of the Association in person or by proxy shall constitute a quorum for any action except as otherwise expressly provided in the Declaration.

Section 3.05 Proxies. At all Association meetings, each Owner 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 expire, if not previously revoked, eleven (11) months after the date it is given by the Owner.

**ARTICLE IV
BOARD OF DIRECTORS AND TERM OF OFFICE**

Section 4.01 Number. The affairs of the Association shall be managed by a Board of Directors comprised of three (3) natural persons. Each Member must be duly qualified and appointed or elected. The initial Members of the Board of Directors are Christopher P. Gamvroulas, Bardley T. Mackay and Steven Palmer.

Section 4.02 Replacement. If a Member resigns or is otherwise unable or unwilling to serve, then the remaining Members shall appoint a replacement to complete his term of office.

Section 4.03 Term of Office. Each Member on the Board of Directors shall serve a term of one (1) year.

Section 4.04 Compensation. No Member shall receive compensation for any service he may render to the Association as a member of the Board of Directors, although he may be reimbursed for his actual expenses incurred in the performance of his duties and may enter into an independent contract to provide other services. A Member may enter into a separate and independent contract with the Association to provide additional services for a fee.

Section 4.05 Action Taken Without a Meeting. The Board of Directors shall have the right to take any action in the absence of a meeting which it could take at a meeting by obtaining the written approval of all the Members. Any action so approved shall have the same effect as though taken at a meeting of the Board of Directors.

Section 4.06 Voting. Each Director shall have one (1) vote.

**ARTICLE V
POWERS AND DUTIES OF THE BOARD OF DIRECTORS**

Section 5.03 Powers. The Association shall have all of the powers of a Utah non-profit corporation, subject only to such limitations upon the exercise of such powers as are expressly set forth in the Articles, the Bylaws and this Declaration. The Association shall have the power to perform any and all lawful acts which may be necessary or proper for, or incidental to, the exercise of any of the express powers of the Association. Without in any way limiting the generality of the foregoing, the Association may act through its Board of Directors and shall specifically have the powers and duties set out in this Article V, including

Section 5.03.1 Assessments. The power and duty to levy Assessments on the Owners, and to enforce payment of such Assessments in accordance with the Declaration.

Section 5.03.2 Association Property. The right to own and/or lease the Association Property and the duty to maintain and manage the Common Areas and Facilities and improvements thereon. In particular the Association shall:

- a. Maintain and repair in an attractive, safe and functional condition the Common Areas and Facilities;
- b. Pay all taxes and Assessments levied upon the Common Areas and Facilities and all taxes and Assessments payable by the Association;
- c. Obtain any water, sewer, gas and electric services needed for the Common Areas and Facilities; and
- d. Do each and every other thing reasonable and necessary to operate the Common Areas and Facilities and the Association.

ARTICLE VI OFFICERS AND THEIR DUTIES

Section 6.01 Enumeration of Officers. The officers of the Association shall be a president and secretary, plus such other officers as the Board of Directors may from time to time by resolution create. The same individual may not hold the office of president and secretary at the same time. The officers need not be Members of the Board of Directors.

Section 6.02 Election of Officers. The Board of Directors shall elect or appoint officers at the first meeting of the Board of Directors during each calendar year.

Section 6.03 Term. Each officer of the Association shall hold office for one (1) year unless he shall sooner resign, or shall be removed or otherwise disqualified to serve.

Section 6.04 Special Appointments. The Board of Directors may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board of Directors may from time to time determine.

Section 6.05 Resignation and Removal. Any officer may be removed from office with or without cause by a majority vote of the Board of Directors. Any officer may resign at any time by giving written notice to the Board of Directors, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6.06 Vacancies. A vacancy in any office may be filled by appointment by the Board of Directors. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 6.07 President. The president shall (a) preside at all meetings of the Board of Directors, (b) see that orders and resolutions of the Board of Directors are carried out and (c) sign all contracts.

Section 6.08 Secretary. The secretary shall (a) record the votes and keep the minutes of all meetings and proceedings of the Board of Directors and of the Association, (b) keep the corporate seal of the Association and affix it on all papers requiring said seal, (c) serve notice of meetings of the Board of Directors and of the Association, (d) keep appropriate current record showing the Members of the Association together with their addresses and (e) perform such other duties as may be required by the Board of Directors.

ARTICLE VII COMMITTEES

Section 7.01 Committees. The Board of Directors may appoint such committees as deemed appropriate in carrying out its purpose.

ARTICLE VIII BOOKS AND RECORDS

Section 8.01 Books and Records. The books and records shall be kept with detailed accounts of the receipts and expenditures affecting the Tract, and the administration of the Tract, specifying the maintenance, repair and any other expenses incurred. The books and records, including any invoices, receipts, bills, proposals, documents, financial statements, and vouchers accrediting the entries thereupon shall be available for examination by the Owners, their duly authorized agents or attorneys, during general business hours on working days at the times and in the manner that shall be set and announced by the Board of Directors for the general knowledge of the Owners. All books and records shall be kept in accordance with generally accepted accounting practices.

Section 8.02 Signatures. The Board of Directors shall determine who shall be required to sign checks, drafts, contracts, or other legally binding agreements.

Section 8.03 Bookkeeping. The accounting and financial statements for Association must be kept and prepared by either the property manager or an independent bookkeeper or accountant, who may not be a member of the Board of Directors or an officer of the Association. A monthly profit and loss statement, balance sheet, and check register shall be sent or delivered by the bookkeeper or accountant to each member of the Board of Directors. The accountant or bookkeeper shall prepare and file all tax returns for the Association.

Section 8.04 Audit. Either a (a) majority vote of the Members of the Board of Directors or (b) majority vote of all of the Owners is necessary and sufficient to require either a Compilation Report, Reviewed Statement or Audited Statement of the financial books and records of the Association.

ARTICLE IX AMENDMENTS

Section 9.01 Amendment to Bylaws. These Bylaws may only be amended (a) unilaterally by the Developer until the expiration of the Period of Developer's Control or (b) the affirmative vote of a majority of the members of the Board of Directors, or (c) a majority of the Owners. In the event of a

conflict between the decision of the Owners and the Board, the former shall in all respects govern and control.

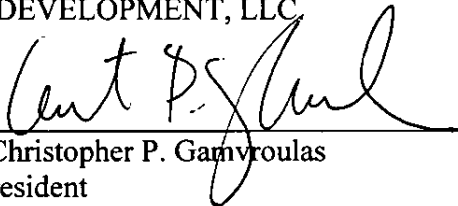
Section 9.02 Conflict Between Articles, Bylaws and Declaration. In the case of any conflict between the Declaration and these Bylaws or Articles of Incorporation, the former shall in all respects govern and control.

**ARTICLE X
MISCELLANEOUS**

Section 10.01 Miscellaneous. 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.

IN WITNESS WHEREOF, the undersigned has hereunto set its hand this 17th day of March, 2010.

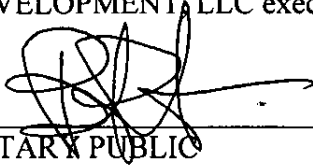
DEVELOPER:
IVORY DEVELOPMENT, LLC

By: 
Name: Christopher P. Gamvroulas
Title: President

ACKNOWLEDGMENT

STATE OF UTAH)
 SS:
COUNTY OF SALT LAKE)

The foregoing instrument was acknowledged before me this 17 day March, 2010 by Christopher P. Gamvroulas, as President of IVORY DEVELOPMENT, LLC, a Utah limited liability company, and said Christopher P. Gamvroulas duly acknowledged to me that said IVORY DEVELOPMENT, LLC executed the same.



NOTARY PUBLIC
Residing at: SLC, UT
My Commission Expires: 01-30-2012

