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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF
VINE STREET EAST CONDOMINIUM PROJECT
(AN EXPANDABLE CONDOMINIUM)

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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF
VINE STREET EAST CONDOMINIUM PROJECT
[An Expandable Condominium]

This Declaration of Covenants, Conditions and Restrictions, hereinafter called "Declaration", is made and executed in Salt Lake County, Utah, this 12 day of June, 1979, by Callrex, Inc., a Utah corporation, hereinafter called "Declarant", for itself, its successors, grantees and assigns, pursuant to the provisions of the Utah Condominium Ownership Act, Utah Code Annotated, §57-8-1, et seq., (1953 as amended), hereinafter referred to as "Condominium Ownership Act" or "Act".

1. RECITALS.

1.1 Declarant is the owner of certain land located in Salt Lake County, Utah, hereinafter referred to as the "Land" and more particularly described in Exhibit A of this Declaration, which is attached hereto and made a part hereof.

1.2 The aforesaid property consists of the land above described, together with certain residential buildings and certain other improvements heretofore or hereafter to be constructed upon said premises.

1.3 Declarant has constructed or will construct residential buildings and other improvements upon the aforesaid premises in accordance with the plans and drawings set forth in the Record of Survey Map filed concurrently herewith, consisting of five sheets, prepared and certified by Edward Jenkins, a duly registered Utah Land Surveyor.

1.4 Declarant desires by filing this Declaration and the aforesaid Record of Survey Map, to submit the above-described real property and the said buildings and other improvements being constructed or to be constructed thereon to the provisions of the Utah Condominium Ownership Act as a Condominium Project known as Vine Street East Condominium Project.

1.5 Declarant desires and intends to sell the fee title to the individual units contained in said Condominium Project, together with an undivided ownership interest in the Common Areas and Facilities appurtenant thereto, to various purchasers, subject to the covenants, conditions and restrictions herein reserved to be kept and observed.

1.6 Declarant desires and intends by filing this Declaration and the Record of Survey Map to submit the property to the provisions of the aforesaid Act as a condominium property and to impose upon said property mutually beneficial restrictions under a general plan of improvement for the benefit of said property and the owners thereof.

1.7 The Declarant intends to develop the above Condominium Project in phases, with the first phase consisting of 26 units constructed on the Land, and the subsequent phases to be built on land contiguous with and adjacent to the land included in the first phase, with the total

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number of units and such other provisions as contained in this Declaration. It is Declarant's intent to subject the Additional Land and units as so developed into the Vine Street East Condominium Project by the filing of such supplemental Declarations and Survey Maps as are necessary to accomplish that purpose.

2. SUBMISSION.

Declarant hereby makes the following Declaration and submits the Land and units constructed thereon to the Act. The Land and units shall be held, conveyed, hypothecated, encumbered, leased, rented, used, occupied and improved subject to the following covenants, conditions, restrictions, uses, limitations and obligations, all of which are declared and agreed to be in furtherance of a plan for the improvement of said Land, and shall be deemed to run with the land and shall be binding upon Declarant, its successors and assigns, and any person acquiring or owning an interest in the Condominium Project, their grantees, successors, heirs, executors, administrators, devisees and assigns.

3. NAME OF THE CONDOMINIUM PROPERTY.

The name by which the Condominium Property shall be known is "Vine Street East Condominium Project."

4. DEFINITIONS.

The terms used herein shall have the meaning indicated. Any term used herein which is defined by the Act shall, to the extent permitted by the context hereof, have the meaning ascribed by the Act.

4.1 "Declarant" shall mean Callrex, Inc., a Utah corporation, which has made and executed this Declaration.

4.2 The term "the Act" shall mean and refer to the Utah Condominium Ownership Act, Utah Code Annotated, §§57-8-1, et seq., as amended and expanded by Laws of Utah 1975, Chapter 173.

4.3 The term "Condominium" shall mean and refer to the ownership of a single unit in this Condominium Project, together with an undivided interest in Common Areas and Facilities of the Property.

4.4 The term "Land" shall mean, refer to and consist of the property described in Exhibit A and submitted to the Condominium Project by this Declaration, together with each and every portion of the Additional Land which is added to the Project in accordance with law and the provisions of this Declaration.

4.5 The term "Additional Land" shall mean, refer to and consist of the parcel of real property described in Exhibit C of this Declaration. A description of the Additional Land is set forth in this Declaration solely for purposes of identification. This Declaration is not intended as and should not be deemed to constitute any lien,

encumbrance, restriction or limitation upon any portion of the Additional Land unless and until such portion is added to the Project in accordance with law and the provisions hereof.

4.6 The term "Declaration" shall mean this instrument by which the Vine Street East Condominium Project is established, together with any supplements thereto.

4.7 The term "property" shall mean and include the land, the buildings, all improvements and structures thereon, all easements, rights and appurtenances belonging thereto, and all articles of personal property intended for use in connection therewith.

4.8 The term "Condominium Project" or "Project" shall mean and refer to the entire real estate condominium project referred to in this Declaration.

4.9 The term "Map" shall mean and refer to the Record of Survey Map of Vine Street East Condominium Project, recorded herewith by Declarant in accordance with Utah Code Annotated, §57-8-13 (1953 as amended), together with any supplements thereto.

4.10 The term "unit" shall mean that part of the property owned in fee simple for independent use and shall include the elements of the condominium property which are not owned in common with the owners of other units as shown on the map.

4.11 The term "unit owner" shall mean the person or persons owning a unit in fee simple and an undivided interest in the fee simple estate of the Common Areas and Facilities in the percentage specified and established in the Declaration.

4.12 The term "unit owners" shall mean and refer to unit owners of the Vine Street East Condominium Project, and of the future phases which Declarant may develop, and include the original purchasers and others who may subsequently become unit owners.

4.13 The term "Association of Unit Owners" or "Association" shall mean and refer to all of the unit owners acting as a group in accordance with the Act and this Declaration.

4.14 The term "unit number" shall mean and refer to the number, letter or combination thereof which designates a unit in the Declaration and on the Record of Survey Map.

4.15 The terms "majority" or "majority of the unit owners" shall mean the owners of more than 50 percent in the aggregate in interest of the undivided ownership of the Common Areas and Facilities.

4.16 The term "Management Committee" or "Committee" shall mean and refer to a committee composed of persons duly elected thereto by the Association of Unit Owners, as provided in this Declaration. Said committee is charged

with and shall have the responsibility and authority to make and to enforce all of the reasonable rules and regulations covering the operation and maintenance of the property.

4.17 The term "Manager" shall mean and refer to the person, persons or corporation selected by the Management Committee to manage the affairs of the Condominium Project.

4.18 The term "Common Areas and Facilities" or "Common Areas" shall mean and refer to:

A. The land described in paragraph 5.1 hereof.

B. That portion of the condominium project not specifically included in the respective units as herein defined.

C. All foundations, columns, girders, beams, supports, main walls, roof, exterior walkways, parking areas, service streets, stalls and social center, recreational areas and facilities, yards, gardens, fences, all installations of power, light and other utilities to the outlets, and in general all other apparatus, installations and other parts of the property necessary or convenient to the existence, maintenance and safety of the common area, or normally in common use.

D. Those Common Areas and Facilities specifically set forth and designated as such in the Map.

E. All Common Areas and Facilities as defined in the Act, whether or not expressly listed herein, except that portion of the Condominium Project included in the respective units.

4.19 The term "Limited Common Areas and Facilities" shall mean and refer to those common areas and facilities designated in the Declaration and the Map as reserved for use of a certain unit or units to the exclusion of the other units, including but not limited to balconies, patios and parking spaces designated in the Map.

4.20 The term "Common Expenses" shall mean and refer to all expenses of administration, maintenance, repair or replacement of the Common Areas and Facilities; to all items, things and sums described in the Act which are lawfully assessed against the unit owners in accordance with the provisions of the Act, this Declaration, such rules and regulations pertaining to the Condominium Project as the Association of Unit Owners or the Management Committee may from time to time adopt, and such determinations and agreements lawfully made and/or entered into by the Management Committee.

4.21 The term "mortgage" shall mean and include both a first mortgage on any condominium and a first deed of trust on any condominium.

4.22 The term "mortgagee" shall mean and include both a mortgagee under a first mortgage of any condominium and a beneficiary under a first deed of trust on any condominium.

4.23 Those definitions contained in the Act, to the extent they are applicable to and not inconsistent herewith, shall be and hereby are incorporated herein by reference and shall have the same effect as if expressly set forth herein and made a part hereof.

5. DESCRIPTION OF PROPERTY.

5.1 Description of Land. The land on which the Vine Street East Condominium Project is located is that tract or parcel of land in Salt Lake County, State of Utah, more particularly described in Exhibit A of this Declaration, together with those tracts of land described in Exhibit C of this Declaration, which are incorporated into and become subject to the provisions of this Declaration as provided herein.

5.2 General Description of Buildings. The buildings constituting a part of this condominium project are six in number and are identified in relationship to each other in the Map. The total number of units in each building and the number of bedrooms which each unit contains are specified in Exhibit B which is attached hereto. The number of levels or floors in each such unit is shown in the Map. All buildings will consist of wood frame structures, together with an exterior composite of brick. Each unit is designed for use as a single-family residence, and has the exclusive right to use and occupy the garage reserved for each unit as shown in the Map. All other details involving the respective descriptions and locations of the buildings and a statement of the number of stories, number of units and the principal materials of which each building is or is to be constructed and other like details are set forth in the Map which is simultaneously filed of record and incorporated herein by reference.

5.3 Description of Units. Each unit shall consist of:

A. The space enclosed within the undecorated interior surface of its perimeter walls, floors and ceilings (being in appropriate cases the inner surfaces parallel to the roof plane of the roof rafters, and the projections thereof) projected, where appropriate, to form a complete enclosure of space.

B. Any finishing material applied or affixed to the interior surfaces of the perimeter walls, floors and ceiling, including without limitation paint, lacquer, varnish, wallpaper, tile and paneling.

C. Non-supporting interior walls.

D. Windows and doors in the perimeter walls, whether located within the bounds of a unit or not, but not including any space occupied thereby to the extent located outside the bounds of the units.

E. All utility pipes or lines or systems, and fixtures or appliances connected thereto, servicing a single unit or connecting a single unit to a main or central utility, whether located within the bounds of the unit or not, but not including any space occupied thereby to the extent located outside the bounds of the unit.

F. Units forming a part of the condominium property are more particularly described in the Map, which shows graphically all the particulars of the buildings; without limiting the generality of the foregoing, the unit designations, location and number of bedrooms are set forth in Exhibit B attached hereto.

G. Each unit has immediate access to the Common Areas or Facilities or Limited Common Areas and Facilities contiguous to the building in which such unit is located.

H. Every contract for the sale of a unit and every other instrument affecting title to a unit may describe that unit by its identifying number or symbol as designated in the Map or Maps with the appropriate reference to the Map(s) and to the Declaration, as each shall appear on the records of the County Recorder of Salt Lake County, Utah. Such description will be construed to describe the unit, together with the appurtenant undivided interest in the Common Areas and Facilities, and to incorporate all the rights incident to ownership of a unit and all the limitations on such ownership as described in this Declaration, including all appurtenant undivided interests and all rights and limitations arising as a result of an expansion of the project pursuant to paragraph 25 of this Declaration.

5.4 Description of Common Areas and Facilities.
The Common Areas and Facilities shall consist of all parts of the condominium property except the units. Without limiting the generality of the foregoing, the Common Areas and Facilities shall include the following, whether located within the bounds of a unit or not:

A. All structural parts of the building, including without limitation foundations, columns, joists, beams, supports, supporting walls, floors, ceiling and roofs.

B. Patios, yards, courts and driveways which are not Limited Common Areas and Facilities as defined herein.

C. The roadways contained therein, provided that such roadways shall cease to be part of the Common Areas and Facilities when and if dedicated to public use with the consent of the Association of Unit Owners and accepted by the public authority having jurisdiction.

D. Any utility pipe or line or system servicing more than a single unit, and all ducts, wires, conduits and other accessories used therewith, but excluding any

pipe or line or accessory connecting a single unit to a main or central pipe or line or system or to a pipe or line or system servicing more than a single unit.

E. All other parts of the condominium property necessary or convenient to its existence, maintenance and safety, or normally in common use, or which have been designated as Common Areas and Facilities in the drawings.

F. The Limited Common Areas and Facilities hereinafter described.

G. All repairs and replacements of any of the foregoing.

5.5 Description of Limited Common Areas and Facilities. Each unit owner is hereby granted an irrevocable license to use and occupy the Limited Common Areas and Facilities reserved exclusively for the use of his unit, which shall consist of all the Common Areas and Facilities, including but not limited to a balcony and/or patio, yard, and a garage and driveway which are intended for the exclusive service of the unit, the use and occupancy of which shall in each case be limited to such unit.

6. STATEMENT OF PURPOSES, USE AND RESTRICTIONS.

6.1 Purposes. The purposes of the condominium property are to provide housing and recreational facilities for the unit owners and their respective families, tenants, guests and servants.

6.2 Restrictions on Use. The units and Common Areas and Facilities shall be used and occupied as follows:

A. No part of the condominium property shall be used for other than housing and the related common purposes for which the condominium property was designed. Each unit shall be used and occupied as a residence for a single family and for no other purpose.

B. There shall be no obstruction of the Common Areas and Facilities nor shall anything be stored in the Common Areas and Facilities without the prior written consent of the Management Committee, except as is otherwise provided herein.

C. Nothing shall be done or kept in any unit or in the Common Areas and Facilities which will increase the rates of insurance on the buildings or contents thereof beyond that customarily applicable for residential use, without the prior written consent of the Management Committee. No unit owner shall permit anything to be done or kept in his unit or in the Common Areas and Facilities which will result in the cancellation of insurance on any building, or the contents thereof, or which would be in violation of any law or regulation of any governmental authority. No waste shall be committed in the Common Areas and Facilities.

D. No unit owner shall cause or permit anything (including without limitation a sign, awning, canopy, shutter, storm door, screen door, radio or television antenna) to hang, be displayed or otherwise affixed to or placed on the exterior walls or roof or any part thereof, or the outside of windows or doors, without the prior written consent of the Management Committee.

E. No animals or birds of any kind shall be raised, bred or kept in any unit or in the Common Areas and Facilities, except that dogs, cats and other household pets may be kept in units, subject to the rules adopted by the Association of Unit Owners, provided that they are not kept, bred or maintained for any commercial purpose; and provided further that any such pet causing or creating a nuisance or disturbance shall be permanently removed from the condominium property upon ten days written notice from the Management Committee.

F. No noxious or offensive activity shall be carried on in any unit or in the Common Areas and Facilities, nor shall anything be done therein, either willfully or negligently, which may be or become an annoyance or nuisance to the other unit owners or occupants.

G. Nothing shall be done in any unit or in, on or to the Common Areas and Facilities which will impair the structural integrity of the buildings or any part thereof, or which would structurally change the buildings or any part thereof, except as is otherwise provided herein.

H. No clothes, sheets, blankets, laundry of any kind or other articles shall be hung out or exposed on any part of the Common Areas and Facilities, except in a patio court in such manner as not to be visible except from the unit for which such courtyard is reserved. The Common Areas and Facilities shall be kept free and clear of all rubbish, debris and other unsightly materials.

I. Except in a patio court in such manner as not to be visible except from the unit for which such court is reserved, or (subject to the rules) on driveways or in other areas specifically designed and intended for such purposes, there shall be no playing, lounging or parking or placing of baby carriages, playpens, bicycles, wagons, toys, vehicles, benches or chairs in or on any part of the Common Areas and Facilities.

J. No industry, business, trade, occupation or profession of any kind, whether for commercial, religious, educational, charitable or other purposes shall be conducted, maintained, or permitted on any part of the condominium property, except such as may be permitted by the Management Committee and subject to the rules, nor shall any "For Sale" or "For Rent" signs or other window displays or advertising be maintained or permitted by any unit owner on any part of the condominium property or in any unit therein, except that:

(i) The Declarant may perform or cause to be performed such work as is incident to the completion of the development of the condominium property, or to the sale or lease of units owned by the Declarant;

(ii) The Declarant or its agent may place "For Sale" or "For Rent" signs on any unsold or unoccupied units and may place such other signs on the condominium property as may be required to facilitate the sale or lease of unsold units;

(iii) The Association of Unit Owners or the Management Committee or its agent or representative may place "For Sale" or "For Rent" signs on any unit or on the condominium property for the purpose of facilitating the disposal of units by any unit owners, mortgagee or the Association of Unit Owners; and

(iv) A unit owner with respect to a unit, and the Association of Unit Owners or Management Committee or its agent or representative with respect to the Common Areas and Facilities, may perform or cause to be performed any maintenance, repair or remodeling work, or other work, required or permitted by this Declaration.

7. OWNERSHIP AND USE.

7.1 Ownership of a Unit. Except with respect to any of the Common Areas and Facilities located within the bounds of a unit, each unit owner shall be entitled to the exclusive ownership and possession of his unit and to the ownership of an undivided interest in the Common Areas and Facilities in the percentage expressed in Exhibit B hereof.

7.2 Prohibition Against Subdivision of a Unit. No unit owner shall, by deed, plat, lease or otherwise, subdivide or in any manner cause his unit to be separated into tracts or parcels smaller than the whole unit as shown on the Map.

7.3 Ownership of Common Areas and Facilities. The Common Areas and Facilities shall be owned by the unit owners as tenants in common, and ownership thereof shall remain undivided. No action for partition of any part of the Common Areas and Facilities shall be maintainable, except as specifically provided in the Utah Condominium Ownership Act, nor may any unit owner otherwise waive or release any rights in the Common Areas and Facilities.

7.4 Use of Common Areas and Facilities. Except with respect to Limited Common Areas, each unit owner may use the Common Areas and Facilities in accordance with the purposes for which they are intended, but subject to this Declaration, such right of use shall be appurtenant to and run with his unit.

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7.5 Interest in Common Areas and Facilities. The percentage of interest in the Common Areas and Facilities of each unit has been determined by the Declarant on the basis of size in accordance with the Utah Condominium Ownership Act, §57-8-7, U.C.A., which percentages are contained in Exhibit B hereof. The square footage figures set forth in Exhibit B include floor space of finished areas; unfinished basements and attics are not included. The size of additional units shall be similarly determined in calculating the interest of all units in the project's Common Areas and Facilities.

7.6 Use of Limited Common Areas and Facilities. A unit owner's use and occupancy of the Limited Common Areas and Facilities reserved for his unit shall be subject to and in accordance with this Declaration. Each unit owner shall maintain the patio and/or balcony, garage and driveway, the use of which is reserved for his unit. The Association of Unit Owners shall maintain the remainder of the Limited Common Areas and Facilities.

8. AGENT FOR SERVICE OF PROCESS.

The name and address of the person in Salt Lake County, State of Utah, appointed as the first agent to receive service of process in matters pertaining to the property as provided under the Utah Condominium Ownership Act is:

L. Rex Andersen
345 East 4500 South, Suite F
Salt Lake City, Utah 84107

The agent may be changed from time to time by filing appropriate instruments.

9. PERCENTAGE OF OWNERSHIP AND VOTING RIGHTS.

The percentage of ownership in the Common Areas and Facilities of the Project shall be for all purposes, including voting. The common expenses shall be allocated among the unit owners in accordance therewith. The percentage of ownership in the Common Areas and Facilities shall be as set forth in Exhibit B, provided, however, that Declarant shall have the right and authority to alter such percentage if and when the supplemental Declarations and the Record of Survey Maps for the subsequent phases are recorded, it being the intent that the aggregate percentage of ownership in the Common Areas and Facilities of all phases shall equal 100 percent. For that purpose, Declarant does hereby irrevocably reserve the right, power and authority to amend or supplement this Declaration upon said instruments creating subsequent phases being recorded. Upon such amendment being made and recorded, the percentage of ownership in the Common Areas and Facilities shall be finally fixed.

10. EASEMENTS.

10.1 The Management Committee may hereafter grant easements for utility purposes for the benefit of the condominium property, including the right to install, lay, maintain, repair and replace water mains and pipes, sewer lines,

gas mains, telephone wires and equipment, and electrical conduits and wires over, under, along, on and through any portion of the Common Areas and Facilities.

10.2 An easement in favor of each unit owner is hereby established to permit such owner to attach draperies, pictures, mirrors and like decorations and furnishings to the interior surfaces of the perimeter and interior walls and ceilings, consistent with rules and regulations established by the Management Committee.

10.3 Each unit shall be subject to such easement as may be necessary for the installation, maintenance, repair or replacement of any Common Areas and Facilities located within the boundaries of such unit.

10.4 In the event that by reason of the construction, reconstruction, settlement or shifting of any building, any part of the Common Areas and Facilities encroaches or shall thereby encroach upon any part of the Common Areas and Facilities or any other unit, valid easements for such encroachment and the maintenance of such encroachment are hereby established and shall exist for the benefit of such unit and the Common Areas and Facilities, as the case may be, so long as all or any part of the building containing any such unit shall remain standing; provided, however, that in no event shall a valid easement for any encroachment be created in favor of any unit owner or in favor of the unit owners as owners of the Common Areas and Facilities if such encroachment occurred due to the willful conduct, negligent act or omission of such unit owner or owners.

10.5 A non-exclusive easement is hereby reserved to the Declarant and to its successors and assigns to use the paved portion of the private streets within the tract described in Exhibit A and shown on the Map, for purposes of ingress and egress from the additional property described in Exhibit C hereof, on foot or by vehicle, subject to the same regulations as are contained in this Declaration and in the rules; provided, however, that the management, maintenance (including snow removal), repair and replacement of said paved portion as a part of the Common Areas and Facilities shall be entirely the responsibility of the Association, which shall have the sole authority in such matters exercisable in the full discretion of the Association pursuant to and in accordance with this Declaration, and the Declarant and its successors and assigns shall have no responsibility or authority with respect thereto; and to connect to any water mains and pipes, sewer lines, gas mains, telephone wires and equipment, and electrical conduits and wires, and any other utility facilities and appurtenances over, under, along and through any portion (paved or unpaved) of the Common Areas and Facilities occupied by the private streets designated in the Map for purposes of providing utility services of all kinds for the additional property described in Exhibit C hereof, without any payment or other obligation to the Association of Unit Owners, but subject to such statutes, ordinances, regulations, rules or other action that may from time to time be adopted by public authority or any utility owning or controlling any such mains, pipes, lines, wires, equipment, conduits, facilities or appurtenances.

The easement hereby reserved shall terminate:

A. In the event the private street designated in the Map shall become a public street affording access to and from the additional property; or

B. In the event the additional property becomes incorporated into the Condominium Project.

11. MANAGEMENT.

11.1 The business, property and affairs of Vine Street East Condominium Project, including all subsequent phases, shall be managed by a Management Committee consisting of five members who are officers or agents of Declarant or unit owners in the project, said members to be elected as provided hereafter. Such Management Committee shall have all the powers, duties and responsibilities as are now or may hereafter be provided by the Act, this Declaration and/or any amendments subsequently filed thereto; provided, however, that the Management Committee may engage the services of a professional manager and fix and pay a reasonable fee or compensation therefor, and further provided that any agreement for professional management of the Project which may be entered into by the Committee or the Association shall provide for a term not exceeding three (3) years and shall provide that without cause and without payment of a termination fee, such management agreement may be terminated by the Committee or Association upon not in excess of ninety (90) days written notice. Notwithstanding anything herein contained to the contrary, Declarant alone shall be entitled to select three Management Committee members as set forth herein until the first of the following occurs: (a) Declarant, at its option, terminates said right by written notice to all owners, (b) the expiration of six years from the original recording of this Declaration, or (c) all the Additional Land has been added to the Condominium Project or Declarant ceases to be a unit owner whichever occurs last.

11.2 The Management Committee shall be responsible for the control, operation and management of the Project in accordance with the provisions of the Act, this Declaration and such administrative, management and operational rules and regulations as it may adopt from time to time as herein provided, and all agreements and determinations lawfully made and entered into by the Committee. The Committee shall, in connection with its exercise of any of the powers delineated in subparagraphs (A) through (I) below, constitute a legal entity capable of dealing in its Committee name. The Management Committee shall have, and is hereby granted, the following authority and powers (all of which are, however, subject to any specific restrictive provisions of this Declaration):

A. The authority, without the vote or consent of the units owners or of any other person(s), to grant or create, on such terms as it deems advisable, reasonable utility and similar easements over, under, across and through the Common Areas and Facilities.

B. The authority to execute and record, on behalf of all the units owners, any amendment to the Declaration or Record of Survey Map which has been approved by

the vote or consent necessary to authorize such amendment.

C. The power to sue and be sued.

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

E. The power and authority to convey or transfer any interest in real property, so long as any vote or consent necessary under the circumstances has been obtained.

F. The power and authority to purchase, otherwise acquire, and accept title to, any interest in real property, so long as such action has been authorized by any vote or consent which is necessary under the circumstances.

G. The power and authority to add any interest in real property obtained pursuant to subparagraph F above to the Condominium Project, so long as such action has been authorized by the necessary vote or consent.

H. The authority to promulgate such reasonable rules, regulations and procedures as may be necessary or desirable to aid the Committee in carrying out any of its functions or to insure that the Project is maintained and used in a manner consistent with the interests of the unit owners.

I. The power and authority to perform any other acts and to enter into any other transactions which may be reasonably necessary for the Management Committee to perform its functions on behalf of the unit owners.

Any instrument executed by the Management Committee that recites facts which, if true, would establish the Committee's power and authority to accomplish through such instrument what is purported to be accomplished thereby, shall conclusively establish said power and authority in favor of any person who in good faith and for value relies upon said instrument.

11.3 The Committee shall be composed of five (5) members. The term of each member of the Committee shall be one (1) year. At each annual owners meeting, five (5) Committee members shall be elected. Only unit owners, officers and agents of owners other than individuals, and officers and agents of Declarant shall be eligible for Committee membership. At each annual meeting the fraction of undivided ownership interest appurtenant to a unit may be voted in favor of as many candidates for Committee membership as there are seats on the Committee to be filled. Any Committee member who fails on three successive occasions to attend Committee meetings (whether regular or special) or who has failed to attend at least 25 percent of all Committee meetings (whether regular or special) held during any six-month

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period shall automatically forfeit his seat. In the event a Committee seat becomes vacant, whether by reason of forfeiture or due to another cause, the remaining Committee members shall elect a replacement to sit on the Committee until the expiration of the term for which the member being replaced was elected. Unless he forfeits or otherwise loses his seat as herein provided, a member shall serve on the Committee until his successor is elected and qualifies. Committee members shall be reimbursed for all expenses reasonably incurred in connection with Committee business. Any member of the Management Committee may resign at any time by giving written notice to the president of the Association or the remaining Management Committee members. Any member of the Management Committee may be removed from membership on the Management Committee by a two-thirds majority vote of the Association. Whenever there shall occur a vacancy on the Management Committee due to death, resignation, removal or any other cause, the remaining members shall elect a successor member to serve until the next annual meeting of the Association, at which time said vacancy shall be filled by the Association for the unexpired term, if any. The members of the Management Committee shall receive no compensation for their services unless expressly approved by a majority of the Association; provided, however, that any member of the Management Committee may be employed by the Association in another capacity and receive compensation for such employment.

11.4 The meeting of the Management Committee shall be held at such places within the State of Utah as the Management Committee shall determine. Three (3) members of the Management Committee shall constitute a quorum, and if a quorum is present, the decision of a majority of those present shall be the act of the Management Committee. The Management Committee shall annually elect all of the officers of the Association. The meeting for the election of officers shall be held at the first meeting of the Management Committee immediately following the annual meeting of the Association. Special meetings of the Management Committee may be called by the president or by any two Management Committee members. Regular meetings of the Management Committee may be held without call or notice. The person or persons calling a special meeting of the Management Committee shall, at least ten (10) days before the meeting, give notice thereof by any usual means of communication. Such notice need not specify the purpose for which the meeting is called; if an agenda is prepared for such a meeting, the meeting need not be restricted to discussions of those items listed on the agenda. Any member of the Management Committee may, at any time, waive notice of any meeting of the Management Committee, in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the Management Committee at a meeting shall constitute a waiver of notice of such meeting except if a Management Committee member attends the meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called. If all the members of the Management Committee are present at any meeting of the Management Committee, no notice shall be required and any business may be transacted at such meeting.

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11.5 No member of the Management Committee shall be liable to the unit owners for any mistake of judgment, for negligence, or on other grounds, except for such member's own individual and willful misconduct or bad faith. The unit owners shall indemnify and hold harmless each member of the Management Committee from and against all liability, including reasonable attorney's fees, to third parties arising out of any contract made by the Management Committee on behalf of the owners, unless such contract was made in bad faith or contrary to the provisions of the Act or this Declaration. The liability of any unit owner arising out of any contract made by the Management Committee or out of the indemnification provision set forth in the foregoing portion of this paragraph 11.5 shall be limited to the total liability concerned multiplied by such owner's undivided ownership interest in the Common Areas.

11.6 All officers and employees of the Association shall serve at the will of the Management Committee. The officers shall be a president, secretary and treasurer. The Management Committee may appoint such other assistant officers as the Management Committee may deem necessary. No officer shall be required to be a unit owner, but the president must be a member of the Management Committee. No officer shall receive compensation for serving as such. Officers shall be annually elected by the Management Committee and may be removed and replaced by the Management Committee. The Management Committee may, in its discretion, require that officers (and other employees of the Association) be subject to fidelity bond coverage.

The president shall be the chief executive of the Management Committee and shall preside at all meetings of the unit owners and of the Management Committee and may exercise the powers ordinarily allocable to the presiding officer of an association, including the appointment of committees. The president shall exercise general supervision over the property and its affairs. He shall sign on behalf of the Association all conveyances, mortgages and contracts or material important to its business. He shall do and perform all acts which the Management Committee may require.

The secretary shall keep minutes of all proceedings of the Management Committee and of the meetings of the Association and shall keep such books and records as may be necessary and appropriate for the records of the unit owners and the Management Committee. In the absence or inability of the president, the secretary shall perform the functions of the president.

The treasurer shall be responsible for the fiscal affairs of the Association, but may delegate the daily handling of funds and the keeping of records to a manager or managing company.

12. MEETINGS OF THE ASSOCIATION.

12.1 The presence in person or by proxy at any meeting of the Association of fifty percent (50%) of the unit owners in response to notice of all unit owners of record properly given shall constitute a quorum. In the

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event that fifty percent (50%) of the unit owners are not present in person or by proxy, the meeting shall be adjourned for twenty-four (24) hours, at which time it shall reconvene and any number of unit owners present at such subsequent meeting shall constitute a quorum. Unless otherwise expressly provided in the Declaration, any action may be taken at a meeting of the unit owners upon a majority vote of the unit owners who are present in person or by proxy and who are voting.

12.2 There shall be an annual meeting of the Association on the second Thursday of February at 7:00 p.m. at the property or at such other reasonable place or time (not more than sixty (60) days before or after such date) as may be designated by written notice by the Management Committee delivered to the unit owners not less than fifteen (15) days prior to the date fixed for said meeting. At or prior to an annual meeting, the Management Committee shall furnish to the unit owners: (a) a budget for the coming fiscal year that shall itemize the estimated common expenses of the coming fiscal year with the estimated allocation thereof to each unit owner; and (b) a statement of the common expenses itemizing receipts and disbursements for the previous and current fiscal year, together with the allocation thereof to each unit owner. Within ten (10) days after the annual meeting, that budget statement shall be delivered to the unit owners who were not present at the annual meeting.

12.3 Special meetings of the Association may be held at any time at the property or at such other reasonable place to consider matters which, by the terms of the Declaration, require the approval of all or some of the unit owners, or for any other reasonable purpose. Special meetings shall be called by written notice, signed by a majority of the Management Committee, or by unit owners representing at least one-third (1/3) in interest of the undivided ownership of the Common Areas and Facilities and delivered to all unit owners not less than fifteen (15) days prior to the date fixed for said meeting. The notices shall specify the date, time and place of the meeting, and the matters to be considered.

12.4 Robert's Rules of Order (latest edition) shall govern the conduct of the Association's meeting when not in conflict with this Declaration.

12.5 The vote attributable to and exercisable in connection with a unit shall be the fraction of undivided ownership interest which is then appurtenant thereto. In the event there is more than one owner of a particular unit, the vote relating to such unit shall be exercised as such owners may determine among themselves. A vote cast at any meeting by any of such owners shall be conclusively presumed to be the vote attributable to the unit concerned unless an objection is immediately made by another owner of the same unit. In the event such an objection is made, the vote involved shall not be counted for any purpose whatsoever other than to determine whether a quorum exists.

12.6 The Committee shall maintain up-to-date records showing the name of each person who is an owner, the address of such person, and the unit which is owned by him. In the event of any transfer of a fee or undivided fee interest in a unit, either the transferor or transferee shall furnish the Management Committee with evidence establishing that the transfer has occurred and that the deed or other instrument accomplishing the transfer is of record in the office of the County Recorder of Salt Lake County, Utah. The Management Committee may for all purposes act and rely on the information concerning owners and unit ownership which is thus acquired by it or, at its option, the Committee may act and rely on current ownership information respecting any unit or units which is obtained from the office of the County Recorder of Salt Lake County, Utah. The address of an owner shall be deemed to be the address of the unit owned by such person unless the Management Committee is otherwise advised.

13. ASSESSMENTS.

13.1 Every unit owner shall pay his proportionate share of the common expenses, which share shall be equal to the percentage of undivided interest in the Common Areas and Facilities as set forth in Exhibit B, as amended, from time to time as provided in paragraph 25 of this Declaration. Payment thereof shall be in such amounts and at such times as the Management Committee determines in accordance with the Act and the Declaration. There shall be a lien for nonpayment of common expenses as provided by Utah Code Annotated, §57-8-20 (1953 as amended). The lien for nonpayment of common expenses may be enforced as provided therein and as provided in this Declaration.

13.2 Assessments and any installments thereof not paid on or before ten (10) days after the date when due shall bear interest at the rate of twelve percent (12%) per annum, or at such rate of interest as may be set by the Management Committee, from the date when due until paid. All payments on account shall be first applied to interest and then to the assessment payment first due.

13.3 A lien for unpaid assessments shall also secure reasonable attorney's fees and all costs and expenses, including taxes, if any, incurred by the Management Committee incident to the collection of such assessment or enforcement of such a lien.

13.4 In assessing the unit owners for capital improvements to the Common Areas and Facilities, there shall be no single improvement exceeding the sum of Five Thousand Dollars (\$5,000) made by the Management Committee without the same having been first voted on and approved by the Association at a meeting duly called for that purpose. The foregoing shall not apply in connection with damage or destruction referred to in paragraph 15 hereof or to such structural alterations, capital additions to or capital improvements of the Common Areas and Facilities as are necessary in the Management Committee's reasonable judgment to preserve or maintain the integrity of the Common Areas and Facilities or the property.

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13.5 If the unit owner shall at any time let or sublet his unit and shall default for a period of one month in the payment of assessments, the Management Committee may at its option, so long as such default shall continue, demand and receive from any tenant or subtenant of the owner the rent due or becoming due, and the payment of such rent to the Management Committee shall be sufficient payment and discharge of such tenant or subtenant and the owner to the extent of the amount so paid.

13.6 Within thirty (30) days prior to the annual meeting of the Association, the Management Committee shall estimate the Common Expenses for the following year. The estimated common expenses shall include such amounts as the Management Committee may deem proper for general working capital, for the general operating reserve, for a reserve fund for replacements and major maintenance, and shall take into account any expected income, surplus or deficit in the common expenses for any prior year. These estimated common expenses shall be presented at the annual meeting and thereafter shall be assessed on a monthly basis to the unit owners in proportion to their percentage of undivided interest in the Common Areas and Facilities as set forth in the Declaration. If the estimated common expenses prove inadequate for any reason, including nonpayment of any unit owner's assessments, the Management Committee may, by resolution duly adopted, make additional assessments, which shall be assessed to the unit owners in the same manner as the estimated common expenses. Each unit owner shall be obligated to pay to the Management Committee assessments made pursuant to this paragraph on or before the first day of each month, or in such other reasonable manner as the Management Committee shall designate. The funds received by the Management Committee from assessments shall be kept in a separate account known as the "common expense fund" and shall be expended by the Management Committee only in accordance with the provisions of the Act and this Declaration.

13.7 The rights, duties and functions of the Management Committee set forth in this paragraph shall be exercised by Declarant until thirty (30) days after the first annual meeting of the Association.

13.8 The failure by the Management Committee before the expiration of any year to estimate the common expenses as required herein shall not be deemed a waiver or modification in any respect of the provisions of the Declaration or a release of the unit owner from the obligation to pay any past or future assessments, and the estimated common expenses fixed for the previous and current year shall continue until a new estimate is fixed.

13.9 Amendments to this paragraph 13, not inconsistent with the requirements of the Act, shall be effective only upon unanimous written consent of the unit owners and their mortgagees.

13.10 No unit owner may exempt himself from liability for common expenses by waiver of the use or enjoyment of any of the Common Areas and Facilities or by abandonment of his unit.

13.11 The treasurer shall keep detailed records of all receipts and expenditures, including expenditures affecting the Common Areas and Facilities, specifying and itemizing the maintenance, repair and replacement expenses of the Common Areas and Facilities and any other expenses incurred. Such records shall be available for examination by the unit owners during regular business hours. In accordance with the actions of the Management Committee assessing common expenses against the units and unit owners, the treasurer shall keep an accurate record of such assessments and of the payments thereof by each unit owner.

13.12 All common expense assessments shall be a separate, distinct and personal liability of the owner of the unit at the time each assessment is made. The Management Committee shall have the rights and remedies contained in the Act and in the Declaration to enforce the collection of assessments for common expenses.

13.13 Any person who shall have entered into a written agreement to purchase a unit shall be entitled to obtain a written statement from the treasurer setting forth the amount of unpaid assessments charged against the unit and its owners, and if such statement does not reveal the full amount of the unpaid assessments as of the date it is rendered, neither the purchaser nor the unit shall be liable for the payment of an amount in excess of the unpaid assessments shown thereon, provided that the former unit owner grantor shall remain so liable. Any such excess which cannot be promptly collected from the former unit owner grantor shall be reassessed by the Management Committee as a common expense to be collected from all unit owners, including without limitation the purchaser of the unit, his successors and assigns. The new unit owner shall, and the former unit owner shall not, be liable for any assessments made after the date of transfer of title to a unit, even though the common expenses for the expenses incurred or the advances made by the Management Committee for which the assessment is made relate in whole or in part to any period prior to that date. Notwithstanding the foregoing, an owner of record will remain primarily liable to the Association for the common expenses, and if a unit is being sold on contract, the record owner will be responsible and liable for payment of the common expenses until the final conveyance is delivered and recorded.

13.14 In the event that title to a unit is transferred at sheriff's sale pursuant to execution upon any lien against the unit, the Management Committee shall give notice in writing to the sheriff of any unpaid assessments for common expenses which are a lien against the unit, and for any expenses of or advances by the Management Committee which have not theretofore been reduced to a lien, which shall be paid out of the proceeds of the sale prior to the distribution of any balance to the former unit owner against whom the execution was issued. If the lien upon which the execution is predicated is prior or superior to the Association's lien for common expenses, the purchaser at such sheriff's sale and the unit involved shall not be liable for unpaid assessments for common expenses and for any expenses of or advances by the Management Committee which became due

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prior to the sheriff's sale of the unit. Any such unpaid assessments which cannot be promptly collected from the former unit owner shall be reassessed by the Management Committee as a common expense to be collected from all of the unit owners, including the purchaser who acquired title at the sheriff's sale, his successors and assigns. To protect its right to collect unpaid assessments for common expenses which are a lien against a unit, and for any expenses of and advances by the Management Committee, the Management Committee may, on behalf of all the unit owners, purchase the unit at sheriff's sale, provided such action is authorized by the affirmative vote of a majority of the members of the Management Committee.

13.15 In addition to the statements issuable to purchasers of units, the Management Committee shall provide a current statement of unpaid assessments for common expenses and for any expenses of and advances by the Management Committee in respect of the unit, to the unit owner, to any person who shall have entered into a binding agreement to purchase the unit and to any mortgagee on reasonable request.

13.16 In all cases where all or part of any assessments for common expenses and for any expenses of and advances by the Management Committee cannot be promptly collected from the persons or entities liable therefor under the Act or the Declaration, the Management Committee shall reassess the same as a common expense, without prejudice to its rights of collection against such persons or entities.

14. INSURANCE.

14.1 The Management Committee shall obtain and maintain at all times insurance of the type and kind as provided herein and including insurance for such other risks, of a similar or dissimilar nature, as are or shall hereby customarily be covered with respect to other properties similar to the property in construction, design and use. The Management Committee shall obtain insurance with the following provisions or endorsements:

A. Exclusive authority to adjust losses shall be vested in the Management Committee as insurance trustee.

B. The insurance coverage shall not be brought into contribution with insurance purchased by individual unit owners or their respective mortgagees.

C. Each unit owner may obtain additional insurance covering his real property interest at his own expense.

D. The insurer waives its right of subrogation as to any claims against each unit owner.

E. The insurance coverage cannot be cancelled, invalidated or suspended because of the conduct of any one or more individual owners or their respective lessees, employees, agents, contractors and guests.

F. The insurance coverage cannot be cancelled, invalidated or suspended because of the conduct of any officer or employee of the Association or Management Committee or their employees, agents or contractors, without prior demand in writing that the Management Committee cure the defect, and then only if the defect is not cured within 30 days.

14.2 Hazard Insurance. The Management Committee or Association of Unit Owners shall at all times maintain in force hazard insurance meeting the following requirements:

A. A multi-peril type policy covering the entire condominium project (both units and Common Areas and Facilities) shall be maintained. Such policy shall provide coverage against loss or damage by fire and other hazards covered by the standard extended coverage endorsement and by sprinkler leakage, debris removal, cost of demolition, vandalism, malicious mischief, windstorm, water damage, and such other risks as customarily are covered with respect to condominium projects similar to the project in construction, location and use. As a minimum, such policy shall provide coverage on a replacement cost basis in an amount not less than that necessary to comply with any co-insurance percentage specified in the policy, but not less than 100 percent of the full insurable value (based upon replacement cost). Such policy shall include, if available and appropriate (a) an "Agreed Amount Endorsement" or its equivalent or an "Inflation Guard Endorsement" or its equivalent, (b) a "Demolition and Contingent Liability from Operation of Building Laws Endorsement" or its equivalent, (c) an "Increased Cost of Construction Endorsement" or its equivalent, and (d) an "Earthquake Damage Endorsement" or its equivalent.

B. If a steam boiler is or comes to be contained in the project, there shall be maintained a boiler explosion insurance and a broad form policy of repair and replacement boiler and machinery insurance, evidenced by the standard form of boiler and machinery insurance policy. Said insurance shall, as a minimum, provide coverage in the amount of \$50,000 per accident per location.

C. If the project is or comes to be situated in a locale identified by the Secretary of Housing and Urban Development as an area having special flood hazards and the sale of flood insurance has been made available under the National Flood Insurance Act of 1968, as amended, a "blanket" policy of flood insurance on the condominium project shall be obtained and maintained. The minimum amount of coverage afforded by such policy shall be the lesser of the maximum limit of coverage available under said Act or the aggregate of the unpaid principal balances of the mortgages affecting the individual units. Such policy shall be in the form of the standard policy issued by members of the National Flood Insurers Association or in the form of a policy which meets the criteria established by the Flood Insurance Administration.

D. The named insured under each policy required to be maintained by the foregoing items A, B and C, shall be in form and substance essentially as follows: "Association of Unit Owners of Vine Street East Condominium Project, or its authorized representative, for the use and benefit of the individual owners." [Said owners shall be designated by name, if required.]

E. Each such policy shall include the standard mortgagee clause (without contribution) which either shall be endorsed to provide that any proceeds shall be paid to the Association of Unit Owners for the use and benefit of mortgagees as their interests may appear or shall be otherwise endorsed to fully protect the interests of mortgagees. In addition, the mortgagee clause shall provide that the insurance carrier shall notify each mortgagee at least thirty (30) days in advance of the effective date of any reduction in or cancellation of the policy.

F. Each such policy shall provide that, notwithstanding any provision thereof which gives the carrier the right to elect to restore damage in lieu of making a cash settlement, such option shall not be exercisable without the prior written approval of the Association or if such option is in conflict with any requirement of law.

14.2 Fidelity Insurance. If the project contains or comes to contain more than thirty (30) units, the Management Committee or Association shall at all times while such state of affairs exists maintain in force fidelity coverage against dishonest acts on the part of managers (and employees of managers), trustees, employees, officers, Committee members, or volunteers responsible for handling funds belonging to or administered by the Management Committee or Association of Unit Owners. The fidelity bond or insurance shall name the Association as the obligee or insured and shall be written in an amount sufficient to afford the protection reasonably necessary, but in no event less than one and one-half times (150%) the project's estimated annual operating expenses and reserves. An appropriate endorsement to the policy shall be secured to cover persons who serve without compensation if the policy would not otherwise cover volunteers.

14.3 Liability Insurance. The Management Committee or Association of Unit Owners shall at all times maintain in force a comprehensive policy of public liability insurance covering all of the Common Areas and Facilities. Such insurance shall include a "Severability of Interest Endorsement" or its equivalent which shall preclude the insurer from denying the claim of a unit owner because of negligent acts of other owners, the Management Committee or the Association of Unit Owners. The coverage afforded by such public liability insurance shall include protection against water damage liability, liability for non-owned and hired automobile, liability for property of others, elevator collision (if applicable), garage-keeper's liability (if applicable), and such other risks as customarily are covered with respect to condominium projects similar to the project

D. The named insured under each policy required to be maintained by the foregoing items A, B and C, shall be in form and substance essentially as follows: "Association of Unit Owners of Vine Street East Condominium Project, or its authorized representative, for the use and benefit of the individual owners." [Said owners shall be designated by name, if required.]

E. Each such policy shall include the standard mortgagee clause (without contribution) which either shall be endorsed to provide that any proceeds shall be paid to the Association of Unit Owners for the use and benefit of mortgagees as their interests may appear or shall be otherwise endorsed to fully protect the interests of mortgagees. In addition, the mortgagee clause shall provide that the insurance carrier shall notify each mortgagee at least thirty (30) days in advance of the effective date of any reduction in or cancellation of the policy.

F. Each such policy shall provide that, notwithstanding any provision thereof which gives the carrier the right to elect to restore damage in lieu of making a cash settlement, such option shall not be exercisable without the prior written approval of the Association or if such option is in conflict with any requirement of law.

14.2 Fidelity Insurance. If the project contains or comes to contain more than thirty (30) units, the Management Committee or Association shall at all times while such state of affairs exists maintain in force fidelity coverage against dishonest acts on the part of managers (and employees of managers), trustees, employees, officers, Committee members, or volunteers responsible for handling funds belonging to or administered by the Management Committee or Association of Unit Owners. The fidelity bond or insurance shall name the Association as the obligee or insured and shall be written in an amount sufficient to afford the protection reasonably necessary, but in no event less than one and one-half times (150%) the project's estimated annual operating expenses and reserves. An appropriate endorsement to the policy shall be secured to cover persons who serve without compensation if the policy would not otherwise cover volunteers.

14.3 Liability Insurance. The Management Committee or Association of Unit Owners shall at all times maintain in force a comprehensive policy of public liability insurance covering all of the Common Areas and Facilities. Such insurance shall include a "Severability of Interest Endorsement" or its equivalent which shall preclude the insurer from denying the claim of a unit owner because of negligent acts of other owners, the Management Committee or the Association of Unit Owners. The coverage afforded by such public liability insurance shall include protection against water damage liability, liability for non-owned and hired automobile, liability for property of others, elevator collision (if applicable), garage-keeper's liability (if applicable), and such other risks as customarily are covered with respect to condominium projects similar to the project

in construction, location and use. If the project contains or comes to contain more than thirty (30) units, the limits of liability under such insurance shall not be less than \$1,000,000 for all claims for personal injury and/or property damage arising out of a single occurrence.

14.4 General Requirements Concerning Insurance.

Each insurance policy maintained pursuant to this paragraph 14 shall be written by an insurance carrier which is licensed to transact business in the State of Utah and which has a financial rating by Best's Insurance Reports of Class VI or better, or which has a financial rating of Class V, provided it has a general policy holder's rating of at least A. No such policy shall be maintained where: (a) under the terms of the carrier's charter, by-laws or policy, contributions may be required from, or assessments may be made against, the unit owner, a mortgagee, the Management Committee, the Association of Unit Owners, a unit, the Common Areas, or the Project; (b) by the terms of the carrier's charter, by-laws or policy, loss payments are contingent upon action by the carrier's board of directors, policyholders or members; (c) the policy includes any limiting clauses (other than insurance conditions) which could prevent the party entitled from collecting insurance proceeds; or (d) the policy provides that the insurance thereunder shall be brought into contribution with insurance purchased by the individual unit owners or their mortgagees. Each such policy shall provide that: (i) coverage shall not be prejudiced by any act or neglect of the unit owners when such act or neglect is not within the control of the Association of Unit Owners or the Management Committee; (ii) coverage shall not be prejudiced by any failure by the Association or Committee to comply with any warranty or condition with regard to any portion of the project over which the Association and Committee have no control; (iii) coverage may not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least thirty (30) days prior written notice to any and all insureds named therein, including any mortgagee named as an insured; and (iv) the insurer waives any right of subrogation it might have as to any and all claims against the Association, the Management Committee, any unit owner, and/or their respective agents, employees or tenants, and any defense it might have based upon co-insurance or upon invalidity arising from acts of the insured.

15. DESTRUCTION OR DAMAGE.

15.1 In the event of damage to or destruction of part or all of the improvements on the Condominium Project, the following procedures shall apply:

A. If proceeds of the insurance maintained by the Management Committee are alone sufficient to repair or reconstruct the damaged or destroyed improvement, such repair or reconstruction shall be carried out.

B. If less than 75 percent of the project's improvements are destroyed or substantially damaged, and if proceeds of the insurance maintained by the Committee are not alone sufficient to accomplish repair or reconstruction, restoration shall be carried out and all the unit owners shall be assessed for any deficiency on the basis of their respective percentages of undivided interest in the Common Areas and Facilities.

C. If 75 percent or more of the project's improvements are destroyed or substantially damaged, if proceeds of the insurance maintained by the Management Committee are not alone sufficient to accomplish restoration, and if the unit owners, within 100 days after the destruction or damage, by a vote of at least 75 percent, elect to repair or reconstruct the affected improvements, restoration shall be accomplished in the manner directed under subparagraph B above.

D. If 75 percent or more of the project's improvements are destroyed or substantially damaged, if proceeds of the insurance maintained by the Committee are insufficient to accomplish restoration, and if the unit owners do not, within 100 days after the destruction or damage and by vote of at least 75 percent, elect to repair or reconstruct the affected improvements, the Management Committee shall promptly record with the Salt Lake County Recorder a notice setting forth such facts. Upon the recording of such notice, the provisions of subsections (1) through (4) of §57-8-31, Utah Code Annotated (1953 as amended), shall apply and shall govern the rights of all parties having an interest in the project or any of the units.

E. In the event of substantial damage to or destruction of any unit or to 75 percent or more of the project's improvements, the mortgagee of any affected unit, and all mortgagees in the event 75 percent of the project's improvements are damaged or destroyed, shall be given written notice within 30 days of such damage or destruction. No provision herein will entitle the owner of a unit or other party to priority over such mortgagee with respect to the distribution to such unit of any insurance proceeds.

15.2 Any reconstruction or repair which is required to be carried out by this paragraph 15 shall be accomplished at the instance and direction of the Management Committee. Any determination which is required to be made by this paragraph 15 regarding the extent of damage to or destruction of project improvements shall be made as follows: The Management Committee shall select three MAI appraisers; each appraiser shall independently arrive at a figure representing the percentage of project improvements which have been destroyed or substantially damaged; the percentage which governs the application of the provisions of this paragraph 15 shall be the average of the three appraisal figures.

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16. TERMINATION.

16.1 All of the owners may remove the property from the provisions of the Act by an instrument duly recorded to that effect, provided that the holders of all liens affecting any of the units consent or agree by instruments duly recorded that their liens be transferred to the percentage of the undivided interest of the unit owners in the property.

16.2 Upon removal of the property lien from the provisions of the Act, the unit owners shall own the property and all assets of the Association as tenants in common, and the respective mortgagees and lienors shall have mortgages and liens upon the respective undivided interests of the unit owners. Such undivided interests of the unit owners shall be the same as the percentage of undivided interest in the Common Areas and Facilities appurtenant to the owners' units prior to removal from the Act.

17. EMINENT DOMAIN.

17.1 Insofar as not inconsistent with §57-8-32.5, Utah Code Annotated, the provisions of this paragraph 17 shall apply.

17.2 Whenever any proceeding is instituted that could result in the temporary or permanent taking, injury or destruction of all or part of the Common Areas and Facilities or one or more units or portions thereof by the exercise of the power of or power in the nature of eminent domain or by an action or deed in lieu of condemnation, the Management Committee and each unit owner and each mortgagee of affected units shall be entitled to notice thereof, which notice shall be provided by the Management Committee, and the Management Committee shall act as agent for each unit owner, except for those unit owners who at their respective expense participate in the proceedings incident thereto. No provision herein will entitle the owner of a unit or other party to priority over a mortgagee of such unit with respect to the distribution to such unit of the proceeds of any award or settlement.

17.3 With respect to Common Areas and Facilities, any damages or awards shall be determined for such taking, injury or destruction as a whole and not for each unit owner's interest therein. After such determination, each unit owner shall be entitled to a share in the damages in the same proportion as his percentage of undivided interest of the Common Areas and Facilities. This provision does not prohibit a majority of unit owners from authorizing the Management Committee to use such damages or awards for replacing or restoring the Common Areas and Facilities so taken on the remaining land or on other acquired land, provided that this Declaration and Map are duly amended.

17.4 With respect to one or more units or portions thereof, the damages or awards for such taking shall be deemed to be proceeds from insurance on account of damage or destruction pursuant to paragraph 15 hereof and shall be deposited with the Management Committee as trustee. Even

though the damage or awards may be payable to one or more unit owners, the unit owners shall deposit the damages or awards with the Management Committee as trustee, and in the event of failure to do so, at the option of the Management Committee, either a special assessment shall be made against a defaulting unit owner of a unit in the amount of this award, or the amount of such award shall be set off against the sums hereafter made payable to such unit owner. The proceeds of the damages or awards shall be distributed or used in a manner, and the units owners of affected units shall have the rights provided in paragraph 15 for insurance proceeds, provided the property is removed from the provisions of the Act. If the property is not removed from the provisions of the Act and one or more units are taken, in whole or in part, the taking shall have the following effects:

A. If the taking reduces the size of a unit and the remaining portion of the unit may be made tenantable, the unit shall be made tenantable. If the cost of such work exceeds the amount of the award, the additional funds required shall be assessed against the owner of the unit. The balance of the award, if any, shall be distributed to the unit to the extent of the unpaid balance of its mortgage, and the excess, if any, shall be distributed to the unit owner. If there is a balance of the award distributed to the unit owner or a mortgagee, the unit owner's percentage of undivided interest in the Common Areas and Facilities shall be equitably reduced. This shall be done by reducing such interest in the proportion by which the floor area of the unit is reduced by the taking, and then recomputing the percentages of undivided interests of all unit owners in the Common Areas and Facilities.

B. If the taking destroys or so reduces the size of a unit that it cannot be made tenantable, the award shall be paid to the mortgagee of the unit to the extent of the unpaid balance of its mortgage, and the excess, if any, shall be paid to the unit owner, whereupon the unit owner shall cease to be a member of the Association of Unit Owners. The remaining portion of such unit, if any, shall become a part of the Common Areas and Facilities and shall be placed in condition for use by all unit owners in the manner approved by the Management Committee. If the cost of such work shall exceed the balance of the fund from the award for the taking, such work shall be done only if approved by a majority of the unit owners. The percentages of undivided interests in the Common Areas and Facilities appurtenant to the units that continue as part of the property shall be equitably adjusted to distribute the ownership of the Common Areas and Facilities among the reduced number of unit owners, and the Management Committee shall file an amendment to the Declaration and Map to reflect the changes in the property and the percentages of undivided interest of the remaining units. The Management Committee is authorized to record such amendment without approval of the Association of Unit Owners.

18. MORTGAGE PROTECTION.

18.1 The Management Committee shall maintain a roster of unit owners from the evidence of change of ownership furnished to the Management Committee, which roster shall include the mailing addresses of unit owners. If the Management Committee has been given notice of the necessary information, the Management Committee shall maintain another roster which shall contain the name and address of each mortgagee of a unit. Each notice shall consist of a certified copy of the recorded instrument evidencing the title of the mortgagee. The mortgagee shall be stricken from the roster upon receipt by the Management Committee of a request from the mortgagee or of a certified copy of a recorded release or satisfaction of the mortgage. Notice of such removal shall not be given to the mortgagee unless the removal is requested by the mortgagee.

18.2 From and after the time a mortgagee makes written request to the Management Committee or the Association of Unit Owners therefor, the Committee or Association shall notify such mortgagee in writing of any default by the mortgagor of such unit in the performance of such mortgagor's obligation under the Declaration which is not cured within 30 days.

18.3 Any institutional holder of a first mortgage on a unit shall, upon prior written request, be entitled to (a) inspect the books and records of the Association of Unit Owners, (b) receive an annual financial statement of the project within 90 days following the end of any fiscal year of the Association of Unit Owners, and (c) receive a copy of the minutes of any meeting of the Association of Unit Owners.

18.4 A mortgagee of any unit who comes into possession of the unit pursuant to the remedies provided in the mortgage, foreclosure of mortgage, or deed (or assignment) in lieu of foreclosure, shall take the property, free of any claims or unpaid assessments or charges against the mortgaged unit which accrued prior to the time such mortgagee comes into the possession of the unit (except for claims for a prorata share of such assessments or charges resulting from a prorata reallocation of such assessment or charges to all units, including the mortgaged unit).

18.5 The Management Committee and the Association shall establish an adequate reserve for maintenance, repairs and replacements of those Common Areas and Facilities that must be replaced on a periodic basis and shall cause such reserve to be funded by regular monthly or other periodic assessments against the units rather than by special assessments.

18.6 From and after the time a mortgagee makes written request to the Management Committee or the Association of Unit Owners therefor, the Committee or the Association shall notify such mortgagee in writing in the event that there occurs any damage or loss to, or taking or anticipated condemnation of: (a) the Common Areas involving

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an amount in excess of, or reasonably estimated to be in excess of, Ten Thousand Dollars (\$10,000); or (b) any unit involving an amount in excess of, or reasonably estimated to be in excess of, One Thousand Dollars (\$1,000). Said notice shall be given within ten (10) days after the Management Committee or said Association learns of such damage, loss, taking or anticipated condemnation.

18.7 In the event another provision or clause of this Declaration deals with the same subject matter as is dealt with in any provision or subparagraph of this paragraph 18, the provision or subparagraph which results in the greatest protection and security for a mortgagee shall control the rights, obligations or limits of authority, as the case may be, applicable to the Management Committee and the Association of Unit Owners with respect to the subject concerned.

18.8 No amendment to this Declaration which has the effect of diminishing the rights, protection or security afforded to mortgagees shall be accomplished or effective unless seventy-five percent (75%) of the mortgagees of the individual units have given their prior written approval to such amendment. Any amendment to this paragraph 18 shall be accomplished by an instrument executed by the Management Committee and filed for record in the office of the Salt Lake County Recorder. In any such instrument an officer of the Management Committee shall certify that any prior written approval of mortgagees required by this paragraph 18 as a condition to amendment has been obtained.

19. SALE OR LEASE; RIGHT OF FIRST REFUSAL.

19.1 No unit owner may transfer a unit or any interest therein by sale or lease without first requesting approval of the Management Committee, except to another owner. The approval of the Management Committee required for the transfer of ownership or interest of a unit or lease of a unit shall be requested as follows:

A. A unit owner intending to make a bona fide sale or lease of a unit or any interest therein shall give to the Management Committee notice of such intention, together with the name and address of the intended purchaser or lessee and such other information concerning the intended purchaser or lessee as the Management Committee may reasonably require. The notice shall be accompanied by an executed copy of the proposed contract of sale or proposed lease.

B. If the notice to the Management Committee herein required is not given at any time after receiving knowledge of the transaction, or in the event of transferring ownership or possession of a unit, the Management Committee at its election and without notice may approve or disapprove the transaction or ownership. If the Management Committee disapproves the transaction or ownership, the Management Committee shall proceed as if it had received the required notice on the date of such disapproval.

19.2 Within 30 days after the receipt of such notice and information, the Management Committee shall approve or disapprove the proposed sale or lease. If approved, the approval shall be set forth in a certificate executed by the Management Committee. The certificate shall be delivered to the purchaser and shall be recorded at the expense of the purchaser.

19.3 If the Management Committee shall disapprove a transfer of ownership of a unit, or an interest in the unit, or a lease of a unit, within 30 days after the receipt of such notice and information the Management Committee shall deliver or mail by certified mail to the unit owner an agreement to purchase or lease by a purchaser or lessee approved by the Management Committee, to whom the unit owner must sell or lease the unit upon the same terms as the disapproved agreement.

A. In the event the disapproved offer to purchase provides for payment other than by cash and/or the assumption of or taking subject to a mortgage, for example by exchange of property, the purchaser or lessee provided by the Management Committee shall have the option to have the fair market value of the unit or the fair market value of the lease be determined by the average of two appraisals of the unit performed by two MAI appraisers, one appointed by the Management Committee and one appointed by the unit owner desiring to sell or lease. The expense of the appraisal shall be paid by the proposed purchaser or lessee. The purchase price shall be the average of the two appraisals and shall be paid in cash or upon terms approved by the seller, or the lease terms shall be those as set forth in the proposed lease. The sale or lease shall be closed within 30 days after the delivery or mailing of said agreement to purchase or proposed lease or within 30 days of the determination of the sales price or the lease payments, if such is done through the appraisal method referred to above. A certificate executed by the Management Committee approving the purchaser or lessee shall be recorded at the expense of the purchaser or lessee.

B. If the Management Committee shall fail to provide a purchaser or lessee upon the demand of the selling unit owner, or if a purchaser or lessee furnished by the Management Committee shall default in the agreement to purchase or lease, then notwithstanding the disapproval, the proposed transaction shall be deemed to have been approved, and the Management Committee shall furnish a certificate of approval as provided, which shall be recorded at the expense of the purchaser.

19.4 In the event any unit owner shall attempt to sell or lease his unit without affording to the other unit owners the right of first refusal herein provided, such sale or lease shall be wholly null and void and shall confer no title or interest whatsoever upon the intended purchaser or lessee.

19.5 The subleasing or subrenting of said interest shall be subject to the same limitations as are applicable to the leasing or renting thereof. The liability of the unit owner under these covenants shall continue, notwithstanding the fact that he may have leased or rented said interest as provided herein.

19.6 In no case shall the right of first refusal reserved herein affect the right of a unit owner to subject his unit to a trust deed, mortgage or other security instrument whereby a bank, insurance company, savings and loan association or other similar institution becomes the owner and holder of such trust deed, mortgage or security instrument.

19.7 The failure of or refusal by the Management Committee to exercise the right to so purchase or lease shall not constitute or be deemed to be a waiver of such right to purchase or lease when a unit owner receives any subsequent bona fide offer from a prospective purchaser or tenant.

19.8 In the event of default on the part of any unit owner under any first mortgage made in good faith and for value, which entitled the holder thereof to foreclose the same, any sale under such foreclosure, including delivery of a deed to the first mortgagee in lieu of such foreclosure, shall be made free and clear of the provisions of this paragraph 19, and the purchaser (or grantee under such deed in lieu of foreclosure) of such unit shall be thereupon and thereafter subject to the provisions of this Declaration. If the purchaser, following such foreclosure sale (or grantee under deed given in lieu of such foreclosure), shall be the then holder of the first mortgage, or its nominee, the said holder or nominee may thereafter sell and convey the unit free and clear of the provisions of this paragraph 19, but its grantee shall thereupon and thereafter be subject to all of the provisions thereof.

19.9 The transfer of a deceased joint tenant's interest to the surviving joint tenant or the transfer of the decedent's interest to a devisee by will or his heirs at law under intestacy laws shall not be subject to the provisions of this paragraph 19.

19.10 Every sale or lease shall be subject to all the provisions contained herein, including restrictions on use. Failure to comply with the terms hereof shall constitute a default under any lease.

19.11 The provisions of this paragraph 19 shall not apply to, be binding upon or enforceable against Declarant.

20. CONVEYANCES, EASEMENTS.

20.1 Every deed, lease, mortgage or other instrument may describe a unit by its identifying number and letter designation set forth in Exhibit A and in the Map. Every such description shall be deemed good and sufficient for all purposes and shall be deemed to convey, transfer, encumber or otherwise affect the unit owner's corresponding

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percentage of undivided ownership in the Common Areas and Facilities, as a tenant in common, as set forth in Exhibit B, as amended, even though the same is not exactly mentioned or described.

20.2 Every deed, lease, mortgage or other similar instrument shall be deemed to:

A. Except and reserve with respect to a unit:
(i) any portion of the Common Areas and Facilities lying within said unit; (ii) easements through said unit, appurtenant to the Common Areas and Facilities and all other units, for support and repair of the Common Areas and Facilities and all other units; and (iii) easements appurtenant to the Common Areas and Facilities for encroachment upon the air space of said unit by those portions of the Common Areas and Facilities located within said unit.

B. Include with respect to a unit non-exclusive easements for ingress and support of said unit through the Common Areas and Facilities, for the repair of said unit through all other units and through the Common Areas and Facilities, and for the use of the Limited Common Areas as indicated in the Map.

C. Except and reserve, with respect to the undivided percentage interest in the Common Areas and Facilities, non-exclusive easements appurtenant to all units for ingress, egress, support and repair and exclusive easements appurtenant to each unit for the use of the Limited Common Areas as set forth in the Map.

D. Include, with respect to the undivided percentage interest in the Common Areas and Facilities, non-exclusive easements through each unit for support and repair of the Common Areas and Facilities and non-exclusive easements for encroachments upon the air space of all of the units by and for the portions of the Common Areas and Facilities lying within the units.

21. MAINTENANCE OF UNITS.

21.1 Each unit owner, at his own expense, shall keep the interior of his unit and its equipment and appurtenances in good order, condition and repair, and in a clean and sanitary condition, and shall do all redecorating and painting which may at any time be necessary to maintain the good appearance of his unit. Except to the extent that the Management Committee is protected by insurance against such injury, the unit owner shall repair all injury or damages to the unit or Condominium Project caused by the act, negligence or carelessness of the unit owner or that of any lessee or sublessee or any member of the unit owner's family or of the family of any lessee or sublessee or any agent, employee or guest of the owner or his lessee or sublessee, and all such repairs, redecorating and painting shall be of a quality and kind equal to the original work. In addition to decorating and keeping the interior of the unit in good

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repair, the unit owner shall be responsible for the maintenance or replacement of any plumbing, fixtures, refrigerators, air conditioning and heating equipment, dishwashers, disposals, ranges, etc., that may be in or connected with the unit. The Management Committee shall be responsible for maintenance and upkeep of all conduits, ducts, plumbing and wiring and other facilities for the furnishing of heat, gas, light, power, air conditioning, water and sewer contained in the portions of the units that service part or parts of the property other than the unit in which they are contained. Without the written permission of the Management Committee first had and obtained, the unit owner shall not make or permit to be made any structural alteration, improvement or addition in or to the unit, patios, balconies, garages, or in or to the exterior of the building, and shall not paint or decorate any portion of the exterior of the building in which his unit is located.

22. RIGHT OF ENTRY.

22.1 The Management Committee and its duly authorized agents shall have the right to enter any and all of the units in case of an emergency originating in or threatening such unit or any other part of the project, whether or not the unit owner or occupant thereof is present at the time. The Committee and its duly authorized agents shall also have the right to enter into any and all of said units at all reasonable times as required for the purpose of making necessary repairs upon the Common Areas and Facilities of the Project or the purpose of performing emergency installations, alterations or repairs to the mechanical or electrical devices or installations located therein or thereon; provided, however, such emergency installations, alterations or repairs are necessary to prevent damage or threatened damage to other units in the Project; and provided further that the unit owner affected by such entry shall first be notified thereof if available and if time permits.

23. ADMINISTRATIVE RULES AND REGULATIONS.

23.1 The Management Committee shall have the power to adopt and establish by resolution such building management and operational rules as it may deem necessary for the maintenance, operation, management and control of the project, and the Committee may, from time to time by resolution, alter, amend and repeal such rules. When a copy of any amendment or alteration or provision for repeal of any rule or rules has been furnished to the unit owners, such amendment, alteration and provision shall be taken to be a part of such rules. Unit owners shall at all times obey such rules and see that they are faithfully observed by those persons over whom they have or may exercise control and supervision, it being understood that such rules shall apply and be binding upon all unit owners and/or occupants of the Project.

24. OBLIGATION OF COMPLIANCE.

24.1 Each unit owner, tenant or occupant of a unit shall comply with the provisions of the Act, this Declaration, the rules and regulations, all agreements and

determinations lawfully made and/or entered into by the Management Committee or the unit owners when acting in accordance with their authority, and any failure to comply with any of the provisions thereof shall be grounds for an action by the Management Committee to recover any loss or damage resulting therefrom or injunctive relief.

25. EXPANSION OF THE CONDOMINIUM PROJECT.

25.1 Additional Property. The Declarant anticipates that the condominium project may be expanded to include certain real property described in Exhibit C which adjoins the condominium property described in Exhibit A hereof.

25.2 Reservation of Right to Expand. The first phase of the project includes 26 condominium units, together with Common Areas and Facilities. Declarant hereby reserves the right to expand the condominium project to include additional units of the same general type and of comparable quality in construction as the units in the present project, but no other assurances as to architecture, materials or type or size of units are made. The option to expand, as set forth herein, may be exercised by the Declarant, its successors or assigns, without the consent of any unit owners. Such units shall be constructed on the real property described in Exhibit C attached hereto, or any portion thereof, subject to applicable zoning provisions of Salt Lake County. The total number of units which may be constructed on said additional property shall not exceed 56 units, and the entire project, including the initial units and all subsequent phases, shall not exceed a total of 82 units, all of which shall be subject to the restrictions on use contained in paragraph 6.2 hereof. Any portion of the real property described in Exhibit C may be added to the Condominium Project and several portions may be added at different times, with no requirement as to the size or order of any addition, or all of said property may be added at one time, in accordance with this Declaration and the Condominium Ownership Act, as amended. Declarant's right to expand the Project under this paragraph 25 shall terminate seven years from the date this Declaration is first recorded. Except as to the total number of units, and limitation on time within which to expand, there is no limitation as to the nature and location or locations of any improvements that may be made on any portions of the additional land; provided, however, that the average density of any such addition shall not exceed eight units per acre. No assurances are made as to what improvements may be made or required in conjunction with construction of additional units. Limited Common Areas and Facilities created within the additional land shall be similar to the initial units, with no additional restriction upon Declarant. Except as specifically set forth in this paragraph 25, Declarant makes no assurances regarding expansion of the Project.

25.3 Supplemental Declarations and Supplemental Maps. Such expansion may be accomplished by the filing for record by Declarant in the office of the County Recorder of Salt Lake County, Utah, no later than seven years from the

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date this Declaration is recorded in said office, a supplement or supplements to this Declaration containing a legal description of the site or sites for new units, together with a supplemental Map or Maps containing the same information with respect to the new units as was required on the original Map with respect to the initial units. The expansion may be accomplished in phases by successive supplements or in one supplemental expansion.

25.4 Expansion of Definitions. In the event of such expansion, the definitions used in this Declaration automatically shall be expanded to encompass and refer to the project as so expanded. E.g., "land" shall mean the real property described in Exhibit A hereof, plus any additional real property added to the project by a supplemental Declaration or by supplemental Declarations, and reference to this Declaration shall mean this Declaration as so supplemented. All conveyances of units after such expansion shall be effective to transfer rights in the project, as expanded, by references to the supplemental Declarations and the supplemental Maps. The recordation in the office of the Salt Lake County Recorder, Salt Lake City, Utah, of a supplemental Map incident to any expansion shall operate automatically to grant, transfer and convey, pro tanto, to then owners of units in the project as it exists before such expansion, the respective undivided interests in the new Common Areas added to the project as a result of such expansion, and to reduce, pro tanto, their percentage of interest in the original condominium property as it then exists. All phases will be assigned values on the same basis so that substantially identical units in all phases will be awarded substantially identical interests in the Common Areas. Such recordation shall also operate to vest in any then mortgagee of any unit in the project as it exists such interest so acquired by the owner of the unit encumbering the new Common Areas added to the project as a result of such expansion, and to conform the percentage interests of unit owners and mortgagees to the interests set forth in the supplemental Declaration.

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

25.6 Right of Declarant to Adjust Percentages of Common Areas. Each deed of a unit shall be deemed to irrevocably reserve to Declarant the power to appoint to unit owners, from time to time, the percentages in the Common Areas set forth in supplemental or amended Declarations. A power coupled with an interest is hereby granted to Declarant and/or L. Rex Andersen, their successors and assigns, as attorney in fact, to adjust percentages of the Common Areas and Facilities in accordance with supplemental or amended Declarations recorded pursuant hereto and each deed of a unit in the project shall be deemed a grant of such power of said attorney in fact. Various provisions of this Declaration and deeds and mortgages of the units may contain clauses

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designed to accomplish an adjustment of the interests in the Common Areas. None of said provisions shall invalidate the other, but each shall be deemed supplementary to the other toward the end that a valid shifting of the Common Areas and Facilities can be accomplished. The maximum interest in the Common Areas and Facilities of the initial unit owners in this project shall be as indicated in Exhibit B to the Declaration of Covenants, Conditions and Restrictions of Vine Street East Condominium Project. Furthermore, each unit owner in this project shall have a minimum interest in the Common Areas of at least .05 percent (.05%) after all phases of this Project have been filed.

26. EASEMENT RIGHTS; SALES OFFICES AND MODEL UNITS.

26.1 The Declarant shall have a transferable easement over and on the Common Areas for the purpose of making improvements within the project or on the Additional Land under this Declaration and the Act and for the purpose of doing all things reasonably necessary and proper in connection with the same.

26.2 Notwithstanding any other provision of this Declaration, Declarant shall have the following rights in furtherance of any sales, promotional or other activities designed to accomplish or facilitate the sale of all units owned or to be owned (upon the addition to the project of a portion of the Additional Land) by Declarant:

A. Declarant shall have the right to maintain two (2) or less sales offices and/or model units. Such offices and/or model units may be one or more units (of any floor area and at any location allowed by the provisions of paragraph 25) owned by it, one or more units (of any floor area and at any location) situated on any portion of the Additional Land, one or more separate structures or facilities placed on any portion of the Additional Land for the purpose of aiding Declarant's sales effort, or any combination of the foregoing. If one or more separate structures or facilities is employed by Declarant, each shall be reasonably located given the layout of the project and each shall have an aggregate floor area not substantially in excess of the aggregate floor area of the largest unit then contained in the project or the largest unit then situated on any portion of the Additional Land, whichever is larger.

B. Declarant shall have the right to maintain a reasonable number of promotional, advertising and/or directional signs, banners or similar devices at any place or places on the land, but any such device shall be of a size and in a location as is reasonable and customary.

Declarant shall have the right from time to time to locate or relocate any of its sales offices, model units and/or signs, banners or similar devices, but in connection with each such location or relocation shall observe the limitations imposed by the preceding portion of this paragraph 26. Within a reasonable period of time after the expiration of Declarant's

rights under this paragraph, Declarant shall have the right to remove from the project any signs, banners or similar devices and any separate structure or facility which was placed on a portion of the Additional Land for the purpose of aiding Declarant's sales effort.

26.3 Declarant's rights under paragraph 26.2 shall terminate upon the first to occur of the following:

A. Declarant ceases to be a unit owner or all of the Additional Land has been added to the project, whichever occurs last; or

B. The expiration of seven (7) years after the date on which this Declaration is filed for record in the office of the Salt Lake County Recorder.

27. AMENDMENT.

27.1 In addition to the amendment provisions provided in paragraph 25 above, and except as provided below and not inconsistent with the Act, the unit owners shall have the right to amend this Declaration and/or the Map upon the approval and consent of unit owners representing not less than two-thirds of the undivided interests in the Common Areas and Facilities. Any amendment shall be accomplished by the recordation of an instrument wherein the Management Committee certifies that the unit owners representing at least two-thirds of the undivided interests in the Common Areas and Facilities have approved and consented to any such amendment.

27.2 Certain Prohibitions Imposed on Unit Owners. Unless at least 75 percent of the first mortgagee's (one vote for each mortgage owned) of individual condominium units have given their prior written approval, the Association of Unit Owners shall not, by act, omission or otherwise:

A. Change the prorata interest or obligations of any unit for purposes of (a) levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards, or (b) determining shares of the Common Areas and Facilities of the project, except as provided in paragraph 25 of this Declaration.

B. Partition or subdivide any unit or the Common Areas of the Project.

C. Abandon or terminate the condominium status of the Project, except as provided by statute in case of substantial loss to the units and Common Areas of the Project.

D. Abandon, partition, subdivide, encumber, sell or transfer the Common Areas, provided that the granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Areas and Facilities by the condominium project shall not be deemed a transfer within the meaning of this clause.

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E. Use hazard insurance proceeds for losses to any condominium property for other than the repair, replacement or reconstruction of such improvements, except as provided herein or by statute in case of substantial loss to the units and/or the Common Areas and Facilities of the condominium project.

28. NOTICES.

28.1 Any notice permitted or required to be delivered as provided herein may be delivered either personally or by mail. If delivery is made by mail, it shall be deemed to be delivered 24 hours after a copy of the same has been deposited in the United States mail, postage prepaid, return receipt requested. Notice to unit owners shall be addressed to each unit owner at the address given by such unit owner to the Management Committee for the purpose of service of such notice or to the unit of such unit owner if no such address has been given to the Management Committee. Such address may be changed from time to time by notice in writing to the Management Committee. Notice to the Management Committee shall be addressed to: Management Committee, Vine Street East Condominium Project, 345 East 4500 South, Suite F, Salt Lake City, Utah 84107, or at such other place as may be designated by the Management Committee in writing and recorded in the office of the Salt Lake County Recorder.

29. NO WAIVER.

29.1 The failure of the Management Committee or its contractors to insist, in one or more instances, upon the strict performance of any of the terms, covenants, conditions or restrictions of this Declaration, or to exercise any right or option herein contained, or to serve any notice or to institute any action, shall not be construed as a waiver or a relinquishment for the future of such term, covenant, condition or restriction; but such term, covenant, condition or restriction shall remain in full force and effect. The receipt and acceptance by the Management Committee or its contractor of the payment of any assessment from a unit owner, with knowledge of the breach of any covenant hereof, shall not be deemed a waiver of such breach, and no waiver by the Management Committee of any provision hereof shall be deemed to have been made unless expressed in writing and signed by the Management Committee.

30. SEVERABILITY.

30.1 The invalidity of any one or more phrases, sentences, clauses, paragraphs or sections hereof shall not affect the remaining portions of this instrument or any part thereof, all of which are inserted conditionally on their being held valid in law, and in the event that one or more of the phrases, sentences, clauses, paragraphs or sections contained herein should be invalid or should operate to render this agreement invalid, this instrument shall be construed as if such invalid phrase or phrases, sentence or sentences, clause or clauses, paragraph or paragraphs, section or sections, has not been inserted.

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31. GENDER.

31.1 The singular, wherever used herein, shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions hereof apply either to corporations or individuals, men or women, shall in all cases be assumed as though in each case fully expressed.

32. TOPICAL HEADINGS.

32.1 The topical headings of the paragraphs contained in the Declaration are for convenience only and do not define, limit or construe the contents of the paragraphs or of the Declaration.

33. EFFECTIVE DATE.

This Declaration shall take effect upon recording.

IN WITNESS WHEREOF, the undersigned, Callrex, Inc., the owner of the land described in Exhibit A of this Declaration, has set its hand this 18th day of Jan., 1979.

CALLREX, INC.

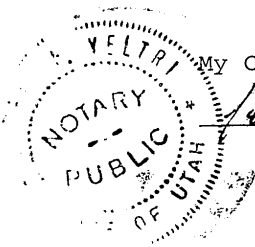
ATTEST:

L. Rev. Andersen
Secretary

BY Russell D. Padisvel
Its President

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

On the 18 day of January, 1979, personally appeared before me Russell D. Padisvel and [Signature], who being by me duly sworn did say that they are the President and Secretary, respectively, of Callrex, Inc., and that the within and foregoing instrument was signed on behalf of said corporation by authority of a resolution of its Board of Directors, and they further duly acknowledged to me that said corporation executed the same and that the seal affixed is the seal of said corporation.



My Commission Expires: Jan 26, 1981

[Signature]
NOTARY PUBLIC
Residing at Salt Lake City, Utah

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EXHIBIT A
TO
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF
VINE STREET EAST CONDOMINIUM PROJECT

Beginning at a point North 410.41 feet and East 459.80 feet from the South quarter corner of Section 17, Township 2 South, Range 1 East, Salt Lake Base and Meridian, and running thence North 287.09 feet to the Southerly right-of-way line of Vine Street; thence North $89^{\circ}57'15''$ East along said Southerly line 393.83 feet; thence South 511.00 feet; thence West 289.83 feet; thence North 223.60 feet; thence West 104.00 feet to the point of beginning.

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EXHIBIT B
 TO
 DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
 OF
 VINE STREET EAST CONDOMINIUM PROJECT

<u>Unit No.</u>	<u>Square Feet</u>	<u>Percentage Interest</u>
1	1401	3.57% (.0357)
2	1573	4.01% (.0401)
3	1573	4.01% (.0401)
4	1573	4.01% (.0401)
5	1573	4.01% (.0401)
6	1403	3.57% (.0357)
25	1579	4.02% (.0402)
26	1410	3.59% (.0359)
27	1577	4.01% (.0401)
28	1577	4.01% (.0401)
29	1408	3.58% (.0358)
30	1408	3.58% (.0358)
31	1577	4.01% (.0401)
32	1577	4.01% (.0401)
33	1411	3.59% (.0359)
34	1579	4.02% (.0402)
35	1388	3.53% (.0353)
36	1586	4.04% (.0404)
37	1586	4.04% (.0404)
38	1416	3.60% (.0360)
39	1568	3.99% (.0399)
40	1574	4.01% (.0401)
41	1409	3.59% (.0359)
42	1564	3.98% (.0398)
43	1575	4.01% (.0401)
44	1417	3.61% (.0361)
	39,282	100.00%

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EXHIBIT C
TO
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF
VINE STREET EAST CONDOMINIUM PROJECT

Beginning at a point North 0°17' West along the quarter section line 57.7 feet from the South quarter corner of Section 17, Township 2 South, Range 1 East, Salt Lake Base and Meridian, and running thence North 0°17' West along the quarter section line 869.88 feet to the Southerly right-of-way line of Vine Street; thence South 27°38'15" East along said Southerly line 260.02 feet; thence North 89°57'15" East along said Southerly line 343.75 feet; thence South 287.09 feet; thence East 104.00 feet; thence South 223.60 feet; thence East 289.83 feet; thence South 101.42 feet; thence South 50°57' West 328.40 feet; thence West 292.80 feet; thence North 59°39' West 354.67 feet to the point of beginning.

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