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DECLARATION OF CONDOMINIUM

FOR

CHALET VILLAGE RESORT CONDOMINIUMS PHASE A

A Condominium Project in
Brian Head, Iron County, Utah

1981

231210

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EXHIBIT "B"

EXHIBIT "C"

EXHIBIT "D"

EXHIBIT "E"

TOWN OF BRIAN HEAD: APPROVAL

DECLARATION OF CONDOMINIUM

FOR

CHALET VILLAGE RESORT CONDOMINIUMS PHASE A

This Declaration of Condominium (the "Declaration") is made and executed this ___ day of November, 1981, by Chalet Corporation, a Utah corporation (the "Declarant").

RECITALS

A. Description of Land. The Declarant is the owner of certain real property (the "Subject Land") located in Iron County, State of Utah, described in Exhibit "D" attached hereto and incorporated herein by this reference.

B. Description of Convertible Land. The Project contains certain areas of Convertible Land, described in Exhibit "E" attached hereto and incorporated herein by this reference.

C. Buildings and Improvements. The Declarant has constructed or will construct certain Buildings and other improvements upon the Subject Land, as shown on the Map referred to below.

D. Record of Survey Map. The Declarant intends to execute and record in the office of the County Recorder for Iron County, State of Utah, a certain instrument pertaining to the Project and entitled "Record of Survey Map for Chalet Village Resort Condominiums Phase A".

E. Intent and Purpose. By recording this Declaration and the Map, the Declarant intends to submit the Subject Land, the Buildings and all other improvements situated upon the Subject Land to the provisions of the Condominium Act as a Condominium Project known as Chalet Village Resort Condominiums Phase A and to impose upon such property mutually beneficial restrictions under a general plan of improvements for the benefit of all Condominiums within the Project and the Owners thereof.

DECLARATION

Declarant hereby makes the following Declaration containing covenants, conditions and restrictions relating to this Condominium Project which, pursuant to the provisions of the Utah Condominium Ownership Act, shall be enforceable equitable servitudes:

1. DEFINITIONS

The terms used herein shall have the meaning stated in the Utah Condominium Ownership Act and as given in this Article 1 unless the context clearly requires otherwise.

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1(a) "Association" shall mean the Chalet Village Condominiums Phase A Owners Association, a Utah nonprofit corporation, organized to be the Association referred to herein.

1(b) "Board of Trustees" shall mean the governing board of the Association, appointed or elected in accordance with this Declaration and the Articles of Incorporation and Bylaws of the Association.

1(c) "Building" shall mean one of those certain buildings that have been or will be constructed on the Subject Land, including all buildings which may be constructed on Convertible Land within the Subject Land, as such buildings are shown on the Map.

1(d) "Common Areas" shall mean all physical portions of the Project, except all Units.

1(e) "Common Expense Fund" shall mean the fund created or to be created pursuant to the provisions of Article 9 of this Declaration and into which all funds of the Association shall be deposited.

1(f) "Common Facilities" shall mean all furniture, furnishing, equipment, facilities, and other personal property owned by the Association for the use and benefit of all Owners and all furniture, furnishings, equipment, facilities and other personal property hereafter purchased in accordance with this Declaration with monies from the Common Expense Fund. Except as otherwise expressly provided in this Declaration, Common Facilities shall be deemed to be part of the Common Areas.

1(g) "Condominium" shall mean a Unit and the undivided interest (expressed as a percentage of the entire ownership interest) in the Common Areas appurtenant to such Unit, as set forth in Exhibit "A" attached hereto and incorporated herein by this reference.

1(h) "Condominium Act" shall mean the Utah Condominium Ownership Act and amendments thereto, Utah Code Ann. § 57-8-1 et seq.

1(i) "Convertible Land" shall mean the designated building site or sites within the Common Areas upon which additional Buildings, Limited Common Areas and/or other improvements may be constructed and/or created, referred to in Paragraph B of the Recitals above.

1(j) "Declarant" shall mean Chalet Corporation, a Utah corporation.

1(k) "Limited Common Areas or Facilities" shall mean any Common Areas or Common Facilities designated for exclusive use by the Owner of a particular Unit. Structural separations between Units or the space which would be occupied by such structural separations may become Limited Common Areas for the exclusive use of the Owner or Owners of the Units on either side thereof as provided in Section 4(c) hereof. Any balconies, porches, parking stalls or storage facilities that

are identified on the Map with the same number or other designation by which a Unit is identified or which are otherwise designated on the Map and/or in Exhibit "A" attached hereto as reserved for use of the Owner of a certain Unit shall be Limited Common Areas for the exclusive use of the Owner of the Unit bearing the same number or designation and/or as specified on the Map and/or in Exhibit "A" attached hereto.

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

1 (m) "Map" shall mean the Record of Survey Map for Chalet Village Condominiums Phase A pertaining to the Project and recorded or to be recorded in the Office of the County Recorder for Iron County, State of Utah.

1 (n) "Member" shall mean a member of the Association.

1 (o) "Mortgage" shall mean any mortgage, deed of trust, or other security instrument by which a Condominium or any part thereof is encumbered.

1 (p) "Mortgagee" shall mean (i) any person named as the mortgagee or beneficiary under any Mortgage by which the interest of any Owner is encumbered or (ii) any successor to the interest of such person under such Mortgage.

1 (q) "Owner" shall mean any person or entity or combination thereof, including the Declarant, at any time owning a Condominium within the Project, as shown on the records of Iron County, State of Utah. The term "Owner" shall not refer to any Mortgagee unless such Mortgagee has acquired title for other than security purposes, or to any person or entity purchasing a Condominium under contract until such contract is fully performed and legal title conveyed.

1 (r) "Project" shall mean the Subject Land, the Buildings and all improvements submitted by this Declaration and the Map to the provisions of the Condominium Act.

1 (s) "Residential Unit" shall mean any Unit identified on the Map and in Exhibit "A" attached hereto with the numbers 1 A through 19 A or the numbers 1 B through 19 B.

1 (t) "Storage Unit" shall mean any Unit identified on the Map and in Exhibit "A" attached hereto with the numbers 1 C through 11 C.

1 (u) "Subject Land" shall mean the land upon which the Project is situated, referred to in Paragraph A of the Recitals above.

1 (v) "Total Votes of the Association" shall mean the total number of votes appertaining to the Condominiums in the Project, as shown in Exhibit "A" attached hereto.

1 (w) "Unit" shall mean an individual air space unit, consisting of enclosed rooms occupying part of one of the Buildings and bounded by the interior surfaces of the walls, floors, ceilings, windows, doors, and built-in fireplaces, if any, along the perimeter boundaries of the air space, as such boundaries are shown on the Map, together with all fixtures and improvements therein contained. Paint and other wall, ceiling, or floor coverings on interior surfaces shall be deemed to be a portion of the Unit. Notwithstanding the fact

that they may be within the boundaries of such air space, the following are not part of a Unit insofar as they are necessary for the support or use and enjoyment of another Unit: Bearing walls, floors, ceilings and roofs (except the interior surfaces thereof), foundations, ceiling equipment, tanks, pumps, pipes, vents, ducts, shafts, flues, chutes, conduits, wires, and other utility installations, except the outlets thereof when located within the unit. The interior surface of a window or door is the point at which such surface is located when the window or door is fully closed.

2. SUBMISSION AND DIVISION OF PROJECT

2(a) Submission to Condominium. The Declarant hereby submits the Subject Land, the Buildings, and all other improvements now or hereafter made in or upon the Subject Land to the provisions of the Condominium Act and the Condominium Act shall apply thereto. All of said property is and shall be held, conveyed, hypothecated, encumbered, leased, rented, used, and improved as a condominium project to be known as Chalet Village Condominiums Phase A. All of said property is and shall be subject to the covenants, conditions, restrictions, uses, limitations and obligations set forth herein, each and all of which are declared and agreed to be for the benefit of the Project and in furtherance of a plan for improvement of such property and division thereof into condominiums; further, each and all of the provisions hereof shall be deemed to run with the land and shall be a burden on and a benefit to the Declarant, its successors and assigns, and any person acquiring, leasing, or owning an interest in the real property and improvements comprising the Project, their assigns, lessees, heirs, executors, administrators, devisees, and successors.

2(b) Division into Condominiums. The Project is hereby divided into Condominiums, each such Condominium consisting of a Unit and an appurtenant undivided interest in the Common Areas, as set forth in Exhibit "A" attached hereto.

3. IMPROVEMENTS

3(a) Description of Improvements. The improvements included in the Project are now or will be located upon the Subject Land. The Map shows the basement, if any, the number of stories, and the number of Units which are to be contained in each of the Buildings which comprises a part of such improvements. Each of the Buildings has been or shall be principally constructed of a wood frame with wood exterior, a sheetrock interior, and an asphalt shingle roof.

3(b) Description and Legal Status of Units. The Map shows the Unit Number of each Unit, its location, dimensions from which its size may be determined, and those Limited Common Areas or Facilities which are reserved for use of its Owner. All Condominiums shall be capable of being independently owned, encumbered and conveyed.

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3(c) Contents of Exhibit "A". Exhibit "A" to this Declaration furnishes the following information with respect to each Condominium: (a) The Unit number; (b) the Unit's par value; (c) the Unit's appurtenant percentage of undivided ownership interest in the Common Areas and Common Facilities; and (d) the number of votes of the Owner of the Condominium as a member of the Association.

4. NATURE AND INCIDENTS OF CONDOMINIUM OWNERSHIP

4(a) Interior of Units. Each Owner shall have the exclusive right to paint, repaint, tile, wax, paper, carpet, or otherwise decorate the interior surfaces of the walls, ceilings, floors, and doors forming the boundaries of his Unit and the surfaces of all walls, ceilings, floors, and doors within such boundaries.

4(b) Maintenance of Units, Limited Common Areas, and Limited Common Facilities. Each Owner shall, at his sole cost, keep the interior of his Unit in a clean and sanitary condition and in a state of good repair. For the purposes of this Section 4(b) only, the term "Unit" shall include without limitation, interior walls, windows, ceilings, floors, and permanent fixtures and appurtenances thereto, and the Limited Common Areas and Limited Common Facilities, the use of which is limited to use by such Owner, including but not limited to patios and/or decks. In the event that any Unit (or such Limited Common Area or Limited Common Facility) should develop an unsanitary or unclean condition or fall into a state of disrepair, and in the event that the Owner of such Unit (or the Unit to which the exclusive right to use the Limited Common Area or Limited Common Facility appertains) should fail to correct such condition or state of disrepair promptly following written notice from the Association, the Association shall have the right, at the expense of the Owner and without liability to the Owner for trespass or otherwise, to enter such Unit, Limited Common Area, or Limited Common Facility and correct or eliminate such unsanitary or unclean condition or state of disrepair.

4(c) Combination of Units. Two units may be combined and used by the Owner or Owners thereof as if they were one Unit only with the prior written consent of the Association. To the extent expressly permitted in such written consent, any walls, floors or other structural separations between such units (or any opening in such structural separations which would be closed but for such combined use of the two Units) may be used by the Owner or Owners of such Units as Limited Common Areas pertaining to such combined Units for as long as the two Units are so combined, except to the extent that any such structural separations are necessary or contain facilities necessary for the support, use or enjoyment of other parts of the Project. Upon the request of the Owner or Owners of one or both of such Units that such combined use cease, any opening between the two Units which would have been occupied by such structural separations but for the combined use of such Units shall be closed at the expense of the Owner or Owners of the two Units, and the structural separations between the two Units shall revert to Common Areas.

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4(d) Title. Title to a Condominium within the Project may be held or owned by any person or entity or any combination thereof and in any manner in which title to any other real property may be held or owned in the State of Utah.

4(e) Ownership of Common Areas and Common Facilities. The undivided interest in the Common Areas and Common Facilities appurtenant to each Unit in the Project shall be as set forth in Exhibit "A" attached hereto. Except as provided in Article 14 in relation to the Convertible Land in the Project, percentages appurtenant to each Unit as shown in Exhibit "A" shall have a permanent character and shall not be altered without the unanimous written consent of all Owners expressed in a duly recorded amendment to this Declaration. Except as otherwise provided in this Declaration, any Owner shall be entitled to the nonexclusive use of the Common Areas and Common Facilities (other than Limited Common Areas and Facilities) in any manner that does not hinder or encroach upon the rights of other Owners and is not contrary to law or to any rules or regulations promulgated by the Association. Except as otherwise provided in this Declaration, any Owner shall have the exclusive right to use and enjoy any Limited Common Areas and Facilities appertaining to such Owner's Condominium.

4(f) Inseparability. Title to no part of a Condominium within the Project may be separated from any other part thereof, and the undivided interest in the Common Areas and Common Facilities shall not be separated from the Unit to which it appertains and both shall always be conveyed, devised, encumbered, and otherwise affected only as a complete Condominium. Every devise, encumbrance, conveyance, or other disposition of a Condominium, or any part thereof, shall be construed to be a devise, encumbrance, conveyance, or other disposition, respectively, of the entire Condominium together with all appurtenant rights created by law or by this Declaration, including appurtenant membership in the Association as hereinafter set forth.

4(g) No Partition. The Common Areas and Common Facilities shall be owned in common by all of the Owners, and no Owner may bring any action for partition thereof.

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

4(i) Separate Taxation. Each Condominium within the Project shall be deemed to be a parcel and shall be assessed separately for all taxes, assessments and other charges of the State of Utah, any political subdivision thereof, any special improvement district or any other taxing or assessing authority. For purposes of such assessment, the valuation of the Common Areas and/or Common Facilities shall be appor-

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tioned among the Units in proportion to the undivided interests in the Common Areas and Common Facilities appurtenant to such Units. All such taxes, assessments and other charges on each respective Condominium shall be separately levied against the Owner thereof. No forfeiture or sale of any Condominium for delinquent taxes, assessments or other governmental charges shall divest or in any way affect the title to any other Condominium.

4(j) Mechanic's Liens. No labor performed or material furnished for use in connection with any Unit, Limited Common Area or Limited Common Facility with the consent or at the request of an Owner or his agent or subcontractor shall create any right to file a statement, claim or notice of mechanic's lien against the Condominium of any other Owner not expressly consenting to or requesting the same or against any interest in the Common Areas or Common Facilities, except the undivided interest therein appurtenant to the Unit of the Owner for whom such labor was performed or such materials were furnished.

4(k) Description of Condominium. Every contract for the sale of a Condominium and every other instrument affecting title to a Condominium within the Project may describe a Unit by its identifying number or symbol as indicated in this Declaration or as shown on the Map. Such description shall be construed to describe the Unit, together with the appurtenant undivided interest in the Common Areas and Common Facilities, and to incorporate all the rights incident to ownership of a Condominium within the Project and all of the limitations on such ownership.

5. EASEMENTS

5(a) Easements for Encroachments. If any part of the Common Areas encroaches or shall hereafter encroach upon any Unit, an easement for such encroachment and for the maintenance of the same shall and does 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. If any part of the Common Areas or any part of a Unit shall hereafter encroach on real property now owned by the Declarant outside the boundaries of the Subject Land, an easement for such encroachment shall and does exist. Such encroachments shall not be considered to be encumbrances either on the Common Areas or the Units. Encroachments referred to herein include, but are not limited to, encroachments caused by error in the original construction of one or more of the Buildings or any improvements constructed or to be constructed within the Project, by error in the Map, by settling, rising, or shifting of the earth, or by changes in position caused by repair or reconstruction of the Project or any part thereof.

5(b) Easements for Maintenance, Cleaning, and Repair. Some of the Common Areas or Common Facilities are or may be located within the Units or may be conveniently accessible only through the Units. The Association shall have the irrevocable right to have access to each Unit and to all Common

Areas and Common Facilities from time to time during such reasonable hours as may be necessary for the maintenance, cleaning, repair, or replacement thereof or for making emergency repairs at any time necessary to prevent damage to the Common Areas, Common Facilities, or to any Unit. In addition, the Association or its agents may enter any Unit when necessary in connection with any cleaning, maintenance, repair, replacement, landscaping, construction or reconstruction for which the Association is responsible. Such entry shall be made with as little inconvenience to the Owners as possible, and any damage caused thereby shall be repaired by the Association with funds from the Common Expense fund.

5(c) Right to Ingress, Egress, and Support. Each Owner shall have the right to ingress and egress over, upon and across the Common Areas (other than the Limited Common Areas) as necessary for access to such Owner's Unit and to any Limited Common Areas appurtenant to such Unit, and shall have the right to horizontal, vertical, and lateral support of such Unit, and such rights shall be appurtenant to and pass with the title to each Condominium.

5(d) Association's Right to Use Common Areas and Common Facilities. The Association shall have an easement to make such use of the Common Areas and Common Facilities as may be necessary or convenient to perform the duties and functions that it is obligated or permitted to perform pursuant to this Declaration, including, without limitation, the right to construct and maintain in the Common Areas (other than Limited Common Areas) facilities for use by Owners generally or by the Association and its agents exclusively.

5(e) Easement for Completion of Project and Constuction of Additional Buildings. The Declarant shall have a transferable easement over and on the Common Areas for the purpose of completing construction of the Project and improvements therein (including the construction of additional Buildings and/or Limited Common Areas and Facilities on the Convertible Land within the Project) as shown on the Map and for the purpose of doing all things reasonable necessary or appropriate in connection therewith. To the extent that damage is inflicted on any part of the Project by any person utilizing said easement, the Declarant and the person causing the damage shall be liable for the prompt repair thereof.

5(f) Easements Deemed Created. All conveyances of Condominiums within the Project hereafter made, whether by the Declarant or otherwise, shall be construed to grant and reserve such reciprocal easements as are provided herein, even though no specific reference to such easements appears in any such conveyance.

6. RESTRICTIONS ON USE

6(a) Residential Units. Each Residential Unit contained in the Project is intended to use used for single family residential housing and is restricted to such use, and no such Unit shall be used for business or commercial activity; provided, however, that nothing herein shall be deemed to prevent (a) the

Declarant or its duly authorized agent from using any such Units owned by the Delcarant as sales models for property management offices, or (b) any Owner or his duly authorized agent from freely renting or leasing his Residential Unit from time to time subject to the limitations in Section 6 (b) below.

6(b) Storage Units. Each Storage Unit contained in the Project is intended to be used to store or hold personal property of the Owner of such Unit, and is restricted to such use. Under no circumstances shall any Storage Unit be used for residential housing for any period of time, however short.

6(c) Time Sharing Prohibited. The Declarant desires to preserve the original conception of the Project as an outstanding recreational living area, to facilitate the efficient and inexpensive maintainace and repair of all parts of the Project, and to maintain property values to the benefit of all Owners of Condominiums in the Project. For such and other reasons, time-sharing of Condominiums within the Project is prohibited, and under no circumstances shall any Condominium be owned or used on a time period basis. The Association, by action of the Board of Trustees, shall have the power to adopt, enforce and revise reasonable rules and regulations to prevent such time-sharing of Condominiums.

6(d) No Noxious or Offensive Activity. No noxious or offensive activity shall be allowed to occur in or upon any part of the Project, nor shall anything be done or placed in or upon any part of the Project which is or may become a nuisance or may cause embarrassment, disturbance, or annoyance to Owners. No activities shall be conducted, nor improvements constructed, in or upon any part of the Project which are or may become unsafe or hazardous to any person or property.

6(e) Restriction on Signs. Except as may be temporarily necessary to caution or warn of danger, no signs, flags, or advertising devices of any nature, including without limitation commercial, political, information, or directional signs or devices, shall be erected or maintained on any part of the Project, without the prior inspection and written approval of the Association. If the Association consents to the erection of any such signs or devices, the same shall be promptly removed at the request of the Association.

6(f) No Structural Alterations. No Owner shall, without the prior written consent of the Association, make or permit to be made any structural alteration, improvement, or addition in or to his Unit or to the Common Areas. No Owner shall, without the prior written consent of the Association, do any act that would impair the structural soundness, integrity, or safety of any part of the Project or impair any easement or hereditament appurtenant thereto.

6(g) No Obstructions. There shall be no obstruction of the Common Areas by any Owner. Owners shall neither store nor leave any of their property on the Common Areas (except the Limited Common Areas pertaining to such Owner's Condominium) without the prior written consent of the Association.

6(h) Prohibition of Damage and Certain Activities. Except with the prior written consent of the Association, nothing shall be done or kept in any Unit, in the Common Areas, or in any otherpart of the Project which may result in cancellation of any insurance on the Project or any part thereof, nor shall anything be done or kept in any Unit which may increase

the rate of insurance on the Project or any part thereof over that which the Association, but for such activity, would have to pay. Nothing shall be done or kept in any Unit or in the Common Areas or any part thereof which would be in violation of any statute, rule, ordinance, regulation, permit, or other validly imposed requirement of any governmental authority. No damage to, or waste of, the Common Areas or any part thereof shall be committed by any Owner or any guest of any Owner, and each Owner shall indemnify and hold the Association and the other Owners harmless against all loss resulting from any such damage or waste caused by such Owner, his guests, lessees, licensees, or invitees.

6(i) Rules and Regulations. The Owners shall comply with all of the rules and regulations governing use of the Units, Common Areas and/or Common Facilities as such rules and regulations may from time to time be adopted or revised by the Association, in the sole discretion of its Board of Trustees.

6(j) Construction Period Exemption. During the course of actual construction of any structures or improvements which are permitted to be located on the Subject Property, the provisions, covenants, conditions, and restrictions contained in this Declaration shall be deemed waived to the extent necessary or convenient to permit such construction; provided, however, that during the course of such construction, nothing shall be done which would result in a violation of any of said provisions, covenants, conditions, or restrictions following completion of such construction.

7. THE ASSOCIATION

7(a) Membership. Each owner shall be entitled and required to be a member of the Association; membership shall begin immediately and automatically upon becoming an Owner and shall terminate immediately and automatically upon ceasing to be an Owner. If title to a Condominium is held by more than one person, the membership appurtenant to that Condominium shall be shared by all such persons in the same proportionate interests and by the same type of tenancy in which title to the Condominium is held. An Owner shall be entitled to one membership for each Condominium owned by him, and such membership shall be appurtenant to that Condominium and shall be transferred automatically by conveyance of that Condominium. Ownership of a Condominium within the Project cannot be separated from membership in the Association appurtenant thereto, and any device, encumbrance, conveyance, or other disposition of a Condominium shall be construed to be a devise, encumbrance, conveyance, or other disposition, respectively, of the Owner's membership in the Association and the rights appurtenant thereto. No person or entity other than an Owner may be a member of the Association, and membership in the Association may not be transferred except in connection with the transfer of a Condominium.

7(b) Recreation Association. Each Owner of a Residential Unit shall be entitled and required to be a Class A member of the Chalet Village Recreation Association ("CVRA"), a Utah nonprofit corporation organized to own and provide for the

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maintenance and operation of certain non-residential office, maintenance and recreational properties in and around the Project and other Chalet Village condominium projects, and each such Owner shall be subject to the provisions of the Articles of Incorporation, Bylaws and other rules and regulations of CVRA.

7(c) Board of Trustees. Until such time as the responsibility for electing the Trustees of the Association is turned over to the Owners in accordance with Utah law, the Declarant shall have the exclusive right to appoint all such Trustees.

7(d) Votes. Except as provided in Article 14 in relation to the Convertible Land in the Project, the number of votes appurtenant to each Condominium shall be as shown in Exhibit "A" attached hereto, and shall have a permanent character and shall not be altered without the unanimous written consent of all Owners expressed in a duly recorded amendment to this Declaration.

7(e) Bylaws. The initial Bylaws of the Association shall be in the form attached hereto as Exhibit "B" and incorporated herein by this reference.

7(f) Amplification. The provisions of this Article 7 may be amplified by the Articles of Incorporation and Bylaws of the Association; provided, however, that no such amplification shall substantially alter or amend any of the rights or obligations of the Owners set forth in this Declaration.

7(g) Association as Manager. All duties, responsibilities, powers, and authority imposed upon or granted to the "management committee" or the "manager" by the Condominium Act shall be duties, responsibilities, powers, and authority of the Association.

8. CERTAIN RIGHTS AND OBLIGATIONS OF THE ASSOCIATION

8(a) The Common Areas. The Association, subject to the rights and duties of the Owners as set forth in this Declaration, shall be responsible for the exclusive management and control of the Common Areas and all improvements thereon (including the Common Facilities), and shall keep the same in a good, clean, attractive, safe, and sanitary condition, order, and repair; provided, however, that each Owner shall keep the Limited Common Areas designated for use in connection with his Unit, if any, in a good, clean, safe, sanitary, and attractive condition. Except as otherwise provided herein with respect to Limited Common Areas and Facilities, the Association shall be responsible for the maintenance and repair of the exterior of the Buildings and the grounds, including without limitation, the painting thereof, repair and replacement of exterior trim and roofs, and maintenance of landscape, walkways and driveways. The Association shall also be responsible for maintenance, repair, and replacement of all Common Facilities (except Limited Common Facilities), improvements, or other material located within or used in connection with the Common Areas. The specification of duties of the Association with respect to particular Common Areas shall not be construed to limit its duties with respect to other Common Areas, as set forth in the first

sentence of this Section. All goods and services procured by the Association in performing its responsibilities under this Section shall be paid for from the Common Expense Fund.

8(b) Manager. The Association may delegate to a professional Manager such of the Association's duties, responsibilities, functions, and powers hereunder as are properly delegable. Such delegation shall be valid, however, only if made by written contract. The services of any Manager retained by the Association shall be paid for from the Common Expense Fund.

8(c) Miscellaneous Goods and Services. The Association may obtain and pay for the services of such personnel as the Association shall determine to be necessary or desirable for the proper operation of the Project, whether such personnel are furnished or employed directly by the Association or by any person or entity with whom or which it contracts. The Association may obtain and pay for legal and accounting services necessary or desirable in connection with the operation of the Project, the enforcement of this Declaration, or any other matter. In addition to the foregoing, the Association may acquire and pay for water, sewer, garbage collection, electrical, gas and other necessary or desirable utility services for the Common Areas (and for the Units to the extent such are not separately metered or billed), insurance, bonds, and other goods and services common to the Units, with such payments to be made from the Common Expense Fund.

8(d) Real and Personal Property. The Association may acquire and hold real, personal and mixed property of all types for the use or benefit of all Owners and may dispose of such property by sale or otherwise. All such property, including Common Facilities, shall be paid for out of the Common Expense Fund and all proceeds from the disposition thereof shall become part of such Fund.

8(e) Rules and Regulations. The Association, by action of its Board of Trustees, may make reasonable rules and regulations governing the use of the Units and of the Common Areas and Common Facilities, which rules and regulations shall be consistent with the rights and duties established in this Declaration. The Association may take legal action against any Owner to enforce compliance with such rules and regulations or other obligations of Owners arising hereunder, or to obtain damages for noncompliance therewith, as permitted by law. In the event of such legal action, the Association shall be entitled to recover its costs, including reasonable attorneys' fees, from the offending Owner.

8(f) Granting of Easements. The Association may, without the vote or consent of the Owners or of any other person, grant or create, on such terms as it deems advisable, utility, construction and similar easements over, under, across and through the Common Areas.

8(g) Implied Rights. The Association may exercise any right or privilege given to it expressly by this Declaration or by law, and every other right or privilege reasonably implied from the existence of any right or privilege given to

it herein or reasonably necessary to effectuate any such right or privilege.

9. ASSESSMENTS

9(a) Agreement to Pay Assessments. The Declarant, for each Condominium owned by it within the Project, and for and as the owner of the Project and every part thereof, hereby covenants, and each Owner of any Condominium by the acceptance of instruments of conveyance and transfer thereof, whether or not it be so expressed in said instruments, shall be deemed to covenant and agree with each other and with the Association, to pay to the Association all assessments made by the Association for the purposes provided in this Declaration. Such assessments shall be fixed, established, and collected from time to time as provided in this Article 9.

9(b) Regular Assessments. Regular Assessments shall be computed and assessed against all Condominiums in the Project as follows:

(1) Start-Up Budget and Payment of Assessments Thereunder.

(A) Start-Up Budget. Prior to the first sale of a Condominium in the Project by the Declarant, the Declarant shall prepare (or cause to be prepared) an estimated operating budget setting forth the estimated receipts and disbursements for the period of time from the approximate date of such first sale until July 1, 1982 (the "Start-Up Period"). A copy of such estimated operating budget shall be provided to each new Owner to whom a Condominium in the Project is sold by the Declarant at any time during the Start-Up Period and such estimated operating budget shall serve as the basis for the monthly assessments for such period and as a major guideline under which the Association shall operate during such period.

(B) Assessments for Start-Up Budget. Each Owner who becomes such during the Start-Up Period shall pay to the Association his share of the Association's operating expenses apportioned to the Condominium purchased by such Owner. The monthly assessment, to be paid on or before the first day of each calendar month, shall be an amount determined by dividing the total assessment apportioned to such Condominium by the number of whole calendar months within the Start-Up Period which follow the date of such Owner's purchase of such Condominium. In addition, an initial assessment shall be paid by the Owner to the Association within five (5) days of such Owner's purchase of a Condominium for the partial calendar month (if any) following the date of such purchase, the amount of which shall be determined by multiplying the monthly assessment (determined as provided above) by the number of days remaining in the calendar month in which he becomes an Owner and dividing the product by the total number of days in such month.

(C) Interest. Each monthly assessment under the start-up budget shall bear interest at the rate of eighteen percent (18%) per annum from the date it becomes due and payable if not paid by such date. Failure of the Association to give notice of any assessment as provided herein shall not affect the liability of the Owner of any Condominium for such assessment.

(2) Annual Budgets and Payment of Annual Assessments.

(A) Annual Budget. On or before May 1, 1982, and on or before May 1st of each year thereafter, the Association shall prepare, or cause to be prepared, an operating budget setting forth an itemized statement of the anticipated receipts and disbursements for the coming fiscal year and taking into account the general condition of the Project. Each such budget, together with a written statement from the Association outlining a plan of operation for the year in question and justifying in every important particular the estimates made, shall be submitted to the Members in final draft on or before May 15, 1982, and May 15th each year thereafter. Such budget, with any changes therein, shall be adopted by the Members at the annual meeting of the Members. Such operating budget shall serve as the basis for the schedule of proposed monthly assessments for the annual period for which it is prepared, and shall constitute a major guideline under which the Association shall operate during such annual period.

(B) Basis of Annual Budget. The annual budget shall be based upon the Association's advance estimates of the Association's cash requirements to provide for payment of estimated expenses, arising out of or connected with maintenance and operation of the Common Areas and provision to the Units of utility services (to the extent not separately metered or billed) and other common items. Such actual expenses and estimated expenses may include, among other things, the following: expenses of management; taxes and special assessments, unless and until Condominiums are separately assessed; premiums for all insurance that the Association is required or permitted to maintain; repairs and maintenance; wages for Association employees, including fees for a Manager, if any; utility charges (including charges for utility services to the Units to the extent not separately metered or billed); legal and accounting fees; any deficit remaining from a previous period; creation of a reasonable contingency reserve, surplus, and/or sinking fund; and any other expenses and liabilities which may be incurred by the Association for the benefit of all of the Owners or by reason of this Declaration.

(C) Annual Assessments. Prior to the first day of each month during the year covered by the budget, each Owner shall pay to the Association, as his share of the Association's expenses, one-twelfth (1/12) of the amount so apportioned to him. The dates and manner of payment shall be determined by the Association. The foregoing method of assessing the Common Expenses to the Owners may be altered by the Association so long as the method it adopts is consistent with good

accounting practice and requires that the portion of Common Expenses borne by each Owner during a twelve-month period be determined on the basis of his undivided ownership interest. Each monthly installment of the annual assessment shall bear interest at the rate of eighteen percent (18%) per annum from the date it becomes due and payable if not paid by such date. Failure of the Association to give notice of any assessment as provided herein shall not affect the liability of the Owner of any Condominium for such assessment.

(3) Inadequate Funds. In the event that the Common Expense Fund proves inadequate at any time for whatever reason, including nonpayment of any Owner's assessment, the Association may levy additional assessments in accordance with the procedure set forth in Section 9(c) below, except that the vote therein specified shall not be necessary.

9(c) Special Assessments. In addition to the Regular Assessments authorized above, the Association may levy special assessments at any time and from time to time upon affirmative vote of at least fifty-one percent (51%) of the total votes of the Association. Such special assessments, payable over such periods as the Association may determine, may be for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of the Project or any part thereof, or for any other expenses incurred or to be incurred as provided in this Declaration. This Section shall not be construed as an independent source of authority for the Association to incur expenses, but shall be construed to prescribe the manner of assessing for expenses authorized by other Sections or Articles hereof. Any amounts assessed pursuant hereto shall be assessed to Owners on the basis provided for in Section 9(d) below. Notice in writing of the amount of such special assessments and the time for payment thereof shall be given promptly to the Owners and no payment shall be due less than fifteen (15) days after such notice shall have been mailed. All unpaid portions of any special assessment shall bear interest at the rate of eighteen percent (18%) per annum from the date such portions become due until paid.

9(d) Apportionment of Assessments. All assessments made under Sections 9(b) and 9(c) shall be apportioned among and assessed to all Owners in the proportion which their respective undivided interest in the Common Areas bears to the total of the undivided interests in the Common Areas of all Owners; provided, however, that for purposes of this Section 9(d), the Declarant shall be deemed the Owner of a Condominium only after the construction thereof has been completed to the extent that it is ready for occupancy.

9(e) Lien for Assessments. All sums assessed to the Owner of any Condominium within the Project pursuant to the provisions of this Article 9, together with interest thereon as provided herein, shall be secured by a lien on such Condominium in favor of the Association. To evidence a lien for sums assessed pursuant to this Article 9, the Association may prepare a written notice of lien setting forth the amount of the assessment, the date due, the amount remaining unpaid, the name of the Owner of the Condominium, and a description of the

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Condominium. Such a notice shall be signed and acknowledged by a duly authorized officer of the Association and may be recorded in the office of the County Recorder for Iron County, State of Utah. No notice of lien shall be recorded until there is a delinquency in payment of the assessment. Such lien may be enforced by judicial foreclosure by the Association in the same manner in which mortgages on real property may be foreclosed in the State of Utah. In any such foreclosure, the Owner shall be required to pay the costs and expenses of such proceeding, including reasonable attorneys' fees, and such costs and expenses shall be secured by the lien being foreclosed. The Owner shall also be required to pay to the Association any assessments against the Condominium which shall become due during the period of foreclosure. The Association shall have the right and power to bid in at any foreclosure sale, and to hold, lease, mortgage, or convey the subject Condominium.

In addition, all sums assessed by Chalet Village Recreation Association ("CVRA") to any Owner as a Member of CVRA shall be secured by a lien on such Owner's Condominium in favor of CVRA, and CVRA shall have all the rights and be subject to all the restrictions made applicable to the Association by this Section 9(e) and by Section 9(f).

9(f) Personal Obligation of Owner. The amount of any regular or special assessment against any Condominium shall be the personal obligation of the Owner of such Condominium to the Association. Suit to recover a money judgment for such personal obligation shall be maintainable by the Association without foreclosing or waiving the lien securing the same. No Owner may avoid or diminish any such personal obligation by waiver of the use and enjoyment of any of the Common Areas and/or Common Facilities, by abandonment of his Condominium, or by waiving any services or amenities. In the event of any suit to recover a money judgment for unpaid assessments hereunder, the involved Owner shall pay the costs and expenses incurred by the Association in connection therewith, including reasonable attorneys' fees.

9(g) Statement of Account. Upon payment of a reasonable fee not to exceed ten dollars (\$10.00) or such greater amount as may be allowed by the Condominium Act, and upon written request of any Owner, Mortgagee, prospective Mortgagee or prospective purchaser of a Condominium, the Association shall issue a written statement setting forth the following: (a) The amount of the unpaid assessments, if any, with respect to such Condominium; (b) the amount of the assessments under the start-up budget or the amount of the current regular assessment with respect to such Condominium and the date such assessment becomes or became due; and (c) credit for advanced payments or prepaid items, including, without limitation, the Owner's share of prepaid insurance premiums. Such statement shall be conclusive upon the Association in favor of persons who rely thereon in good faith.

9(h) Personal Liability of Purchaser. Subject to the provisions of Section 9(f), a purchaser of a Condominium shall be jointly and severally liable with the seller thereof for all unpaid assessments against such Condominium up to the time of the grant or conveyance to such purchaser; provided, however, that the provisions of this Section 9(h) shall not

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prejudice the purchaser's right to recover from the seller the amount paid by the purchaser for such assessments.

9(i) Assessments Part of Common Expense Fund. All funds received from assessments under this Article 9 shall be a part of the Common Expense Fund.

9(j) Amendment of Article. This Article 9 shall not be amended unless the Owners of all Condominiums in the Project unanimously consent and agree to such amendment by a duly recorded instrument.

10. INSURANCE

10(a) Types of Insurance. The Association shall obtain and keep in full force and effect at all times the following types of insurance coverage, provided by companies licensed to do business in the State of Utah:

(1) Fire and Casualty Insurance. A policy or policies of insurance on the Project in such amounts as shall provide for replacement thereof in the event of damage or destruction from the casualty against which such insurance is obtained, which insurance shall be in accordance with coverage customarily maintained by other condominium projects similar in construction, design, and use. Such insurance shall include fire and extended coverage, vandalism and malicious mischief, and such other risks and hazards against which the Association shall deem it appropriate to provide insurance protection. The Association may comply with the above requirements by the purchase of blanket coverage and may elect such "deductible" provisions as in the Association's opinion are consistent with good business practice.

(2) Public Liability and Property Damage Insurance. A broad form of comprehensive liability insurance coverage, in such amounts and in such forms as it deems advisable to provide adequate protection against liability for personal injury, death, and property damage. Coverage shall include without limitation, liability for operation of automobiles on behalf of the Association and all activities in connection with the ownership, operation, maintenance and other use of the Project.

(3) Workmen's Compensation Insurance. Workmen's compensation and employer's liability insurance and all other similar insurance with respect to employees of the Association in the amounts and in the forms now or hereafter required by law.

(4) Fidelity Insurance or Bond. Fidelity insurance or a bond in such amounts and in such forms as the Association deems appropriate to cover against dishonesty of employees, destruction or disappearance of money or securities, and forgery.

10(b) Form of Insurance. Insurance coverage on the Project, insofar as possible, shall be in the following form:

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(1) Fire and Casualty Insurance. Fire and casualty insurance in a form or forms naming the Association as the insured, as trustee for the Owners and for the Declarant, whether or not the Declarant is an Owner, and which policy or policies shall specify the interest of each Owner (Owner's name, Unit number, and the appurtenant undivided interest in the Common Areas) and shall contain a standard noncontributory mortgagee clause in favor of each Mortgagee which has given notice to the Association of its Mortgage. The Association shall furnish a certificate of coverage, including an identification of the Owner's interest, to each Owner and to each Mortgagee which requests such in writing.

(2) Public Liability and Property Damage Insurance. Public liability and property damage insurance which names the Association as the insured, as Trustee for each Owner, for the Manager, if any, and for the Declarant, whether or not the Declarant is an Owner, and which protects each Owner, the Manager, if any, and the Declarant against liability for acts or omissions of any of them in connection with the ownership, operation, maintenance or other use of the Project.

(3) Policies. All such insurance policies shall provide the following:

(A) That the insurer shall waive any right of subrogation as to any claims against the Association, the Manager, if any, the Owners, the Declarant, and their respective servants, agents, and guests;

(B) That the policy or policies shall not be cancelled, invalidated or suspended due to the conduct of any one or more individual Owners;

(C) That the policy or policies cannot be cancelled, invalidated or suspended due to the conduct of any trustee, officer or employee of the Association without a prior demand in writing that the Association correct such conduct;

(D) That any "no other insurance" clause in the policy or policies shall not apply to policies of insurance purchased by individual Owners; and

(E) That the policy or policies cannot be cancelled either by the insured or the insurance company until after ten (10) days written notice to the Association, to each Owner, to the Declarant, and to each Mortgagee who has made a written request for such notice.

10(c) Additional Coverage. The provisions of this Declaration shall not be construed to limit the power or authority of the Association to obtain and maintain insurance coverage in addition to any insurance coverage required by this Declaration, in such amounts and in such forms as the Association may deem appropriate.

10(d) Adjustment and Contribution. Exclusive authority to adjust losses under the insurance policies hereafter in force on the Project shall be vested in the Association. In no event shall the insurance coverage obtained and maintained by the Association hereunder be brought into contribution with insurance purchased by individual Owners or their Mortgagees.

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10(e) Owner's Insurance. Notwithstanding the provisions of this Article 10, each Owner may obtain insurance at his own expense providing coverage of his Condominium, his personal property or his personal liability, and covering such other risks as he may deem appropriate; provided that if the insurer under such policy is the insurer under any policy issued pursuant to Sections 10(a) through 10(c) above, any insurance policy obtained by the Owner shall provide that it does not diminish the insurer's obligations of coverage for liability arising under any of the insurance policies obtained by the Association pursuant to this Article. If such insurance obtained by an Owner can be obtained in the normal practice without additional premium charge for a waiver of subrogation rights, then all such insurance shall waive the insurance company's right of subrogation against the Association, other Owners, the Manager, if any, the Declarant, and the servants, agents, and guests of any of them.

10(f) Review of Insurance. The Association shall review annually the coverage and policy limits of all insurance of the Project and shall adjust the same at its discretion. Such annual review may include an appraisal of the improvements in the Project by a representative of the insurer or insurers providing the policy or policies on the Project or such other qualified appraisers as the Association may select.

11. DAMAGE OR DESTRUCTION

11(a) Association as Attorney in Fact. All of the Owners irrevocably constitute and appoint the Association their true and lawful attorney in fact in their name, place and stead for the purpose of dealing with the Project upon its damage or destruction as provided in this Article 11. Acceptance of a deed from the Declarant or from any Owner by any grantee shall constitute an appointment by such grantee of the Association as his attorney in fact as provided herein. As attorney in fact, the Association shall have full and complete authorization, right and power to make, execute and deliver any contract, deed or other instrument with respect to the interest of an Owner which may be necessary or appropriate to exercise the powers granted herein.

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

11(c) Procedures. In the event of damage to or destruction of any part of the Project, the following procedures shall apply:

(1) Estimate of Costs. As soon as possible after an event causing damage to or destruction of any part of the Project, the Association shall obtain complete and reliable estimates of the costs of repair and reconstruction of that part of the Project.

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

(3) Insurance Insufficient - Less than Seventy-five Percent Destroyed. If less than seventy-five percent (75%) of the Project is destroyed or substantially damaged and the proceeds of the insurance maintained by the Association do not equal or exceed the estimated costs to accomplish repair and reconstruction, such repair and reconstruction shall be carried out and all the Owners shall be assessed a special assessment for any deficiency. Such special assessment shall be allocated and collected as provided in Section 9(c) hereof, except that the vote therein specified shall not be necessary. Further assessments may be made in a like manner if the amounts collected prove insufficient to complete the repair and reconstruction.

(4) Insurance Insufficient - Seventy-five Percent or More Destroyed. If seventy-five percent (75%) or more of the Project is destroyed or damaged and the proceeds of the insurance maintained by the Association do not equal or exceed the estimated costs to accomplish repair and reconstruction, the Owners shall be required to vote as to whether to repair and reconstruct the affected improvements. Such vote shall be taken by the Association within one hundred (100) days after the damage or destruction occurs. If the vote is at least seventy-five percent (75%) in favor of repair and reconstruction, such repair and reconstruction shall be accomplished pursuant to a special assessment as provided in subsection (3) above. If the vote is less than seventy-five percent (75%) in favor of repair and reconstruction, the Association shall promptly record with the Iron County Recorder a notice setting forth such facts. Upon the recording of such notice, the provisions of Utah Code Ann. § 57-8-31 shall apply and shall govern the rights of all parties having an interest in the Project or any of the Condominiums.

11(d) Repair and Reconstruction. As soon as possible after receiving estimates of the cost of repair and reconstruction, the Association, if repair and reconstruction is to occur, shall diligently pursue to completion the repair and reconstruction of that part of the Project damaged or destroyed. The Association may take all necessary or appropriate action to effect repair and reconstruction, as attorney in fact for the Owners, and no consent or other action by any Owner shall be necessary in connection therewith. The Project shall be restored or repaired to substantially the same condition in which it existed prior to the damage or destruction, with each Unit and the Common Areas having substantially the same vertical and horizontal boundaries as before such damage or destruction.

11(e) Disbursement of Funds for Repair and Reconstruction. If repair and reconstruction is to occur, then the insurance proceeds held by the Association and any amounts received from assessments made pursuant to this Article 11 shall constitute a fund for the payment of the costs of such repair and reconstruction. It shall be deemed that the first

money disbursed in payment for the costs of such repair and reconstruction shall be made from insurance proceeds; if there is a balance after payment of all of the costs of such repair and reconstruction, such balance shall be distributed to the Owners in proportion to their respective percentages of ownership of the Common Areas.

11(f) Amendment of Article. This Article 11 shall not be amended unless the Owners of all Condominiums in the Project unanimously consent and agree to such amendment by duly executed and recorded instruments.

12. OBSOLESCENCE, SALE OF PROJECT, AND REMOVAL FROM ACT

12(a) Adoption and Funding of Renewal Plan. Owners holding eighty-five percent (85%) or more of the total votes of the Association may agree that the Project is obsolete and adopt a written plan for the renewal and reconstruction of the Project provided that such plan has the unanimous approval of all of the holders of first mortgages on Condominiums in the project of record at the time such plan is adopted. Written notice of adoption of such a plan, together with a copy of the plan, shall be given to all Owners. The expense of renewal and reconstruction shall be payable by all of the Owners as assessments against their respective Condominiums. Such assessments shall be levied in advance and shall be allocated and collected as special assessments pursuant to Section 9(c) above, except that the vote therein specified shall not be necessary. Further assessments may be made in a like manner if the amounts collected prove insufficient to pay all costs of renewal or reconstruction. In the event amounts collected pursuant hereto are in excess of the amounts required for renewal and reconstruction, such excess shall be returned to the Owners by the Association in amounts proportionate to the amount of each Owner's special assessment.

12 (b) Sale of Project. Notwithstanding all other provisions of this Declaration, the Owners may, by an affirmative vote of at least eighty-five percent (85%) of the total votes of the Association, at a meeting of Owners duly called for such purpose, elect to sell or otherwise dispose of the Project. Such action shall be binding upon all Owners and it shall thereupon become the duty of every Owner to execute and deliver such instruments and to perform all acts in such manner and form as may be necessary to effect such sale. The proceeds of any such sale shall be divided among all Owners in proportion to the undivided interest in the Common Areas owned by each respective Owner, as set forth in Exhibit "A" attached hereto, after first paying out of the respective share of each Owner, to the extent sufficient for such purpose, all liens on the interest of such Owner in the Project.

12(c) Removal of Project from Act. Notwithstanding all other provisions of this Declaration, all of the Owners may remove the Project from the provisions of the Condominium Act if (i) the holders of all liens affecting any of the Condominiums consent or agree by duly recorded instruments that their liens be transferred to the percentage of the undivided interest in the Project of the Owner owning the affected Condominium and (ii) all Owners execute an instrument providing for such removal of the Project and such instrument is duly recorded. Upon removal of the Project from the provisions of the Condominium Act the Project shall be deemed to be owned in the common by the Owners. The undivided interest in the Project which shall appertain to each Owner shall be the percentage of

undivided interest owned by such Owner as set forth in Exhibit "A" attached hereto.

12(d) Amendment of Article. This Article 12 shall not be amended unless the Owners of all Condominiums in the Project unanimously consent and agree to such amendment by duly executed and recorded instruments.

13. CONDEMNATION

13(a) Condemnation. If all or any part of the Project is taken or condemned by any public authority under power of eminent domain, the provisions of this Article shall apply. A voluntary sale or conveyance of all or any part of the Project in lieu of condemnation, but under threat of condemnation, shall be deemed to be a taking by power of eminent domain.

13(b) Proceeds. All compensation, damages and other proceeds from any such taking by power of eminent domain (the "condemnation award") shall be made payable to the Association and shall be distributed by the Association as provided herein.

13(c) Complete Taking. In the event the entire Project is taken by power of eminent domain, condominium ownership with respect to the Project shall terminate and the condemnation award shall be allocated among and distributed to the Owners in proportion to their respective undivided interests in the Common Areas. Such distribution shall be made by check payable jointly to the respective Owners and their respective Mortgagees, as appropriate.

13(d) Partial Taking. In the event that less than the entire Project is taken by power of eminent domain, the provisions of this Section 13(d) shall control.

(1) Allocation of Award. As soon as possible, the Association shall, reasonably and in good faith, apportion the condemnation award between compensation, severance damages or other proceeds, and shall allocate such apportioned amounts and pay the same to the Owners as follows:

(A) The total amount apportioned to the taking of or injury to the Common Areas shall be allocated among and distributed to all Owners (including Owners whose entire Units have been taken) in proportion to their respective undivided interests in the Common Areas;

(B) The total amount apportioned to severance damages shall be allocated among and distributed to the Owners of those Condominiums that have not been taken, in proportion to their respective undivided interests in the Common Areas;

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

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

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

(F) Distribution of allocated proceeds shall be made by check payable jointly to the respective Owners and their respective Mortgagees, as appropriate.

(2) Continuation and Reorganization. If less than the entire Project is taken by power of eminent domain, condominium ownership with respect to the Project shall not terminate, but shall continue. If any partial taking results in the taking of an entire Unit, the Owner thereof shall cease to be a member of the Association. The Association shall reallocate the voting rights and the undivided interest in the Common Areas appertaining to such Unit in accordance with Condominium Act. If any partial taking results in the taking of a portion of a Unit and a determination is made by judicial decree with respect to whether the Owner of such Unit shall continue to be an Owner in the Project and/or to what extent such Owner's undivided interest in the Common Areas should be reduced and apportioned among the Owners in the Project, then the Association shall take all steps necessary to effectuate such judicial decree. If any partial taking results in the taking of a portion of a Unit and there is no judicial decree with respect to such matters, then the Association shall determine the fair market value of the portion or portions of the Unit not taken and the undivided interest in the Common Areas appertaining to any such Unit shall be reduced in proportion to the diminution of the fair market value of the Unit resulting from the partial taking. The portion of the undivided interest in the Common Areas thus divested from the owner shall be reallocated among all Units in the Project, including the Unit of which only a portion is taken, in proportion to their undivided interests in the Common Areas, with any Unit, a portion or portions of which are taken, participating therein on the basis of the undivided interest in the Common Areas as reduced. If any partial taking results in the taking of a portion of a Unit such that it is impractical to use the remaining portion of the Unit for any lawful purpose permitted by this Declaration, then the entire undivided interest in the Common Areas appertaining to such Unit shall thenceforth appertain to the remaining Units in the Project, being allocated to such Units in proportion to their respective undivided interests in the Common Areas, and the remaining portion of such partially taken Unit shall thenceforth be a Common Area in the Project.

(3) Reconstruction or Repair. Any reconstruction or repair necessitated by condemnation shall be governed by the procedures specified in Article 11 hereof for cases of damage or destruction.

14. CONVERTIBLE LAND

The Subject Land upon which the Project is situated contains Convertible Land within the Common Areas referred to in Recital B above and as shown on the Map, and Declarant and its successor in interest shall have the right to use such Convertible Land in accordance with the provisions of the Condominium Act and this Article 14.

14(a) Maximum Number of Units. No more than a total of twenty (20) Units may be constructed on all the Convertible Land.

14(b) Restrictions on Use. All Units to be constructed on any Convertible Land in the Project shall be restricted exclusively to residential purposes. All such Units and any Convertible Land upon which Units are not constructed shall be subject to the restrictions on use set forth in Article 6 above.

14(c) Compatibility of Buildings. All Buildings erected on any Convertible Land shall be compatible with all other Buildings in the Project in terms of quality of construction, principal materials used and architectural style.

14(d) Types of Units. The Units to be constructed on the Convertible Land shall be either substantially identical to the Residential Units depicted on the Map or of the types described in Exhibit "C" attached hereto and incorporated herein by this reference, and construction of any Units not described herein shall be prohibited.

14(e) Limited Common Areas and Facilities. Declarant hereby reserves the right to construct within the Convertible Land such Limited Common Areas and Facilities as Declarant or its successor in interest deems proper and desirable. Such Limited Common Areas and Facilities shall be of the same or similar types, sizes and numbers as are or will be constructed and appurtenant to other Units in the Project.

14(f) Time for Conversion. Declarant or its successor may, from time to time, convert all or any portion of any Convertible Land as provided herein, but no such conversion shall occur after five (5) years from the recording of this Declaration.

14(g) Reallocation of Undivided Interests and Votes. At such time as any Convertible Land is to be converted, if any Units have been or are to be constructed within such Convertible Land, the Declarant or its successor, in accordance with the provisions of the Condominium Act, shall execute and record a new or supplemental record of survey map and an amendment to this Declaration, describing the conversion and reallocating the votes and undivided interests in the Common Areas and Facilities on the basis of the par value of such Units. A Unit that is substantially identical to any Residential Unit depicted on the Map shall be assigned the corresponding par value as set forth in Exhibit "A" attached hereto. A Unit of a type described in Exhibit "C" attached hereto shall be assigned the corresponding par value as set forth in Exhibit "C".

15. COMPLIANCE WITH DECLARATION AND BYLAWS

15(a) Compliance. Each Owner shall comply with the provisions of this Declaration, the Articles of Incorporation and Bylaws of the Association, rules and regulations promulgated by the Association, and the decisions and resolutions of the Association adopted pursuant thereto, as the same may be lawfully amended from time to time. Failure to comply with any of the same shall be grounds for an action to recover sums due and for damages or injunctive relief or both, maintainable by the Association, or, in a proper case, by an aggrieved Owner.

15(b) Enforcement and Remedies. The obligations, provisions, covenants, restrictions and conditions contained in this Declaration, or in any Supplemental or Amended Declaration, with respect to the Association or Condominiums within the Project shall be enforceable by the Declarant or by any Owner of a Condominium within the Project subject to this Declaration, by a proceeding for a prohibitive or mandatory injunction. The obligations, provisions, covenants, restrictions and conditions contained in this Declaration, or in any Supplemental or Amended Declaration, with respect to a person or entity or property of a person or entity other than the Association or the Declarant shall be enforceable by the Declarant or the Association by a proceeding for a prohibitive or mandatory injunction or by a suit or action to recover damages or to recover any amount due and unpaid.

16. GENERAL PROVISIONS

16(a) Intent and Purpose. The provisions of this Declaration, and any Supplemental or Amended Declaration, shall be liberally construed to achieve the goal and intent of creating a uniform plan for the development and operation of a condominium project. Failure to enforce any provision, restriction, covenant or condition in this Declaration, or in any Supplemental or Amended Declaration, shall not operate as a waiver of any such provision, restriction, covenant or condition or of any other provisions, restrictions, covenants or conditions.

16(b) Construction. The provisions of this Declaration shall be in addition and supplemental to the Condominium Act and to all other provisions of law. Wherever used herein, unless the context shall otherwise provide, the singular number shall include the plural, the plural shall include the singular, and the use of any gender shall include all genders. The Article and Section headings set forth herein are for convenience and reference only and are not intended to describe, interpret, define or otherwise affect the content, meaning, or intent of this Declaration or any Article, Section, or provision hereof. The provisions hereof shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any one provision or portion thereof shall not affect the validity or enforceability of any other provision hereof.

16(c) Registration of Mailing Address. Each Owner shall register with the Association his current mailing address. All notices or demands intended to be served upon any Owner may be sent by first class U.S. mail, postage prepaid, addressed to the Owner at his registered mailing address, or if no address has been registered, to the Unit of such Owner. All notices or demands intended to be served upon the Association may be sent by first class U.S. registered or certified mail, postage prepaid, addressed to the Association at its offices at the Chalet Village Hotel, Chalet Drive, Brian Head, Utah 84719, or to such other address as the Association may hereafter furnish to the Owners in writing. Any notice or demand referred to in this Declaration shall be deemed given when deposited in the U.S. mail, postage prepaid, addressed as provided herein.

16(d) Audit. At any reasonable time, upon appointment and at his own expense, any Owner may cause an audit or inspection to be made of the books and records maintained by the Association.

16(e) Amendment. Except as otherwise provided herein, this Declaration may be amended if Owners holding at least fifty-one percent (51%) of the total votes in the Association consent and agree to such amendment by instruments which are duly recorded in the office of the County Recorder for Iron County, State of Utah.

16(f) Effective Date. This Declaration shall take effect upon recording.

16(g) Agent for Service. The person to receive service of process in the cases provided by the Condominium Act shall be the then current registered agent of the Association as shown on the corporate records maintained in the office of the Secretary of State of the State of Utah. As of the date of this Declaration of Condominium the registered agent of the Association is Michael G. Golden whose address is Chalet Village Hotel, Chalet Drive, Brian Head, Utah 84719.

16(h) Limitation on Association's Liability. The Association shall not be liable for any failure of water service or other utility service to be obtained and paid for by the Association hereunder, or for injury or damage to any person or property caused by the elements or by another Owner or person in the Project, or resulting from electricity, water, rain, snow, or ice which may leak or flow from outside or from any parts of one of the Buildings, or from any of its pipes, drains, conduits, appliances, or equipment, or from any other place, unless caused by the grossly negligent or intentional act of the Association. No diminution or abatement of any assessments under this Declaration shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs, maintenance, or improvements to the Project or any part thereof, or from any action taken to comply with any law, ordinance, or orders of a governmental authority.

16(i) Owner's Obligations. All obligations of an Owner under and by virtue of the provisions of this Declaration shall continue, notwithstanding that he may be leasing, renting or selling his condominium under contract. The Owner of a condominium within the Project shall have no obligation for expenses or other obligations accruing after he conveys such Condominium.

IN WITNESS WHEREOF, the undersigned Declarant has executed this Declaration as of the date first above written.

CHALET CORPORATION

Jeffery G. Johnston
Jeffery G. Johnston, President

ATTEST:

Pamela Jean Johnston
Pamela Jean Johnston, Secretary

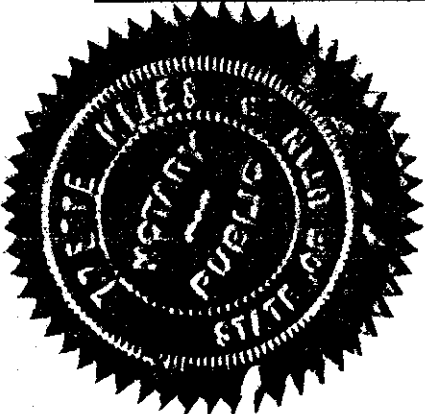
STATE OF UTAH)
 : ss.
COUNTY OF IRON)

On the 9th day of November, 1981, personally appeared before me Jeffery G. Johnston and Pamela Jean Johnston, who being by me duly sworn did say that they are respectively the President and Secretary of CHALET CORPORATION and that the foregoing instrument was signed on behalf of said corporation by authority of its Bylaws or a resolution of its Board of Directors and the said Jeffery G. Johnston and Pamela Jean Johnston acknowledged to me that such corporation executed the same.

Wendie Miles
Notary Public
Residing at: Iron County

My Commission Expires:

12-28-83



882

4231210

EXHIBIT "A"

TO
DECLARATION OF CONDOMINIUM
FOR
CHALET VILLAGE CONDOMINIUMS PHASE A

<u>UNIT NO.</u>	<u>PAR VALUE</u> ¹	<u>UNDIVIDED</u> ² <u>INTEREST</u>	<u>VOTES</u>
1A	2500	4.06%	406
2A	2500	4.06%	406
3A	2500	4.06%	406
4A	2500	4.06%	406
5A	2500	4.06%	406
6A	2500	4.06%	406
7A	2500	4.06%	406
8A	2500	4.06%	406
9A	2500	4.06%	406
10A	2500	4.06%	406
11A	2500	4.06%	406
12A	1500	2.44%	244
13A	1500	2.44%	244
14A	1500	2.44%	244
15A	1500	2.44%	244
16A	1500	2.44%	244
17A	1500	2.44%	244
18A	1500	2.44%	244
19A	1500	2.44%	244
1B	1000	1.62%	162
2B	1000	1.62%	162
3B	1000	1.62%	162
4B	1000	1.62%	162
5B	1000	1.62%	162
6B	1000	1.62%	162
7B	1000	1.62%	162
8B	1000	1.62%	162
9B	1000	1.62%	162
10B	1000	1.62%	162
11B	1000	1.62%	162
12B	1250	2.03%	203
13B	1250	2.03%	203
14B	1250	2.03%	203
15B	1250	* 2.03%	203
16B	1250	2.03%	203
17B	1250	2.03%	203
18B	1250	2.03%	203
19B	1250	2.03%	203
1C	100	0.16%	16
2C	100	0.16%	16
3C	100	0.16%	16
4C	100	0.16%	16
5C	100	0.16%	16
6C	100	0.16%	16
7C	100	0.16%	16
8C	100	0.16%	16
9C	100	0.16%	16
10C	100	0.16%	16
11C	100	0.16%	16
<u>TOTALS</u>	<u>61,600</u>	<u>100%</u>	<u>1000</u>

Exhibit "A", Continued:

¹ Par value has been determined on the basis of sizes, heights above the ground, views, amenities, permissible uses and other characteristics that might result in differences in market value, but should not be deemed to reflect or control the sales price or fair market value of any Unit.

² Undivided interest percentages have been computed on the basis of the par values, as shown above, and rounded off.

EXHIBIT "B"

TO
DECLARATION OF CONDOMINIUM
FOR
CHALET VILLAGE CONDOMINIUMS PHASE A

885

4231210

EXHIBIT "C"

TO
DECLARATION OF CONDOMINIUM
FOR
CHALET VILLAGE CONDOMINIUMS PHASE A

<u>TYPES OF UNITS</u>				<u>PAR VALUES</u> ¹
<u>Bedrooms</u>	<u>Baths</u>	<u>Loft</u>	<u>Garage</u>	
1	1	No	No	1500
1	1	No	Yes	1750
2	2	No	Yes	2000
1	2	Yes	Yes	2000
2	2	Yes	No	2500
2	3	Yes	Yes	2750
3	3	Yes	No	3000

¹Par value has been determined on the basis of sizes, heights above the ground, views, amenities and other characteristics that might result in differences in market value, but should not be deemed to reflect or control the sales price or fair market value of any Unit.

EXHIBIT "D"

TO
DECLARATION OF CONDOMINIUM
FOR
CHALET VILLAGE CONDOMINIUMS PHASE A

Legal Description of the Subject Land:

Beginning at a point which is North 1237.59 feet and East 763.84 feet from the Southwest corner of Section 2, Township 36 South, Range 9 West, Salt Lake Base and Meridian; and running thence N33°15'14" E, 16.00 feet; thence along the arc of a curve to the left, radius point for said curve bears N 0°45'00" W, 25.00 ft. a distance of 48.87 ft. thence N 33°15'14" E, 224.26 ft; thence N 33°15'14" E, 291.71 ft. along the Southeasterly line of Chalet Village Resort Condominiums Phase I, and parallel to the Westerly line of Highway U-143 thence S 76°22'48" E, 22.18 ft, thence along the arc of a curve to the right having a radius of 28.53 ft. a distance of 26.15 ft; thence S 23°51'23" E, 19.53 ft; thence along the arc of a curve to the right having a radius of 88.70 ft. a distance of 43.17 ft; thence S 04°01'39" W, 110.26 ft; thence along the arc of a curve to the right having a radius of 24.68 ft. a distance of 12.93 ft. to a P.R.C. thence along the arc of a curve to the left having a radius of 94.08 ft. a distance of 29.56 ft; thence S 16°02'10" W. 30.55 ft; thence along the arc of a curve to the left having a radius of 643.87 ft. a distance of 81.41 ft; thence S 08°47'30" W, 62.53 ft; thence along the arc of a curve to the left radius point bears N 81°12'30" W, 10.96 ft. a distance of 30.47 ft. thence S 29°30'00" W, 248.73 ft, thence N 52°07'27" W, 212.73 ft. to the point of beginning. TOGETHER WITH a 24' wide utility and roadway easement the center line of which is described as follows:

Beginning at a point which is North 1114.12 ft. and East 1055.47 ft. from the Southwest corner of Section 2, Township 36 South, Range 9 West, SLM; (said point being on the Westerly r/w line of U-143) and running thence N 08°47'30" E, 265.35 ft; thence along the arc of a curve to the right having a radius of 631.87 ft. a distance of 79.89 ft; thence N 16°02'10" E. 30.55 ft; thence along the arc of a curve to the right having a radius of 82.08 ft, a distance of 25.79 ft. to a P.R.C. thence along the arc of a curve to the left having a radius of 36.68 ft. a distance of 19.21 ft; thence N 04°01'39" E, 110.26 ft; thence along the arc of a curve to the left having a radius of 100.70 ft. a distance of 49.01 ft. thence N 23°51'23" W, 19.53 ft; thence along the arc of a curve to the left, having a radius of 40.53 ft. a distance of 37.15 ft; thence N 76°22'48" W, 25.19 ft; thence N 56°44'46" W, 26.13 ft. to the end of said utility and roadway easement. SUBJECT TO a t.v. dish and utility easement described as follows: Beginning S 31°15'46" W, 66.67 ft. from the most Southerly corner of Chalet Village Resort Condominiums, Phase II boundary, Brianhead, Iron County, Utah; thence S 04°01'39" W, 51.57 ft. along the West line of an existing 24 ft. wide utility and roadway easement; thence N 72°49'05" W, 22.42 ft; thence N 6°01'32" E, 32.36 ft; thence N 48°47'00" E, 18.31 ft; thence N 86°52'39" E, 7.89 ft. to the point of beginning.

Exhibit "D", Continued
(Legal Description of the Subject Land)

EXCEPTING THEREFROM the following described parcel: Beginning S 33°15'14" W, 102.66 ft. and S 79°40'09" E, 75.67 ft. from the most Southerly corner of Chalet Village Resort Condominiums, Phase I, Brianhead, Iron County, Utah; thence N 27°45'00" E, 87.00 ft; thence S 62°29'11" E, 96.50 ft; thence S 37°18'14" W, 77.00 ft; thence S 29°30'00" W, 12.84 ft; thence N 80°30'32" W, 78.71 ft; thence N 9°29'28" E, 27.41 ft. to the point of beginning. TOGETHER WITH an ingress and egress easement over Chalet Village Resort Condominiums, Phase A.

SUBJECT TO an easement described as follows: Beginning S 33°15'14" W, 281.71 ft. and S 52°07'27" E, 168.26 ft. from the most Southerly corner of Chalet Village Resort Condominiums, Phase I, Brianhead, Iron County, Utah; thence N 29°30'00" E, 242.25 ft; thence N 37°18'14" E, 141.44 ft. to the P.C. of a curve to the left (radius point for said curve bears S 73°57'50" E, 643.87 ft.), a distance of 81.41 ft; thence S 8°47'30" W, 62.53 ft; thence along the arc of a curve to the left radius point for said curve bears N 81°12'30" W, 10.96 ft., a distance of 30.47 ft; thence S 29°30'00" W, 248.73 ft; thence N 52°07'27" W, 44.47 ft. to the point of beginning.

* * *

EXHIBIT "E"

TO
DECLARATION OF CONDOMINIUM
FOR
CHALET VILLAGE CONDOMINIUMS PHASE A

Legal Description of the Convertible Land:

CONVERTIBLE LAND I

Beginning at the most W'ly corner of Chalet Village Resort Condominiums, Phase A, Brianhead, Iron County, Utah; thence along the W'ly boundary line N 33°15'14" E, 16.00 ft; thence along the arc of a curve to the left, radius point for said curve bears N 0°45'00" W, 25.00 ft. a distance of 47.12 ft; thence S 79°56'22" E, 94.87 ft. along the south exterior building wall of Condominium #A; thence S 9°29'28" W, 45.80 ft; thence S 80°30'32" E, 59.84 ft. along the south exterior building wall of Condominium building #B; thence S 29°30'00" W, 89.73 ft; thence N 52°07'27" W, 168.26 ft. along the S'ly boundary line of said Chalet Village Resort Condominiums, Phase A, to the point of beginning. Containing 0.2864 acres of land.

CONVERTIBLE LAND II

Beginning N 33°15'14" E, 134.33 ft. along the W'ly boundary line of Chalet Village Resort Condominiums, Phase A, Brianhead, Iron County, Utah, from the most W'ly corner of said Chalet Village Resort Condominiums, Phase A; running thence N 33°15'14" E, 44.72 ft. along said boundary line; thence S 79°50'09" E, 75.67 ft. along the North exterior building wall of Condominium building #C; thence S 9°29'28" W, 27.41 ft; thence S 80°30'32" E, 78.71 ft; thence S 29°30'00" W, 37.25 ft; thence N 80°30'32" W, 81.88 ft. along the North exterior building wall of Condominium building #B; thence N 9°29'28" E, 21.59 ft; thence N 79°56'22" W, 77.77 ft. along the North exterior building wall of condominium building #A to the point of beginning. Containing 0.1458 acres of land.

CONVERTIBLE LAND III

Beginning N 33°15'14" E, 283.68 ft. along the W'ly boundary line of Chalet Village Resort Condominiums, Phase A, Brianhead, Iron County, Utah, from the most W'ly corner of said Chalet Village Resort Condominiums, Phase A; running thence N 33°15'14" E, 48.67 ft. along the E'ly line of Chalet Village Resort Condominiums, Phase I; thence S 75°35'20" E, 75.48 ft. along a southerly exterior building wall of condominium building #D; thence S 27°40'37" W, 41.09 ft; thence N 79°50'09" W, 82.00 ft. along the north exterior building wall of condominium building #C to the point of beginning. Containing 0.0768 acres of land.

Exhibit "E", Continued
(Legal Description of the Convertible Land).

CONVERTIBLE LAND IV

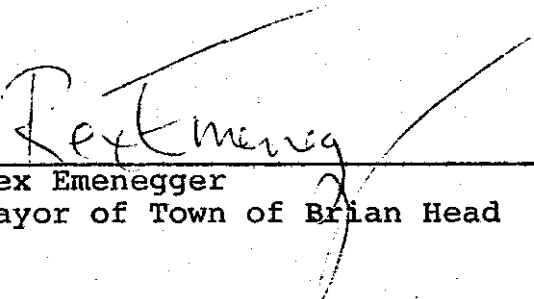
Beginning N 33°15'14" E, 457.38 ft. along the W'ly boundary line of Chalet Village Resort Condominiums, Phase A, Brianhead, Iron County, Utah, from the most W'ly corner of said Chalet Village Resort Condominiums, Phase A; thence N 33°15'14" E, 116.04 ft. along the E'ly line of Chalet Village Resort Condominiums, Phase I; thence along the NE'ly boundary line of said Chalet Village Resort Condominiums, Phase A, as follows: S76°22'48" E, 22.18 ft; thence along the arc of a curve to the right having a radius of 28.53 ft, a distance of 26.15 ft; thence S 23°51'23" E, 19.53 ft; thence along the arc of a curve to the right having a radius of 88.70 ft. a distance of 14.50 ft; thence departing from the NE'ly boundary line of said Chalet Village Resort Condominiums, Phase A, S 48°47'00" W, 61.12 ft; thence S 27°40'37" W, 22.00 ft; thence N 75°35'20" W, 63.00 ft. along the North exterior building wall of condominium building #D to the point of beginning. Containing 0.1608 acres of land.

* * * *

TOWN OF BRIAN HEAD: APPROVAL

The foregoing Declaration of Condominium for Chalet Village Resort Condominiums Phase A, consisting of 27 pages and Exhibits A, B, C, D, and E, is hereby given final approval by the Town of Brian Head, Utah, by and through the signature of Rex Emenegger, Mayor.

DATED this 9 day of November, 1981.



Rex Emenegger
Mayor of Town of Brian Head

ATTEST:



Town Recorder