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10/2/2015 4:19:00 PM \$17.00
Book - 10367 Pg - 5484-5486
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**AMENDMENT TO THE
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS,
RESERVATION OF EASEMENTS, AND BYLAWS
FOR
SUGAR HOUSE TOWNHOMES BY SEGO HOMES**

A. Certain real property in Salt Lake County, Utah, was subjected to certain covenants, conditions and restrictions pursuant to a Declaration of Covenants, Conditions and Restrictions, Reservation of Easements, and Bylaws recorded March 27, 2015, as Entry No. 12019348 in the Recorder's Office for Salt Lake County, Utah (the "Declaration").

B. This amendment shall be binding against the property subjected to the Declaration and any annexation or supplement thereto, described as follows:

Lots 1 - 4, SUGAR HOUSE TOWNHOMES, according to the official plat(s) thereof as recorded in the office of the Salt Lake County Recorder.

First Parcel # 16201070340000

C. The Declarant under the Declaration hereby adopts the following amendment and certifies that all of the requirements to amend the Declaration have been satisfied and that Declarant is in control of the Association and this amendment is adopted prior to the termination of the Period of Declarant's Control pursuant to the authority granted in Article III, Section 46 of the Declaration.

NOW, THEREFORE, the Declarant hereby amends **Article III, Section 56(a)** of the Declaration to read as follows (Sections 56(b) and 56(c) to remain unchanged):

56. Dispute Resolution and Limitation on Litigation/Covenant Not to Sue.

(a) Litigation. The Declarant, Association and all Persons subject to this Declaration ("Bound Party(ies)") agree to encourage the amicable resolution of disputes involving the Property, and to avoid the emotional and financial costs of litigation if at all possible. Accordingly, each Bound Party covenants and agrees by acceptance of a deed or other document of conveyance to a Lot that any and all claims, grievances or disputes between such Bound Party and any other Bound Party involving the Property, including by way of illustration but not limitation any and all claims, grievances or disputes arising out of or relating to the construction or design of Improvements within the Property by Declarant or any director, officer,

manager, partner, employer, contractor, design professional, consultant, subcontractor or agent of the Declarant or any other person or entity involved in the original construction of the Townhomes (a "Declarant Party"), or arising out of or relating to the interpretation, application or enforcement of this Declaration, the Bylaws, Articles of Incorporation or Rules (collectively "Claim"), except for those Claims authorized in Section 56(b) below, shall be resolved by negotiation, and if negotiations fail, then (upon compliance with subsections (1) – (4) below as to Claims against Declarant or a Declarant Party), by mediation, and if mediation fails, then by binding arbitration in lieu of filing suit in any court or initiating proceedings before any administrative tribunal seeking redress or resolution of such Claim. The Bound Parties waive their rights to a jury trial.

(1) Notice and Opportunity to Cure. Anything to the contrary notwithstanding, each Bound Party hereby covenants and agrees that no mediation, arbitration or litigation of a Claim may be commenced by a Bound Party against the Declarant or a Declarant Party until the following has been complied with: the Bound Party shall give Declarant written notice which shall include a detailed description of any and all claims of the Bound Party, the date upon which each such claim was first discovered, and dates and times when the Association, Owner, or their agent, as applicable, will be available during ordinary business hours, so that service calls or inspections by Declarant can be scheduled. In its sole discretion, Declarant shall be entitled to inspect the applicable property and cure the circumstances giving rise to such claim(s). Nothing contained in this Section shall obligate Declarant to perform any such inspection or repair, nor shall this Section be deemed to increase or alter in any way Declarant's legal obligations to the Association or any Owner. Written notice delivered to Declarant shall be a condition precedent to any Bound Party's right to pursue any other remedies available to it at law or otherwise, including without limitation, mediation, arbitration or litigation of a Claim, until Declarant has had the reasonable opportunity to inspect and cure any claimed defect. During the term of any written warranty provided to the original Owner of the Lot by Declarant, any conflict between the provisions of this Section and the warranty shall be resolved in favor of the warranty. Declarant shall not be liable for any general, special or consequential damage, cost, diminution in value or other loss which the Association or any Owner may suffer as a result of any claimed defect in a Lot or Common Area which reasonably might have been avoided had Association or Owner given Declarant the notice and opportunity to cure as described above within a reasonable time of discovering the claimed defect. Nothing contained herein shall establish any contractual duty or obligation on the part of Declarant or Declarant Parties to repair, replace or cure any claimed defect. Owner's continuing obligation under this covenant shall be binding upon Owner and Owner's successors and assigns. The Association and all Owners shall accept the Declarant's reasonable measures to cure any claimed defect.

(2) Legal Opinion. Additionally, no mediation, arbitration or litigation of a Claim may be commenced by the Association against Declarant or a Declarant Party which shall or may require the Association to incur or suffer attorneys' fees and costs until the Association has obtained a legal opinion from an attorney licensed to practice law in Utah having at least ten years of experience in litigation practice, with the legal opinion providing in substance the following: (i) a description of the factual allegations and legal claims to be asserted in the action; (ii) an analysis of the facts and legal claims explaining why it would be in the best interests of the Association to pursue such action, taking into account the anticipated costs and

