

DECLARATION

OF

3618431

IVY TERRACE CONDOMINIUMS

THIS DECLARATION is made and executed by Ben-Aire Associates, Inc., a Utah Corporation, (hereinafter "Declarant"), pursuant to the provisions of the Utah Condominium Ownership Act, as amended, Utah Code Annotated, Section 57-8-1 through 57-8-26 (1953 as amended), (hereinafter the "Act").

RECITALS

1. Declarant and the persons joining in this declaration are the owners of the real Property and improvements (hereinafter the "Property" or "Project") located at 450 East 100 South Street, Salt Lake City, Salt Lake County, Utah, as hereinafter more particularly described.

2. The aforescribed Property consists of the land as described herein with certain residential structures to be converted to condominium units by this Declaration.

3. Declarant, by recording this Declaration, intends that the provisions of the Act shall apply to the Property and all improvements constructed thereon which shall hereafter be known as The Ivy Terrace Condominiums.

4. The covenants, conditions, and restrictions contained in this Declaration and in the exhibits hereto shall be enforceable equitable servitudes and shall run with the land.

5. Declarant has filed simultaneously herewith a Record of Survey Map, as required by Section 57-8-13(1) of the Act, (hereinafter referred to as the "Map" or as Exhibit "A").

6. The administration of the Property shall be governed by the By-Laws which are embodied in a separate instrument, a true copy of which is appended to and recorded with this Declaration as Exhibit "C".

7. All terms used in this Declaration and the appended By-Laws shall have the same definition as the terms defined in the Act, unless the Act allows for a variation of the terms and such variation is contained herein.

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8. The Property shall be known as the Ivy Terrace Condominiums. The mailing address of the Property is 450 East 100 South Street, Salt Lake City, Utah 84111.

9. Declarant desires and intends to sell the equitable or 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; but reserves the right to retain all or some of the units for leaseholds.

NOW THEREFORE, for such purposes, Declarant hereby makes the following Declaration.

DEFINITIONS

The terms used herein shall have the meaning stated in the Utah Condominium Ownership Act and as follows unless the context clearly indicates a different meaning therefor:

1. Act shall mean and refer to the Utah Condominium Ownership Act, Utah Code Annotated Section 57-8-1, et. seq. (1953 as amended).

2. Association shall mean and refer to the Declarant, until such time as it is duly succeeded by all of the unit owners acting as a group in accordance with the Declaration and the By-Laws.

3. Common Areas and Facilities and Common Areas shall mean, refer to, and include:

3.1 The real Property and interests in real property which this Declaration submits to the terms of the Act.

3.2 All Common Areas and Facilities designated as such in the Survey Map or by this Declaration.

3.3 All foundations, columns, girders, beams, supports, perimeter walls, roofs, and any entrances and exits which are designed for the use of more than one unit, access roads, driveways, basement areas other than storage bins designated as Limited Common Areas, storage closets outside any unit, stairs, external walls and ceilings, walkways, pedestrian sidewalks, landscape and planting areas,

fences, external sheds or storage areas, street lights, and other common facilities.

3.4 Elements of the heating, plumbing, and electrical systems, as well as all appliance areas outside of individual units which service or are appurtenant to more than one unit.

3.5 All apparatus, installations, and facilities included within the Project and existing for common use.

3.6 All portions of the Project not specifically included within the individual units.

3.7 All Common Areas as defined in the Act, whether or not enumerated herein.

4. Common Expenses shall mean and refer to all sums which are expended on behalf of all the units owners and all sums which are required by the Management Committee to perform or exercise its functions, duties, or rights under the Act, this Declaration, and Management Agreement for operation of the Project, and pursuant to such Rules and Regulations as the Management Committee may, from time to time, make and adopt. By way of illustration but not limitation, Common Expenses shall include:

4.1 Expenses of administration, maintenance, operation, repair, and replacement of those elements of the Common Areas or Limited Common Areas as allowed by this Declaration that must be replaced on a periodic basis, and other capital or operating reserves as may be from time to time established pursuant to the Declaration.

4.2 Expenses agreed upon as Common Expenses by the Association and lawfully assessed against the unit owners in accordance with this Declaration.

4.3 Expenses declared Common Expenses by the provisions of the Act, by this Declaration, or by the By-Laws.

4.4 Any valid charge for capital improvements assessed against the Project as a whole.

5. Common Profits shall mean and refer to the balance of income, rents, profits, and revenues from the Common Areas remaining after deduction of common expenses.

6. Condominium Project and Project shall mean and refer to the Ivy Terrace Condominium Project.

7. Condominium Unit and Units means and refers to that separate physical part of the Property intended for independent use, consisting of rooms or spaces located in a building. Units are shown in the Map by unit number and type. A unit includes mechanical equipment and appurtenances located within any one unit or located without said unit but designated and designed to serve only the unit, such as appliances, electrical receptacles and outlets, air conditioners, fixtures and the like, as well as all decorated interiors, all surfaces of interior structural walls, floors and ceilings, both inside and outside surfaces of windows and window frames, both inside and outside surfaces of doors and door frames, and trim, consisting of, among other things and as appropriate, wallpaper, paint, flooring, carpeting and tile. All pipes, wires, conduits, or other public utility lines or installations constituting a part of the unit and serving only the unit, and any structural members of any other Property of any kind, including fixtures and appliances within any unit, which are removable without jeopardizing the soundness, safety, or usefulness of the remainder of the building within which the unit is situated shall be considered part of the unit.

8. Contract of Sale shall mean any real estate contract for the sale of the Property or any unit contained therein whereby the ultimate performance under the contract shall be the conveyance of fee title in the Property or unit.

9. Declarant shall mean Ben-Aire Associates, Inc., a Utah Corporation, and its successors and assigns.

10. Declaration shall mean and refer to this instrument.

11. Limited Common Areas shall be shown on the condominium record survey map and documents of conveyance with the use, maintenance, and assessment for such areas to remain those of the unit owner to whom reserved; provided that, the management shall always have access to such areas without the prior consent of unit owners to, among other things, maintain right-of-ways across or in such areas, and to provide maintenance of or repair such areas upon the default of unit owners. At present Limited Common Areas would include:

11.1 Storage units in the basement as Limited Common Areas;

11.2 Parking stalls reserved for the exclusive use of designated unit owners.

12. Management Committee and Committee shall mean and refer to the Management Committee of the Ivy Terrace Condominium Project as it exists at any given time.

13. Mortgage shall mean, unless otherwise defined, any mortgage, deed of trust, unpaid contract balance, or other security instrument by which a unit or any part thereof is encumbered. First Mortgage shall refer to a mortgage which has a lien position prior to any other mortgage.

14. Mortgagee shall mean any person named as a mortgagee, beneficiary under or holder of a deed of trust, or contract vendor.

15. Percentage Interest means and refers to the percentage of undivided interest of each unit in the Common Areas as set forth in Exhibit "B" attached hereto.

16. Property shall mean and refer to the land, the buildings, all improvements and the structures thereon, all easements, rights and appurtenances belonging thereto, and all articles of personal property intended for use in connection therewith.

17. Record of Survey Map and Map shall mean and refer to the Record of Survey Map filed simultaneously herewith as Exhibit "A" consisting of 2 sheets and prepared and certified to by a Mr. Donald D. Moore, Jr., a duly registered Utah Land Surveyor having Certificate No. 3830.

18. Rules and Regulations means those rules and regulations adopted from time to time by the Management Committee that are deemed necessary for the enjoyment of the Project; provided they are not in conflict with the Act or the Declaration.

19. Unit Number shall mean and refer to the number which designates a unit, appurtenant Limited Common Areas, or Exclusive Use Areas in the attached Exhibit "B" and in the Map attached as Exhibit "A."

20. Unit Owner or Owners shall mean and refer to the fee owner, contract buyer, or other equitable owner of a unit and the percentage of their undivided interest in the Common Areas and Facilities which is appurtenant thereto. The Declarant shall be deemed the owner of all unsold units. In the event a unit is the subject of an executory contract of sale, the contract purchaser shall, unless the seller and the purchaser have otherwise agreed and have informed the Committee in writing of such agreement, be considered the unit owner for purposes of voting and Committee membership.

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DESCRIPTION OF THE LAND

The land on which the building and improvements are located is particularly described as follows:

Lot 7, Block 51, Plat "B", Salt Lake City Survey. More particularly described as beginning at a point South 89 58'22" West 228.77 feet and South 0 01'50" East 67.90 feet from a Salt Lake City Monument in the intersection of 500 East Street and 100 South Street, running thence S 0 01'50" East 330.0 feet; thence South 89 58'22" West 165.0 feet; thence North 0 01'50" West 330.0 feet; thence North 89 58'22" East 165.0 feet to the point of beginning. Containing 1.250 acres.

All rights of way or easements of record, or easements or servitudes presently existing on the land.

DESCRIPTION OF THE BUILDINGS

4.1 Each of the three buildings have two levels and a basement. The buildings were erected in 1950.

4.2 There are 40 units in the buildings numbered 1-41 with the exclusion of number 13. The East and West buildings have 13 units each, and the South building has 14 units.

4.3 The buildings are constructed primarily of concrete, brick, wood, and plaster. The interior unit floors are hardwood. The ceilings are approximately nine feet high. The interior partitions are made up of wood studding covered by lathe and plaster. The buildings are supplied with electricity, water, and sewage service.

DESCRIPTION OF UNITS

Exhibit "B" hereto contains a table setting forth the number designation of each unit. The units are more particularly described in the Map and by the preceding definitions.

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COVENANTS, CONDITIONS AND RESTRICTIONS

The foregoing submission is made upon and under the following covenants, conditions and restrictions:

1. Description of Legal Status of units. The Map shows the unit and building designations, their location, and dimensions from which their area may be determined, as well as Limited Common Areas and Facilities and Exclusive Use Areas. All units are residential units. All units shall be capable of being independently owned, encumbered, and conveyed.

2. Contents of Exhibit "A". Exhibit "A" to this Declaration furnishes the following information with respect to each unit:

2.1 The building and unit designation.

2.2 Areas designated as Limited Common Areas, Common Areas, Exclusive Use Areas, and Individual Units.

3. Common and Limited Common Areas. The Common Areas contained in the Project are described and identified by this Declaration. Neither the percentage interest nor the right of exclusive use of a Limited Common Area shall be separated from the unit to which it appertains. All Limited Common Areas shall pertain to the designated unit. Even though not specifically mentioned in any instrument of transfer, such percentage interest of common areas and such right of exclusive use to limited common areas shall automatically accompany the transfer of the unit to which they relate. Each unit owner shall at his own cost keep the Limited Common Areas designated in connection with his unit in a clean, sanitary, and attractive condition at all times.

4. Computation of Undivided Interests. The percentage of undivided interests for each unit is computed by taking as a base the value of the individual unit in relation to the value of the entire Property and improvements.

5. By-Laws. The By-Laws of the Association shall be the original By-Laws of the Association which are attached hereto as Exhibit "C" and made a part of this Declaration by reference. Said By-Laws may be amended in the manner provided in them.

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6. Owners' Easements of Enjoyment.

6.1 Exclusive Use: Each unit owner shall have the exclusive use of his unit, and the exclusive use of Limited Common Areas except as such areas shall remain available to the Management Committee or Association for inspection, maintenance and repair at costs to be assessed to the unit owner.

6.2 Appurtenances: The ownership of each unit shall include, and there shall pass with each unit as appurtenances thereto whether or not separately described, all of the rights, title and interest including, but not to be limited to:

6.2.1 Common Areas and Facilities: An undivided share of the Common Areas and Facilities, such undivided share to be that portion set forth in Exhibit "B" hereof.

6.2.2 Delegation: Any unit owner may delegate, in accordance with the By-Laws, his right of enjoyment to the common areas to the members of his family who reside with him and to his tenants or contract purchasers who reside in his condominium.

6.2.3 Automobile Parking: All parking stalls are for private passenger automobiles only and are assigned to the unit as a Limited Common Area.

6.2.4 Easements: For the benefit of the unit.

6.2.5 Association Membership: The interest in funds and assets held by the Association.

6.3 Easement to Air Space: The appurtenances shall include an exclusive easement for the use of the air occupied by the unit as it exists at any particular time and as the unit may be altered or reconstructed from time to time, which easement shall be terminated automatically in any air space which is vacated from time to time.

6.4 Cross Easements: The appurtenances shall include the following easements from each unit owner to each other unit owner.

6.4.1 Ingress and Egress: Easements through the common areas for ingress and egress.

6.4.2 Maintenance, Repair and Replacement: Easements through the units and Common Areas and Facilities for maintenance, repair, and replacement of the units and

common elements. Such access to the units shall be only during reasonable hours, except that access may be had at anytime in case of emergency.

6.4.3 Support: Every portion of a unit contributing to the support of the unit building shall be burdened with an easement of support for the benefit of all other units and Common Areas and Facilities in the building.

6.4.4 Utilities: Easements through the units and other Common Areas for conduits, ducts, plumbing, wiring and other facilities for the furnishing of utility services to other units and the Common Areas and Facilities; provided however, that such easements through a unit shall be only according to the plans and specifications of the unit building, unless approved in writing by the unit owner.

7. Maintenance Responsibility. The owner of a unit shall have the responsibility to maintain, repair, and replace all matters and things relating to all parts of his "unit" and appurtenant Limited Common Areas as such terms are defined herein, to include (by way of illustration and not limitation) the interior and exterior of windows and doors appurtenant to the units. The unit owner shall keep said premises in such manner as to cause no damage or nuisance to other unit owners in the building and shall specifically refrain from making any changes in appearances or otherwise to the exterior of his unit. The Association shall be responsible for the maintenance, repair, and improvement of the Common Areas and Facilities in the manner and method as is herein set forth, or as provided by the By-Laws of the Association. Limited Common Areas may be repaired and improved by either the Management Committee or Unit Owner; provided that, any improvement or repair to a Limited Common Area by the Management Committee, other than for structural or safety purposes, shall only be by consent of the unit owner or by a two-thirds (2/3) vote of the Association with the cost chargeable to the unit owner. Provided further, unit owners shall submit all intended improvements to Limited Common Areas to the Management Committee for prior approval; but such approval shall not be unreasonably withheld when such proposal conforms with the general appearance and color scheme of the Condominium Project. Should a conflict arise between a unit owner and the Management Committee as to the aforescribed proposed improvements, it shall be settled as to both parties by a majority vote of the Association.

8. Status and General Authority of Committee. The Condominium Project shall be managed, operated, and maintained by the Management Committee as agent for the Association, and as it is established and governed in the By-Laws. The Management Committee shall have, and is hereby granted, the

following authority and powers in addition to those otherwise granted or created by this Declaration or the By-Laws:

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

8.2 The authority to execute and record, on behalf of all the unit owners, any amendment to the Declaration or Map which has been approved by the vote or consent necessary to authorize such amendment.

8.3 The power to sue and be sued.

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

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

8.6 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.

8.7 The power and authority to add any interest in real Property obtained pursuant to subparagraph 8.6 above to the Project, so long as such action has been authorized by the necessary vote or consent.

8.8 The power to repair and restore the property except as specifically limited by this Declaration.

8.9 The power and authority to borrow money so long as such action has been authorized by any vote or consent which is necessary under the circumstances.

8.10 The authority to promulgate such reasonable rules, regulations, and procedures as may be necessary or desirable to aid the Management 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.

8.11 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 as agent for the Association.

8.12 The Management Committee may carry out any of its functions which are capable of delegation through a Project Manager. Any Manager retained for such purposes must be an individual or entity experienced and qualified in the field of property management. The Manager so engaged shall be responsible for managing the Project for the benefit of the Committee and the unit owners and shall, to the extent permitted by law and the terms of the agreement with the Management Committee, be authorized to perform any of the functions or acts required or permitted to be performed by the Management Committee itself.

8.13 The Management Committee may delegate to a manager or managing company all of its foregoing powers, duties, and responsibilities referred to above except: the final determination of common expenses, budgets, and assessments based thereon; the promulgation of house rules and administrative rules and regulations; the power to enter into any contract involving more than \$1,000 in any one fiscal year; the opening of bank accounts; the power to purchase, hold, sell, convey, mortgage, or lease any units in the name of the association or to bring, prosecute, and settle litigation.

8.14 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.

8.15 To keep adequate books and records.

8.16 To do all other acts necessary for the operation and maintenance of the Property, including the maintenance and repair of any unit if the same is necessary to protect or preserve the Property.

9. Liability and Indemnification of Management Committee.

9.1 Members of the Management Committee, the officers and any assistant officer, agents, and employees of the Association: (i) shall not be liable to the unit owners as a result of their activities as such for any mistake of judgment, negligence, or otherwise, except for their own willful misconduct or bad faith; (ii) shall have no personal liability in contract to a unit owner or any other person or entity under any agreement, instrument, or transaction entered into by them on behalf of the Association in their capaci-

ty as such; (iii) shall have no personal liability in tort to any unit owner or any person or entity, direct or imputed, by virtue of acts performed by them; except for their own willful misconduct or bad faith, or acts performed for them in their capacity as such; and (iv) shall have no personal liability arising out of the use, misuse, or condition of the Property, which might in any way be assessed against or be imputed to them as a result of, or by virtue of, their capacity as such.

9.2 The unit owners shall indemnify and hold harmless, any person, his heirs and personal representatives, from and against all personal liability and all expenses including counsel fees, incurred or imposed, or arising out or in settlement of any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative or investigative instituted by any one or more unit owners, or any other persons or entities, to which he shall be or shall be threatened to be made a party by reason of the fact that he is or was a member of the Management Committee or an officer or assistant officer, agent, employee of the Association, other than to the extent, if any, that such misconduct results from misuse of common funds, fraud, dishonest acts, or bad faith; provided, in the case of any settlement, that the Management Committee shall have approved the settlement, which approval is not to be unreasonably withheld. Such right of indemnification shall not be deemed exclusive of any other rights to which such person may be entitled as a matter of law or agreement or vote of unit owners, of the Management Committee, or otherwise. The indemnification by the unit owners as contained herein shall be paid by the Management Committee on behalf of the unit owners and shall constitute a common expense and shall be assessed and collectible as such.

10. Control of Management Committee. Notwithstanding anything to the contrary in the By-Laws, the Declarant shall conduct the administration and management and shall have all of the powers, authority, and exemptions granted herein to the Association and to the Management Committee, and shall have the right to elect all of the Management Committee until:

10.1 When unit owners other than Declarant own 15% or more of the units, the unit owners other than the Declarant shall be entitled to elect 1/3rd of the members of the Management Committee.

10.2 Either three (3) years after sales by the Declarant have been closed of 50% of the units, or three (3) months after sales have been closed by the Declarant or assign of 90% of the units, and none of the other remaining

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units are being offered for sale by the Seller in the ordinary course of business, unit owners other than the Declarant shall be entitled to elect 50% plus one of the members of the Management Committee.

10.3 Declarant shall have the permanent right, but not the duty, to elect not less than one member of the Management Committee of the Association as long as the Declarant holds for sale in the ordinary course of business any unit or units in the condominium.

10.4 Within 50 days after unit owners other than the Declarant elect a majority of the Management Committee of the Association, Declarant or assign shall relinquish control to the Association.

11. Insurance. The Management Committee shall secure and at all times maintain the following insurance coverages:

11.1 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 hereafter customarily be covered with respect to other properties similar to the Property in construction, design, and use. The Management Committee shall make every reasonable effort to obtain insurance with the following provisions or endorsements.

11.2 Exclusive authority to adjust losses shall be vested in the Management Committee as insurance trustee or any successor trustee as designated by the Management Committee;

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

11.4 Each unit owner may obtain additional insurance covering his real Property interest at his own expense;

11.5 The insurer waives its right of subrogation as to any and all claims against the association, each unit owner, and/or their respective agents, employees or tenants, and of all defenses based upon co-insurance or upon invalidity arising from the acts of the insured;

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

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11.7 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 fifteen (15) days;

11.8 Such policies shall provide that coverage shall not be prejudiced by (a) any act or neglect of the owners of the Units when such act or neglect is not within the control of the Association or (b) by failure of the Association to comply with any warranty or condition with regard to any portion of the premises over which the Association has no control; and

11.9 The insurance coverage shall provide that 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 thereon, including all mortgagees of the units.

11.10 The Management Committee, for the benefit of the Property and the unit owners, shall maintain a "master" or "blanket" policy of property insurance in an amount equal to the full replacement value (i.e., 100% of the current "replacement cost" exclusive of land, foundation, excavations, and other items normally excluded from coverage) of the entire condominium project (including all units, all Common and Limited Areas and Facilities, all building service equipment and the like and any fixtures or equipment within the units) with an "Agreed Amount Endorsement" or its equivalent, a "Demolition Endorsement" or its equivalent; and, if necessary, an "Increased Cost of Construction Endorsement", or "Contingent Liability from Operation of Building Laws Endorsement", or their equivalents payable to the insurance trustee under this Declaration. Such insurance will afford protection against, at least, the 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, and water damage. The limits and coverage of said insurance shall be reviewed at least annually by the management committee and shall include an appraisal of the Property. Said policy or policies shall provide for a separate loss payable endorsement in favor of the mortgagee or mortgagees, if any, of each unit.

11.11 The Management Committee shall obtain a policy or policies of insurance insuring the Management Com-

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mittee, the unit owners and their respective lessees, servants, agents, or guests against any liability to the public or to the owner of units, members of the households of unit owners, and their respective invitees or tenants, incident to the ownership and/or use of the Property, and including the personal liability exposure to the unit owners, incident to the ownership and/or use of the Property. Limits of liability under such insurance shall not be less than One Million Dollars (\$1,000,000) for any one person injured in any one occurrence, and shall not be less than One Hundred Thousand Dollars (\$100,000) for property damage in each occurrence. The limits in coverage of said liability policy or policies shall be reviewed at least annually by the Management Committee and increased at its discretion. Said policy or policies shall be issued on a comprehensive liability basis and, if possible, shall provide cross-liability endorsements for possible claims of any one or more or group of insureds against any one or more group of insureds, without prejudice to the right of a named insured under the policies to maintain an action against another named insured. Such coverage will include protection against water damage liability, liability for nonowned and hired automobiles, liability for property of others, and such other risks as shall customarily be covered with respect to Projects similar in construction, location, and use.

11.12 All policies of property insurance shall provide so far as possible that, notwithstanding any provisions of which give the insurer 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 Management Committee (or any insurance trustee) or when in conflict with the provisions of any insurance trust agreement to which the association may be a party, or any requirement of law.

11.13 Each unit owner shall be required to notify the Management Committee of, and shall be liable for any increased insurance premium for insurance maintained by the Management Committee occasioned by, all improvements made by the unit owner to his unit, the value of which is in excess of One Thousand Dollars (\$1,000). Each unit owner shall bear the risk of loss for all improvements made to his unit that were not the subject of notice to the Management Committee.

11.14 Any unit owner who obtains individual insurance coverage covering any portion of the Property, other than personal property belonging to such unit owner, shall be required to file a copy of such individual policy or policies with the Management Committee within thirty (30) days after obtaining such insurance coverage.

11.15 No unit owner shall be entitled to exercise his right to maintain insurance coverage in such a way as to decrease the amount that the Management Committee, on behalf of all of the units owners, may realize under any insurance policy that the Management Committee may have in force covering the Property or any part thereof at any time.

11.16 The Management Committee shall maintain adequate fidelity coverage to protect against dishonest acts on the part of members of the Management Committee, officers, and employees of the association, and all others who handle or are responsible for handling funds of the association, including professional managers and their employees. Such fidelity bonds shall meet the following requirements:

11.16.1 All such fidelity bonds shall name the Association as an obligee;

11.16.2 All such fidelity bonds shall be written in an amount equal to at least 150% of the estimated annual operating expenses of the Association, including reserves;

11.16.3 Such fidelity bonds shall contain waivers of any defense based upon the exclusion of persons who serve with compensation from any definitions of "employee" or similar expression; and

11.16.4 Such bonds shall provide that they may not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least thirty (30) days' prior written notice to the mortgagees of the units.

12. Destruction or Damage In case of fire or any other disaster which causes damage or destruction to all or part of the Property, the Management Committee, with the help of an independent appraisal, shall determine the percentage of the building that was destroyed or substantially damaged. If less than seventy-five percent (75%) of the building was destroyed or substantially damaged, the Management Committee shall arrange for the prompt repair and restoration of the building for that purpose, and the unit owners shall be liable for assessment for any deficiency, if any, in proportion to their respective percentages of undivided interest in the Common Areas and Facilities. Reconstruction of the building shall mean the restoring of the building to substantially the same condition in which it existed prior to the damage or destruction, with each unit and the Common Areas and Facilities having the same vertical and horizontal boundaries as before, unless the destruction

or damages is by reason of eminent domain, in which event the provisions of paragraph 14 hereof shall apply.

12.1 If seventy-five (75%) or more of any of the buildings are destroyed or substantially damaged, the Management Committee shall within one hundred (100) days after such destruction or damage, call a special meeting of the unit owners for the purpose of deciding whether or not the building shall be repaired or restored. If at least three-fourths (3/4) of the unit owners, in person or by proxy, vote to repair or restore the building, the Management Committee shall promptly arrange for the reconstruction of the building, using the proceeds of insurance on the building for that purpose, and the unit owners shall be liable for assessment for any deficiency, if any, in proportion to their respective percentage of undivided interest in the Common Areas and Facilities. If the destruction or damage is by reason of eminent domain, the provisions of paragraph 14 hereof shall apply. However, if at least three-fourths (3/4) of the unit owners do not vote to make provision for reconstruction, the Management Committee shall record, with the County Recorder, a notice setting forth such facts, and upon the recording of such notice: (i) the Property shall be deemed to be owned in common by the unit owners; (ii) the undivided interest in the property owned in common which shall appertain to each unit owner shall be the percentage of areas and facilities as set-out in Exhibit "B"; (iii) any mortgages of liens affecting any of the units shall be deemed to be transferred in accordance with the existing Property; and (iv) the Property shall be subject to an action for partition at the suit of any unit owner, in which event the net proceeds of sale, together with the net proceeds of the insurance on the Property, shall be considered as one fund and shall be divided among all unit owners in a percentage equal to the percentage of undivided interest owned by each owner in the Property, after first paying out of the respective shares of the unit owners, to the extent sufficient for such purposes, all sums necessary to satisfy mortgages or liens on the undivided interest in the Property owned by each unit owner.

12.2 For purposes of this paragraph, the terms "disaster", "destruction", or "substantial damage" shall also include a 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 a power in the nature of eminent domain, or by an action or deed in lieu of condemnation.

12.3 The Management Committee shall timely notify in writing each mortgagee of a unit whenever damage to a unit exceeds \$1,000 and damage to the Common Areas and Facilities exceeds \$10,000.

13. Termination In the event three-fourths (3/4) of the building is destroyed or substantially damaged and if the unit owners vote not to reconstruct the building, the Property shall be removed from the provisions of the Act without further agreement one hundred and one (101) days after such destruction or damage.

13.1 All of the unit 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 mortgages or liens affecting any of the units consent or agree by instruments duly recorded, that their mortgages or liens be transferred to the percentage of the undivided interest of the unit owners in the Property.

13.2 After removal of the Property from 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.

13.3 Any change in the status of the Property which would result in the removal of the land or any part thereof from the Act, or would alter the use of the property, must receive the prior approval of Salt Lake City after the change is submitted to the City Planning and Zoning Commission.

13.4 This paragraph (13) cannot be amended without the consent of all unit owners and all record owners of mortgages or liens on units.

14. Eminent Domain 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 of 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 (all of which shall be defined as "eminent domain"), the Management Committee, each unit owner, and every holder of all mortgages or liens affecting the units, shall be entitled to timely written notice thereof and the Management Committee shall, and the unit owners at their respective expense may, participate in the proceedings incident thereto.

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14.1 The procedures governing the allocation of awards by reason of eminent domain shall be determined in accordance with Section 57-8-32.5 of the Act; provided that, the priority of any mortgages lien shall remain undisturbed.

15. Mortgagee Protection. Notwithstanding anything to the contrary contained in the Declaration:

15.1 An adequate reserve fund for repair, maintenance and replacement of those elements of the Common Areas placed on a periodic basis shall be established and shall be funded by regular monthly payments rather than by special assessments.

15.2 Any mortgage or contract holder which comes into possession of the unit pursuant to the remedies provided in the mortgage, contract, or deed (or assignment in lieu of foreclosure) shall be exempt from any "right of first refusal," or other provisions which may exist relating to sale or lease of the units in the Project, and no right of first refusal shall impair the rights of any mortgage or contract holder to:

15.2.1 Foreclose or take title to a unit pursuant to the remedies provided in the instrument, or

15.2.2 Accept a deed (or assignment) in lieu of foreclosure in the event of default by a mortgagor, or

15.2.3 Interfere with a subsequent sale or lease of the unit so acquired pursuant to the instrument.

15.3 Any agreement for professional management of the Project, or any other contract providing for services by the Declarant must provide for termination by either party without cause or payment of a termination fee on 90 days or less written notice and have a maximum contract term of three years.

15.4 In the event of damage to or destruction of any unit, which loss exceeds \$1,000.00, or any part of the Common Areas, which loss exceeds \$10,000.00, the institutional holder of any first mortgage on a unit shall be entitled to a timely written notice to any such damage or destruction. No unit owner or other party shall be entitled to priority over such party with respect to the distribution of any insurance proceeds regardless of the amount of loss. Upon request of any first mortgagee the Association must provide a letter to said first mortgagee wherein the Association agrees to notify the first mortgagee or any organization it designates at the address indicated by the mortgagee whenever:

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15.4.1 Damage to a unit covered by the first mortgagee's mortgage which exceeds \$1,000.00, or

15.4.2 Damage to the Common Areas and related facilities which exceeds \$10,000.00.

15.5 If any units or portion thereof or the Common Areas or any portion thereof is made the subject matter of any condemnation or eminent domain proceeding, or is otherwise sought to be acquired by a condemning authority, the institutional holder of any first mortgage of a unit shall be entitled to timely written notice of any such proceeding or proposed acquisition. No unit owner or other party shall have priority over such institutional holder until paid in full, regardless of the amount of condemnation award with respect to the distribution to such unit owner of the proceeds of any award or settlement.

15.6 With the exception of a lender in possession of a unit following a default in a first mortgage, a foreclosure proceeding or any deed or other arrangement in lieu of foreclosure, no unit owner shall be permitted to lease his unit for transient or hotel purposes. No unit owner may lease less than the entire unit. Any lease agreement shall provide that the terms of the lease shall be subject in all respects to the provisions of the Declaration and By-Laws and that any failure by the lessee to comply with the terms of such documents shall be a default under the lease. All leases shall be in writing.

15.7 Each holder of a first mortgage lien on a unit who obtains title to a unit by virtue of remedies provided in the mortgage, including but not limited to, foreclosure of the mortgage, or by deed of assignment in lieu of foreclosure, shall take the unit free of unpaid charges and shall not be liable for any unpaid claims or assessments and charges against the unit which accrue prior to the acquisition of title of such unit by mortgagee.

15.8 Any holder of a mortgage is entitled to written notification from the Management Committee 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 sixty (60) days.

15.9 Any lien which the Management Committee may have on any unit in the Project for the payment of Common Expense assessments attributable to such unit will be subordinate to the lien or equivalent security interest of any first mortgage on the unit.

15.10 Unless at least 75% of the first mortgagees (based on one vote for each mortgage owned) of units have given their prior written approval neither the Management Committee, Declarant, nor the Association shall;

15.10.1 By act or omission seek to abandon or terminate the Project.

15.10.2 Change the pro-rata interest or obligations of any unit for purposes of levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards or for determining the pro-rata share of ownership of each unit in the appurtenant Common Areas, except as necessary to allow the expansion of the Project as provided in the Declaration.

15.10.3 Partition or subdivide any unit; provided further, no partition or subdivision of the complex, or of any unit therein, shall be made without a commensurate increase in parking stalls, nor without the prior written approval of the Salt Lake City Planning and Zoning Commission, Building Board, and other City departments as required, that such proposal meets all zoning and building board requirements.

15.10.4 Make any material amendment to the Declaration or to the By-Laws of the Association, including, but not limited to, any amendment which would change the percentage interests of the unit owners in the Common Areas, except as may be necessary to effect expansion of the Project as provided in the Declaration.

15.10.5 By act or omission, seek to amend, partition, subdivide, encumber, sell, abandon or transfer, the Common Areas. Further, all Common Areas must remain as indicated on the originally recorded survey map, unless prior approval in writing to any change has been obtained from Salt Lake City Planning and Zoning, the change is ratified by the Association in accordance with this Declaration, and duly recorded. (The granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Areas of the Project shall not be deemed a transfer within the meaning of this subparagraph).

15.10.6 Use hazard insurance proceeds for losses to any condominium property (whether to units or to the Common Areas) for other than the repair, replacement or reconstruction of such improvements, except as provided by statute in cases of substantial loss to the units and/or the Common Areas of the Project.

15.11 The holders of the first mortgages (or trust deeds) shall have the right to examine the books and records of the Project.

15.12 Whenever there is a change of ownership of a unit, the Committee shall require that the new unit owner furnish the Committee with the name of the holder of any first mortgage (or trust deed) affecting such unit. The Management Committee or Manager shall maintain a current roster of unit owners and of the holders of first mortgages (or trust deed) affecting units in the Project.

16. Condominium Association. There is herewith established the Condominium Association which is, or may, be incorporated as a non-profit corporation pursuant to the Laws of the State of Utah. The members shall be comprised of all owners of units in the Ivy Terrace Condominiums, and membership in the Association shall be established by recordation in the office of the Salt Lake County Recorder, Utah, of a deed or other estate or ownership in land to the respective units. Upon such recordation, the membership of prior owners as to such unit shall be terminated. In the event the administration, management, and control of the units and Common Areas and Facilities shall be vested in it as provided by law and such authority and powers are granted to a non-profit corporation under the laws of the State of Utah, the Association shall be governed by the By-Laws as are attached hereto and marked Exhibit "C", or as the same may be subsequently amended.

17. Use Restrictions and Limitations Upon Sale and Ownership of Condominium Units. Use of the Property herein submitted for condominium ownership shall be in accordance with the following use restrictions and reservations and no rule shall be passed by the Management Committee in derogation of the following limitations and restrictions:

17.1 A condominium unit shall be used for single family residence and the Common Areas and Facilities shall be used for the purpose of furnishing services and facilities as herein provided for the welfare and enjoyment of such residence. Declarant shall be permitted to use units owned by it as a sales office and designate areas for parking for prospective customers until the last unit is sold; provided that, at the termination of the foregoing period all units shall thereafter revert and be used exclusively for residential units and not for sales or any other commercial purpose.

17.2 Ivy Terrace Condominium has been designated for adult living - neither the units nor common areas are designed to accommodate large families or children. No children between the ages of 2 to 12 are allowed to live in any of the condominium units, except as the Management Committee gives its specific authorization; and, provided further, that no disturbances or nuisances are caused to other

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unit owners. The Management Committee shall have authority to preclude children if they desire, and to prescribe reasonable rules and regulations for the purpose of effectuating the purposes of this subparagraph.

17.3 The units shall not be used for any immoral, improper, or unlawful purpose, and no use shall be allowed which will create a public or private nuisance. All property shall be kept in a neat and orderly manner.

17.4 Use of the Common Areas and facilities will be in such manner as to respect the rights of other unit owners, and as specifically limited by subparagraphs 17.23 and 17.24, infra.

17.5 No radio or television antenna or any wiring for the purpose may be installed on the exterior of any building, without prior written permission of the Association.

17.6 No commercial sign, advertisement, notice or other lettering shall be exhibited, inscribed, painted or affixed by any unit owner on any part of the outside or inside of the demised premises or building without the prior written consent of the Management Committee. Provided further, all signs or other advertising media employed by Declarant in its sales effort shall comply with all applicable zoning ordinances.

17.7 The sidewalks, entrances, passages, vestibules, stairways, corridors, and halls must not be obstructed or encumbered or used for any purpose other than ingress and egress to and from the premises.

17.8 All stairways shall be used only for the purposes intended, and shall not be used for hanging garments or other objects, or for cleaning of rugs or other household items. No washlines of any kind will be maintained outside the owner's unit. No unit owner shall discard or permit to fall any items from the windows of the premises, nor shall they place or permit to be placed any foreign objects in the hallways, stairways and other Common Areas.

17.9 All Common Areas inside and outside the building will be used for their intended purposes and no articles belonging to unit owners shall be kept therein or thereon and such areas shall at all times be kept free of obstruction. All storage items must be kept in the designated storage bins or units. No personal items will be allowed to be stored in the basement area outside of the storage bins.

17.10 Disposition of garbage and trash shall be only by the use of garbage disposal units or by use of recep-

tacles approved by the Association or slides or other modes of disposition as may be designated by the Association.

17.11 No pets or animals shall be kept in the condominium except for dogs (not to exceed 20 lbs.), cats, birds and fish, which must be leashed, caged, or otherwise restrained at all times when outside the unit. If the Association shall determine that any such pet shall become a nuisance to other unit owners, the pet shall be removed from the premises within ten days. Exceptions to this paragraph may only be made by unanimous approval of the Management Committee in writing.

17.12 No owner may make or permit any disturbing noises in the building whether made by himself, his family, friends, or servants, nor do or permit anything to be done by such persons that will interfere with the rights, comforts and conveniences of other tenants. No owner may play or suffer to be played any musical instrument, phonograph, radio or television set in his unit between the hours of 11:00 p.m. and the following 8:00 a.m. in such a manner that it shall disturb or annoy other occupants of the Project.

17.13 No garbage cans, supplies, or other articles shall be placed in the halls or in the staircase landings, nor shall anything be hung from the windows or balconies or placed upon the window sills. Neither shall any linens, cloths, clothing, curtains, rugs or mops be shaken out or hung from any of the balconies, windows or doors. No fire exits shall be obstructed in any manner.

17.14 House guests of unit owners over 12 years of age may not maintain residence for a continuous period exceeding three (3) months and all such house guests shall be registered by the unit owner with the Association. House guests under 12 years of age shall be limited to two weeks per year.

17.15 unit owners must maintain in good condition and repair his unit and all internal surfaces within or surrounding his unit; and maintain and repair the fixtures therein, inclusive of the air conditioning unit, and promptly pay for all utilities which are metered separately to his unit.

17.16 No structural addition or alteration to the unit, and no alteration whatsoever to the exterior of the unit nor to the Common Areas and facilities shall be made without the written approval of the Association. For the purposes of this rule exterior shall mean any portion of the unit not included within the interior of the unit.

17.17 The Association may retain a pass key to the premises. No unit owner shall alter any lock or install

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a new lock or a knocker on any door on the premises without the written consent of the Association or the Association's agent. In case such consent is given, the unit owner shall provide the Association with an additional key for the use of the Association pursuant to its right of access to the premises.

17.18 All draperies used on window casings shall be covered by white lining, except where draperies themselves are white or off-white in color.

17.19 No unit owner shall make repairs, remodel or alter his unit in any manner which will affect the appearance of the exterior of the building without the approval of the Association.

17.20 No person shall construct any fire, barbeque grill, or cooking grill or any other device, emitting smoke, fire or noxious orders within his unit or in any patio or balcony or in any Common Area not approved or designated for such use by the Management Committee.

17.21 Automobiles shall be parked only in the designated parking space assigned to the unit.

17.22 No use other than automobile parking shall be made of the automobile parking spaces. Specifically, no automobile parking space shall be used for storage or for a workshop or for any other purposes other than the parking of automobiles. Boats, campers, recreational vehicles and extra automobiles shall be subject to the rules and regulations promulgated by the Management Committee. The Management Committee shall have the power to designate areas for the location of boats, campers, recreational vehicles and extra automobiles or preclude them from the condominium area. At the present no provision for guest parking on the Property exists; therefore, unit owners have only the right to allow parking within their specific units.

17.23 Unit owners, or other parties acting under their authority or control, shall only be allowed to store items, other than in their own units, in the designated storage bins located in the basement.

17.24 The Common Areas shall not be used for any type of ball games, ball throwing, or other vigorous recreational activities where any ball or other object is tossed, thrown, batted, or hit; or where any gathering of two or more people may create a disturbance or be destructive to the grass or plants.

17.25 All other individual or group uses of the Common Area shall be pursuant to Rules and Regulations of the Management Committee.

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18. Method of Amendment to Declaration. Except for provisions of amendment of this Declaration as exclusively granted or reserved to the Declarant or mortgagee herein, including but not limited to the following Paragraph 20, this Declaration may be amended by special meeting called for such purpose after giving written notice to each unit owner, mailed by United States Mail, at least fifteen (15) days prior to the date of such meeting. The change may be requested at a meeting called for such change upon recommendation of the Management Committee, or upon request of not less than 10% of the outstanding share interests in the condominium as it then shall exist. At such meeting so called, amendments may be made to the Declaration upon approval of 66-2/3rd percent of the members of the Association, or 90 percent of the voting shares of the Association present and voting at such meeting called for such purpose provided that at least 50% of all unit owners are represented. Any such amendment so passed shall be evidenced by a certificate executed by the president or vice president and the secretary, and executed with the formalities of a deed and shall include the recording data identifying the original Declaration, and be thereafter recorded. Provided that all changes must comply with the zoning ordinances of Salt Lake City and the condominium act of the State of Utah.

19. Exclusion of Warranties Each unit and all Common Areas and Limited Common Areas are sold by Declarant "as is" without any warranty, express or implied, as to any structural or mechanical defects whether they be apparent or latent. The Declarant does not warrant the merchantability of the units or appurtenant Common Areas, or the fitness of a unit for any particular purpose.

20. Amendment of and Addition to Condominium Declaration by Declarant. Until control of the Association passes to the unit owners under the provisions of paragraph 8 hereof, the Declarant reserves the right at any time to amend the Declaration as may be required by any lending institution or public body, or in such manner as the Declarant may determine to be necessary or useful to carry out the purposes of the Development; provided that, such amendment shall not increase the proportion of common expenses borne by the condominium owners. After control has passed to the Association, all amendments shall be as provided by paragraph 18, supra.

21. Leasing of units. All lessees of units shall be reported and listed with the Management Committee. All lessees shall be subject in all respects to the provisions of the Declaration and By-Laws and any failure of the lessee to comply with the terms of said documents shall be a default under the lease or tenancy. The Management Committee may maintain an action of law, separate and apart from the

owner, for eviction and/or damages against a lessee in violation of this Declaration, the By-Laws, or rules of the Association.

21.1 Each lessee shall, at the lessee's option, have the right to vote at the meetings of the owner in place of the owner, except with respect to votes for capital expenditures.

21.2 No unit owner shall lease less than the entire unit.

21.3 The provisions of this paragraph shall not apply to a lender in possession of a unit following a default in a first mortgage.

22. Encroachments. None of the rights and obligations of any unit owners created by this Declaration, By-Laws, or by any deed conveying a unit shall be affected in any way by an encroachment: (i) by any portion of the Common Areas and facilities upon any unit; (ii) by any unit upon any portion of the Common Areas and Facilities; or (iii) by any unit upon another unit due to settling or shifting of the building or other structure, including the rebuilding of the building and other structure after fire or other casualty or an eminent domain taking or delivery of a deed in lieu of condemnation, unless there occurs an encroachment that results from the willful or negligent act or omission of the unit owner of the encroaching unit, or if the owners of the units to which the use of the encroaching Limited Common Areas and Facilities is appurtenant, or if the Management Committee in the event of an encroachment by any portion of the Common Areas and Facilities other than the Limited Common Areas and Facilities. There are hereby created valid easements for the maintenance of any encroachments permitted by this paragraph of, so long as such encroachments exist.

23. Conveyances, Easements. Every deed, lease, mortgage, or other instrument may describe a unit by its identifying number and designation set forth in Exhibit "B" 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 percentage of undivided ownership in the Common Areas and Facilities, as a tenant-in-common, as set forth in Exhibit "B", even though the same is not mentioned or described.

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

23.2 Except and reserve with respect to a unit: (i) any appurtenant portion of the Common Area; (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.

23.3 Include with respect to a unit nonexclusive 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 parking spaces as indicated in Exhibit "B" and the Map.

23.4 Except and reserve, with respect to the undivided percentage interest in the Common Areas and Facilities, nonexclusive easements appurtenant to all units for ingress, egress, support, and repair and exclusive use appurtenant to each unit for the use of the parking spaces as set forth in Exhibit "B" and the Map.

23.5 Include, with respect to the undivided percentage interest in the Common Areas and Facilities, nonexclusive easements through each unit for support and repair of the Common Areas and Facilities and nonexclusive 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.

24. Sale or Lease Any purchaser or lessee shall automatically be subject to all of the terms, conditions, limitations, rights, and obligations placed upon an owner or lessee by this Declaration, with or without actual notice of this Declaration.

24.1 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.

25. Combination of units Owners of two or more adjoining units shall have the right, upon approval of the Management Committee and the Mortgagees of said units, to combine one or more adjoining units or portions thereof and to alter or amend the Declaration and Map to reflect such combination; provided that, no combination shall be approved which would adversely affect the building involved, nor shall any combination be approved without the prior written approval of such plan by the Salt Lake City Planning and Zoning Commission and the Building Board.

25.1 Such amendments may be accomplished by the unit owner, subsequent to approval by the Management Commit-

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tee and Mortgagee, recording an amendment or amendments to this Declaration, together with an amended Map or Maps containing the same information with respect to the altered units as required in the initial Declaration and Map with respect to the initial units. All costs and expenses required in such amendments shall be borne by the unit owner desiring such combination.

25.2 All such amendments to the Declaration and Map must be approved by attorneys employed by the Management Committee to insure the continuing legality of the Declaration and the Map. The cost of such review by the attorneys shall be borne by the person wishing to combine the units.

25.3 Any amendment of the Declaration or Map pursuant to this paragraph shall reflect the changes occasioned by the alteration. Such changes shall include a change in the percentage of undivided interest in the Common Areas and Facilities which are appurtenant to the units involved in the alterations. The remaining combined unit, if two or more units are totally combined, will acquire the total of the percentage of undivided interest in the Common Areas and Facilities appurtenant to the units that are combined as set forth in Exhibit "B". If a portion of one unit is combined with another, the resulting units shall acquire a proportionate percentage of the total undivided interest in the Common Areas and Facilities of the units involved in the combined units. The percentage of undivided interest in the Common Areas and Facilities appurtenant to all other units shall not be changed. All such amendments must, in all instances, be consented to by the Management Committee and also all other persons holding interest in the units affected. The consent of other unit owners need not be obtained to make such amendments or alterations valid, provided that the percentages of undivided interest in the Common Areas and Facilities of the other unit owners remain unchanged. In all events, any change or amendment to the documents referenced by this paragraph shall first be reviewed and approved in writing by Salt Lake City through its appropriated departments, and the changes recorded in the office of the County Recorder.

26. Duty of unit owners; Remedy. Each unit owner shall comply strictly with the provisions of this Declaration and with the administrative rules and regulations drafted pursuant thereto as the same may be lawfully amended from time to time and with the decisions adopted pursuant to this Declaration and the administrative rules and regulations. Failure to comply shall be grounds for an action to recover sums due for damages or injunctive relief or both, maintainable by the Management Committee or manager on behalf of the unit owners, or in a proper case, by an aggrieved unit owner.

27. Assessments The making and collection of assessments from unit owner for their share of common expenses shall be pursuant to the By-Laws and subject to the following provisions:

27.1 Each owner shall be liable for a proportionate share of the common expenses and shall share in the common profits, such shares being the same as the percentage of undivided interest in the Common Areas and Facilities appurtenant to the unit owned by the unit owner as set forth in Exhibit "B".

27.2 Assessments and any installments thereof not paid on or before ten (10) days after the date when due shall bear interest at the prevailing prime rate in Salt Lake City upon an annual basis, or at such other rate of interest as may be set by the Management Committee, but in any event not less than ten percent (10%), 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.

27.3 A lien for unpaid assessments shall also secure reasonable attorneys' 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.

27.4 In any foreclosure of a lien for assessments, the unit owner subject to the lien shall be required to pay a reasonable rental for the unit, and the Management Committee shall be entitled to the appointment of a receiver to collect the same.

27.5 The Management Committee may include in the monthly assessments amounts representing contributions to the capital of the association to be used for the replacement of or additions to capital items or improvements in the Property. Said amount shall be set up as capital accounts for each unit. In the event of transfer of a unit, the capital account shall be deemed transferred to the unit transferee.

27.6 In assessing the unit owners for capital improvements to the Common Areas and Facilities, for which there are not sufficient amounts in the respective capital accounts, there shall be no single improvement exceeding the sum of Twelve Thousand Dollars (\$12,000) made by the Management Committee without the same having been first voted on and approved by two-thirds (2/3) majority of those present in person or by proxy of 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 12 hereof, or to such structural alterations, capital additions to, or capital improvements of the Common Areas

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and Facilities as are necessary in the Management Committee's reasonable judgment to preserve or maintain the structural integrity of the Common Areas and Facilities of the Property.

27.7 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 any assessments, the Management Committee may, at its option, and is hereby authorized by the unit owner pursuant to this paragraph to demand and receive from any tenant or subtenant of the unit owner the rent due or becoming due in payment of such assessment, with the balance to be held in trust by the Management Committee for the unit owner. The failure of a tenant to make such payment to the Management Committee shall be grounds for eviction of the tenant. Each unit owner agrees to hold harmless the tenant for good faith payments made pursuant to this paragraph.

27.8 Upon the sale of any unit, the Management Committee shall require the payment of the first and last month association dues as then prevailing.

27.9 The Management Committee shall collect the first and last month fee, then prevailing, upon any sale or transfer of a unit.

28. Taxes. It is understood that under the Act each unit, together with its Limited Common Areas and its percentage of undivided interest in the Common Areas and Facilities in the Project, is deemed a parcel and subject to separate assessment and taxation by each assessing unit and special district for all types of taxes authorized by law. Each unit owner will, accordingly, pay and discharge any and all taxes which may be assessed against his condominium unit, together with his pro-rata share of Common Areas. If, for any reason, any tax or other assessment is necessarily made as to the condominium development as a whole the percentage share of each unit owner shall be assessed and collected by the Management Committee in accordance with Exhibit "B".

29. Voting. At any meeting of the Association of unit owners, each unit owner, including Declarant, either in person or by proxy, shall be entitled to one vote. If there is more than one unit owner with respect to a particular unit, any or all of such unit owners may attend any meeting of the association, but it shall be necessary for all such unit owners present to act unanimously in order to cast the votes pertaining to their unit.

30. Notices. 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 forty-eight (48) hours after a copy of the same has been deposited in the U.S. Postal Service, 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: Mr. Brent Scott, 2751 East 7350 South, Salt Lake City, UT 84121.

31. No Waiver 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 the By-Laws, 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.

32. Declarant's Use. Declarant and persons it may select from time to time shall have the right of ingress and egress over, upon, and across the Common Areas and facilities and Limited Common Areas and facilities and the right to temporarily place materials therein and to make such other use thereof as may be reasonably necessary incident to the refurbishing, development, and sale of all the units.

33. Severability. The provisions of this declaration shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any one provision or portion hereof shall not affect the validity or enforceability of any other provision hereof.

34. Captions and Gender. The captions in this Declaration are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of this Declaration or the intent of any provision hereof. The masculine gender as used herein shall mean and include the female or neuter gender when the context requires.

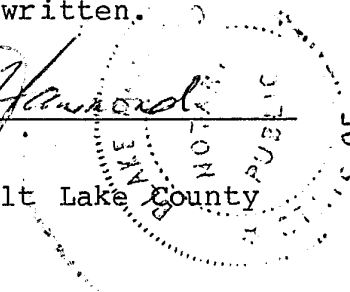
35. Law Controlling. This Declaration, the Map, and the By-Laws shall be construed and controlled by and under the laws of the State of Utah.

Directors and said BRENT H. SCOTT and NANCY R. SCOTT acknowledged to me that said corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.

Blake Howard
Notary Public

My Commission Expires: 7-17-82 Residing in Salt Lake County



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EXHIBIT "A"

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SURVEYOR'S CERTIFICATE

BEFORE ME, the undersigned authority, on this day personally appeared _____, known to me to be the person whose name is subscribed to the foregoing plat, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

BOUNDARY DESCRIPTION

That the above described premises are situated in the City of _____, County of _____, State of _____, and are bounded as follows: _____

Witness my hand and seal of office this _____ day of _____, 19____.

Notary Public for _____



OWNER'S DEDICATION

I, _____, do hereby dedicate to the public use of the County of _____ the above described premises for the purpose of _____

ACKNOWLEDGMENT

I, _____, do hereby acknowledge that the above described premises are situated in the County of _____, State of _____, and are bounded as follows: _____

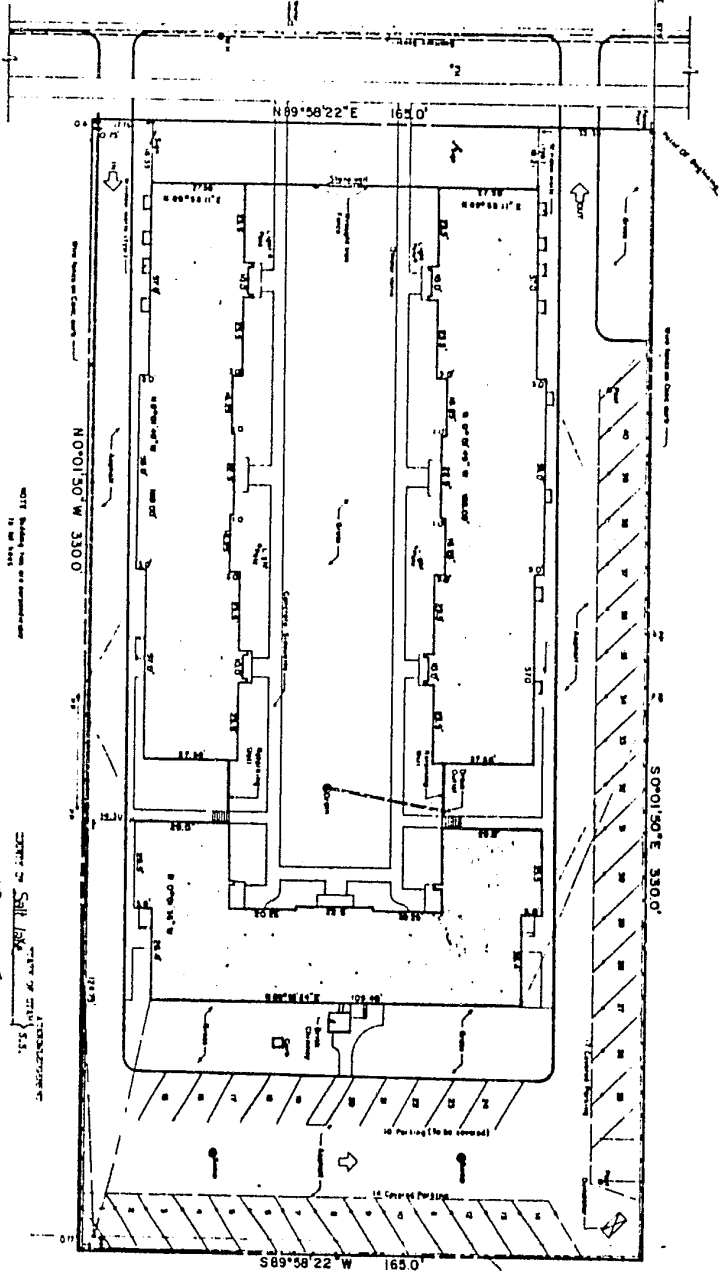


Sheet 1 of 2

A RECORD OF SURVEY MAP OF THE CITY TERRACE CONDOMINIUMS LOCATED IN THE NE QUARTER OF SECTION 4, T15S, R16E, S18 88

RECORDED & ACCEPTED AND FILED AT THE STATE OF ILLINOIS, COUNTY OF _____

DATE _____ TIME _____ ROOM _____ PAGE _____



LEGEND
- - - - - CURB
- - - - - WALK
- - - - - DRIVE

400 EAST STREET

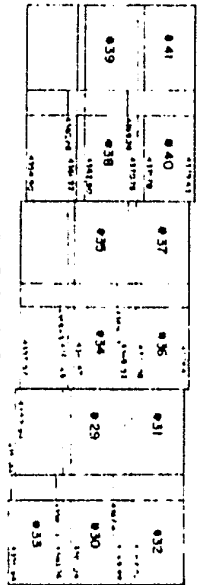
100 SOUTH STREET

500 EAST STREET

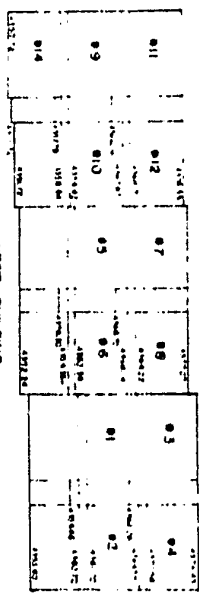
PLANNING COMMISSION
APPROVED THIS _____ DAY OF _____
CITY PLANNING COMMISSION

CITY RECORDS
CITY CLERK

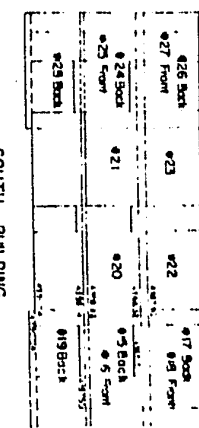
PLANNING DIRECTOR



EAST BUILDING

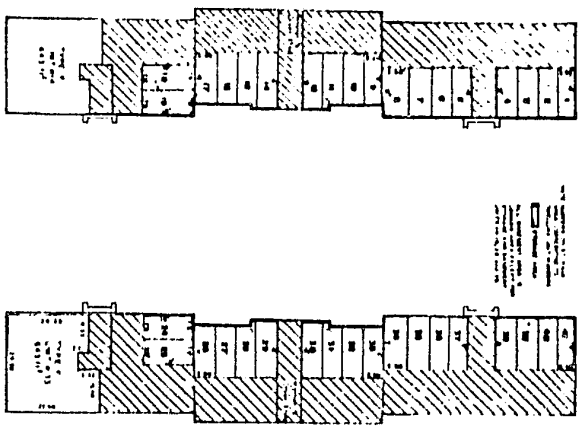


WEST BUILDING

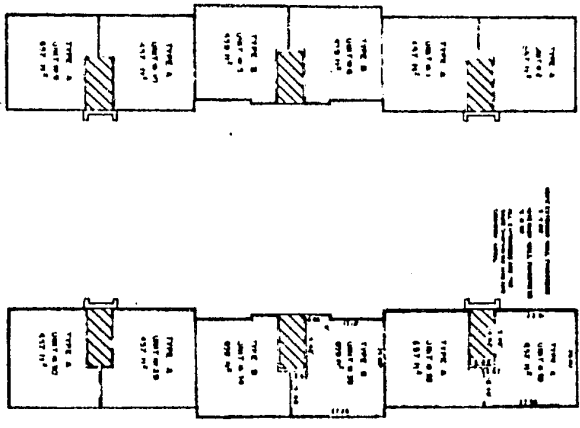


SOUTH BUILDING

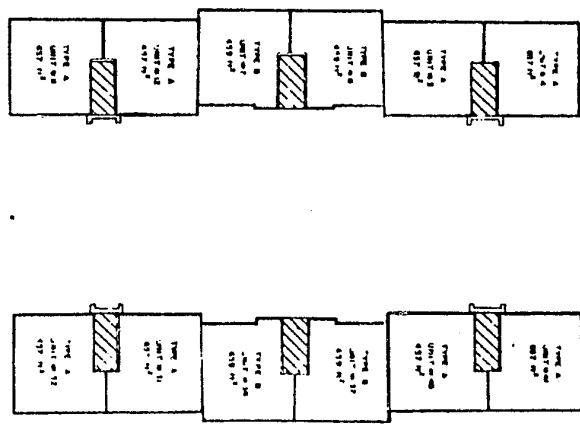
BASEMENT FLOOR PLAN



MAIN FLOOR PLAN



UPSTAIRS FLOOR PLAN



LEGEND
 ■ COMMON AREA
 ▨ LIMITED COMMON AREA
 □ STORAGE ROOM
 ○ CLOSET

EXHIBIT "B"

Unit and Limited Common Area Nos.	Square Feet of Unit	Estimate Sale Price	% Ownership in Common Areas
1	657	\$48,289	.0257
2	657	48,289	.0257
3	657	48,289	.0257
4	657	48,289	.0257
5	659	48,436	.0258
6	659	48,436	.0258
7	659	48,436	.0258
8	659	48,436	.0258
9	657	48,289	.0257
10	657	48,289	.0257
11	657	48,289	.0257
12	657	48,289	.0257
14	643	47,260	.0251
15	674	49,539	.0263
16	476	34,986	.0186
17	674	49,539	.0263
18	476	34,986	.0186
19	659	48,436	.0258
20	660	48,510	.0258
21	660	48,510	.0258
22	660	48,510	.0258
23	660	48,510	.0258
24	674	49,539	.0263
25	476	34,986	.0186
26	674	49,539	.0263
27	476	34,986	.0186
28	659	48,436	.0258
29	657	48,289	.0257
30	657	48,289	.0257
31	657	48,289	.0257
32	657	48,289	.0257
33	643	47,260	.0251
34	659	48,436	.0258
35	659	48,436	.0258
36	659	48,436	.0258
37	659	48,436	.0258
38	657	48,289	.0257
39	657	48,289	.0257
40	657	48,289	.0257
41	657	48,289	.0257

EXHIBIT C

ARTICLES OF INCORPORATION
OF
IVY TERRACE OWNERS ASSOCIATION
a Utah Co-operative Association

ARTICLE I

Name

The name of the Association is Ivy Terrace Owners Association.

ARTICLE II

Duration

The period of its duration shall be perpetual.

ARTICLE III

Purpose

A. The Association shall exist as a nonprofit corporation under the Laws of the State of Utah.

B. The Association shall provide for the administration, operation, management, maintenance, preservation, and control of the Ivy Terrace Condominium Project of Salt Lake City, Salt Lake County, State of Utah, established pursuant to the Utah Condominium Act as amended.

C. The Association shall exercise and perform all the obligations and duties of the "Association of Unit Owners" and the "Management Committee" of the project as these terms are used in the Utah Condominium Ownership Act, and the Declaration of Condominium for Ivy Terrace Condominiums.

D. The Association shall exercise all powers and perform all duties imposed upon it by the Declaration of Ivy Terrace Condominium, or as such Declaration may hereafter be amended and as provided for under the "Utah Non-profit Corporation and Co-operative Association Act" Utah Code Annot. §16-6-18, as amended (hereinafter the "Act").

E. The Association, through its governing board, is hereby empowered to prepare and promulgate By-Laws for the execution of its powers and duties. Such By-Laws shall have full force and effect in every area not inconsistent with these Articles, the Declaration of Ivy Terrace Condominium, the Utah Condominium Ownership Act, or the above Act.

F. This statement of Association powers and purposes shall be broadly construed to effectuate the Association purposes.

ARTICLE IV

Members

Membership and voting rights in the Association shall be in the same ratio as ownership of the undivided interest in the common areas and facilities of the project as defined in the Declaration of Ivy Terrace Condominium and set forth

in Exhibit "B" hereto. Owners of the interest therein defined shall have membership and voting rights in the Association to the extent of such ownership.

ARTICLE V

Governing Board

The governing board of the Association shall be the Management Committee, initially consisting of three (3) trustees as defined by the Act, the member of which are:

Mr. Brent Scott
2751 East 7350 South
Salt Lake City, UT 84121

Dr. Gene Richards
2248 Laney Ave.
Salt Lake City, UT 84117

Dr. Richard Randle
2248 Laney Ave.
Salt Lake City, UT 84117

ARTICLE VI

Incorporators

The incorporators of the Corporation are:

Mr. Brent Scott
2751 East 7350 South
Salt Lake City, UT 84121

Dr. Gene Richards
2248 Laney Ave.
Salt Lake City, UT 84117

Dr. Richard Randle
2248 Laney Ave.
Salt Lake City, UT 84117

ARTICLE VII

Principal Office

The initial principal office of the Association shall be: 456 East 100 South, Salt Lake City, Utah

ARTICLE VIII

Registered Agent

The initial registered agent for the Association shall be Julian D. Jensen of 311 South State, Suite 380, Salt Lake City, Utah 84111.

Dated this 15th day of July, 1981.

Brent Scott
Brent Scott

Gene M. Richards
Gene Richards

Richard Randle
Richard Randle

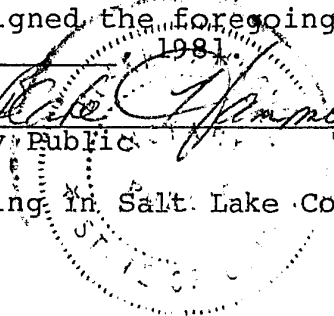
State of Utah)
 : ss.
County of Salt Lake)

Personally appeared before me Brent Scott, Gene Richards, and Richard Randle who signed the foregoing in my presence this 15th day of July, 1981.

Walter Hammond
Notary Public

My Commission Expires:
7-17-82

Residing in Salt Lake County



BOOK 5337 PAGE 510

EXHIBIT D

BY-LAWS

IVY TERRACE OWNERS ASSOCIATION

An Association of Unit Owners Under
the Utah Condominium Ownership Act

The administration of the Ivy Terrace Condominiums (hereinafter the "Property") and the Ivy Terrace Owners Association (hereinafter the "Association") shall be governed by these By-Laws, by the Utah Condominium Act, Utah Code Annotated hereinafter Sections 57-8-1 through 57-8-36 (1953 as amended), as amended, (the "Condominium Act") the Utah Non-Profit Corporation and Cooperative Association Act, Utah Code Annot. §16-6-18 et. seq. (hereinafter the "Corporate Act") and by the Declaration.

1. Application of By-Laws

All present and future unit owners, mortgagees, lessees, and occupants of units and their employees, and any other persons who may use the facilities of the property in any manner are subject to the Declaration, these By-Laws, and all rules made pursuant hereto and any amendment thereof. The ownership, lease, or the act of occupancy of a unit shall constitute an agreement that the provisions of the Declaration and these By-Laws (and any rules and regulations made pursuant thereto), as they may be amended from time to time, are accepted, ratified, and will be complied with.

2. Management Committee

2.1 The administration of the property on behalf of the Association shall initially be conducted by a Management Committee of three natural individuals who shall serve as the Trustees for the Association. The Management Committee may be expanded by a 2/3 majority vote of unit owners amending these By-Laws to any greater odd number of committee members.

2.2 When unit owners other than Declarant own 15% or more of the units, the unit owners other than the Declarant shall be entitled to elect 1/3rd of the members of the Management Committee.

2.3 Either three (3) years after sales by the Declarant have been closed of 50% of the units, or three (3) months after sales have been closed by the Seller of 90% of the units have been sold, and none of the other remaining units are being offered for sale by the Seller in the

ordinary course of business, unit owners other than the Declarant shall be entitled to elect 50% plus one of the members of the Management Committee.

2.4 Declarant shall have the permanent right, but not the duty, to elect not less than one member of the Management Committee of the Association as long as the Declarant holds for sale in the ordinary course of business any unit or units in the condominium.

2.5 Beginning with the first annual meeting after Declarant has relinquished majority control in accordance with the preceding provisions, and at every annual meeting thereafter, the Association shall elect the members of the Management Committee for the forthcoming year. At least thirty (30) days prior to any annual meeting of the Association, the Management Committee shall elect from the unit owners a nominating committee of not less than three (3) members (none of whom shall be members of the then Management Committee) who shall recommend to the annual meeting one nominee for each position on the Management Committee to be filled at that particular annual meeting. Nominations for positions on the Management Committee may also be made by petition filed with the secretary of the Association at least seven (7) days prior to the annual meeting of the Association, which petition shall be signed by ten (10) or more unit owners and signed by the nominee named therein indicating his willingness to serve as a member of the Management Committee, if elected. Members of the Management Committee need not be unit owners.

2.6 Members of the Management Committee shall serve for a term of two (2) years; provided however, that two members of the Management Committee elected at the first annual meeting shall serve an initial term of one (1) year and the other member(s) shall serve for initial terms of two (2) years. Thereafter, all Management Committee members elected shall serve for a two-year term. The terms of no more than two members will end each year. The members of the Management Committee shall serve until their respective successors are elected, or until their death, resignation, or removal. Any member of the Management Committee who fails to attend three consecutive Management Committee meetings or fails to attend at least 25% of the Management Committee meetings held during any calendar year shall forfeit his membership on the Management Committee.

2.7 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 (2/3)

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.

2.8 The members of the Management Committee shall receive no compensation of 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.

2.9 The Management Committee, for the benefit of the property and the Association, shall manage the business, property, and affairs of the property and the Association and enforce the provisions of the Declaration, these By-Laws, the house rules, and the administrative rules and regulations governing the property. The Management Committee shall have the powers, duties, and responsibilities with respect to the property as contained in and limited by the Condominium Act, the Corporate Act, the Declaration, and these By-Laws.

2.10 The meetings of the Management Committee shall be held at such places within the State of Utah as the Management Committee shall determine. A majority of the Management Committee shall constitute a quorum, and if only a minor quorum is present, the decision of all of those present shall be the act to 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.

2.11 Special meetings of the Management Committee may be called by the president or by any two Management Committee members.

2.12 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.

2.13 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 attend 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.

2.14 After the election of the members of the Management Committee at the first annual meeting of the Association after Declarant relinquishes control, Declarant shall execute, acknowledge, and record an affidavit stating the names of the members of the newly elected Management Committee. Thereafter, any two (2) persons who are designated of record as being members of the most recent Management Committee (regardless of whether or not they shall still be members) may execute, acknowledge, and record an affidavit stating the names of all of the members of the then current Management Committee. The most recently recorded of such affidavits shall be prima facie evidence that the persons named therein are all of the incumbent members of the Management Committee and shall be conclusive evidence thereof in favor of all persons who rely thereon in good faith.

2.15 The fiscal year shall be determined by the Management Committee.

3. Meetings of the Association

3.1 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 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 any 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.

3.2 There shall be an annual meeting of the Association with the first commencing on the first Friday of the first month at 7:00 p.m. after the occurrence of the events described by either paragraph 2.2 or 2.3, supra., 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: (i) 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 (ii) an audited statement of the common expense 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.

3.3 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 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.

3.4 Robert's Rules of Order (latest edition) shall govern the conduct of the Association's meetings when not in conflict with the Declaration or these By-Laws.

4. Officers

4.1 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. Provided that, initially one person may exercise all of the foregoing offices if designated by the Management Committee. The Management Committee may appoint such other assistant officers as the Management Committee may deem necessary. 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.

4.2 The president shall be the chief executive of the Management Committee and shall preside at all meetings of the units 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 of material importance to its business. He shall do and perform all acts which the Management Committee may require.

4.3 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.

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

5. Common Expenses; Assessments

5.1 All assessments shall be made in accordance with the general provisions of paragraph 27 of the Declaration.

5.2 Within thirty (30) days prior to any annual meeting of the Association, the Management Committee shall estimate the common expenses and capital contributions for the following year. The estimated capital contributions may 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 capital contributions and common expenses shall be presented at the annual meeting for ratification by majority vote; 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 and any pertinent exhibit attached thereto. 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 upon ratification by a majority vote. 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 either capital accounts or in the common expense fund and shall be expended by the Management Committee only in accordance with the provisions of the Condominium Act, the Declaration, and these By-Laws.

5.3 Every determination by the Management Committee with respect to common expenses and common expenditures necessary to maintain the property, that is made within the bounds of the Condominium Act, the Declaration, and these By-Laws, shall be final and conclusive as to the unit owners, and shall be deemed necessary and properly made for such purposes.

5.4 The rights, duties, and functions of the Management Committee set forth in this paragraph shall be exercised by Declarant until Declarant shall have relinquished control in accordance with paragraphs 2.2 and 2.3.

5.5 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 these By-Laws, 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.

5.6 Amendments to this paragraph 5 shall be effective only upon unanimous written consent of the unit owners and their mortgagees; provided that the rights of Declarant to appoint the Management Committee until the happening of the events discussed in paragraph 2 shall not be effected.

5.7 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.

5.8 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 record 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 owner, the treasurer shall keep an accurate record of such assessments and of the payments thereof by each unit owner.

5.9 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 Condominium Act and in the Declaration to enforce the collection of assessments for common expenses.

5.10 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 shall remain so liable. Any such excess 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 unit owners, including without limitation the purchaser of the unit, the 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 of any period prior to that date.

5.11 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. 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 become due 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 rights to collect unpaid assessments for common expenses which are a lien against a unit, and for any expenses of and advances by Management Committee, the Management Committee may on behalf of all the unit owners, purchase the unit at a sheriff's sale, provided such action is authorized by the affirmative vote of a majority of the members of the Management Committee.

5.12 In addition to the statements issueable to purchaser of units, the Management Committee shall provide upon request 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, or to any mortgagee on request at reasonable intervals.

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

5.14 In the event the unit owner cannot be contacted at his address of record filed with the Management Committee, then any party renting or in actual occupancy shall be jointly and severally liable with the unit owner for such expenses. The unit owner agrees in accordance with the Declaration to assign so much of the rent of such occupant to the Management Committee as may be necessary to pay such assessments and appoints the Management Committee to collect such rents.

5.15 It is herewith adopted as policy that the Management Committee shall collect the first and last months monthly condominium fee, then prevailing, upon the initial and all subsequent condominium unit sales. If the original amount remains on deposit in any subsequent sale, such amount shall be adjusted to equal the monthly fee then prevailing. Unless such adjustment amount is submitted to the Management Committee as part of the closing, it shall constitute a special assessment as to the new unit owner.

6. Litigation

6.1 If any action is brought by one or more but less than all unit owners on behalf of the Association and recovery is had, the plaintiff's expenses, including reasonable counsel's fees, shall be a common expense; provided, however, that if such action is brought against the unit owners or against the Management Committee, the officers, employees, or agents thereof, in their capacities as such, with the result that the ultimate liability asserted would, if proved, be borne by all the unit owners, the plaintiff's expenses, including counsel fees, shall not be charged to or borne by the unit owners, not parties to the action as a common expense or otherwise.

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6.2 Complaints brought against the Association, the Management Committee or the officers, employees or agents thereof, in their respective capacities as such, or the property as a whole shall be directed to the Management Committee, which shall promptly give written notice thereof to the unit owners and any mortgagees and shall be defended by the Management Committee, and the unit owners and mortgagees shall have no right to participate other than through the Management Committee in such defense. Complaints against one or more, but less than all unit owners shall be directed to such unit owners, who shall promptly give written notice thereof to the Management Committee and to the mortgagees affecting such units, and shall be defended by such unit owners, unless the Management Committee votes to defend such action on behalf of the entire Association.

6.3 In any action brought against a unit owner for any claim or cause of action arising out of, or related to, these By-Laws or the Declaration, the unit owner shall be deemed given notice if notice or service is left at the unit unless another address is supplied to the Management Committee for such owner. The owner shall be deemed served by service upon any lessee or any party occupying his unit. In any action brought against the unit owner by the Management Committee, the unit owner agrees to pay reasonable attorney fees and interest on any delinquency, before and after judgment, at the annual rate of twelve per cent (12%), unless otherwise provided for in the Declaration.

7. Abatement and Enjoinment of Violations by Unit Owners

The violation of any house rules or administrative rules or regulations adopted by the Management Committee or the breach of any provision contained herein or the breach of any provision of the Declaration, shall give the Management Committee the right, in addition to any other rights set forth in these By-Laws:

7.1 To enter the unit in which or as to which such violation or breach exists and to similarly abate and remove, at the expense of the defaulting unit owner, any structure, thing, or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Management Committee shall not thereby be deemed guilty in any manner of trespass; or

7.2 To enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach.

8. Accounting

8.1 The books and accounts of the Association and Management Committee shall be kept in accordance with generally accepted accounting procedures under the direction of the treasurer.

8.2 At the close of each fiscal year, the books and records of the Management Committee shall be audited by a certified public accountant approved by the Association.

8.3 The books and accounts at the Association and Management Committee shall be available for inspection at the office of the Association by any unit owner or his authorized representative during regular business hours.

9. Special Committees

The Management Committee by resolution may designate one or more special committees, each committee to consist of two (2) or more unit owners, which to the extent provided in said resolution, shall have and may exercise the powers set forth in said resolution. Such special committee or committees shall have such name or names as may be determined from time to time by the Management Committee. Such special committees shall keep regular minutes of their proceedings and report the same to the Management Committee when required. The members of such special committee or committees designated shall be appointed by the Management Committee or the president. The Management Committee or the president may appoint unit owners to fill vacancies on each of said special committees occasioned by death, resignation, removal or inability to act for any extended period of time.

10. Amendment of By-Laws

These By-Laws may be amended by a two-thirds (2/3) affirmative vote of the Association at a meeting duly called for such purpose. Upon such an affirmative vote, the Management Committee shall acknowledge the amended By-Laws, setting forth the fact of the required affirmative vote of the unit owners and the amendment shall be effective upon recording. Provided however, the Association shall not have the power to amend the provisions of these By-Laws relating to control of the Management Committee by the Declarant.

11. Notices

Any unit owner shall promptly notify the Management Committee of the name and address of any lessee or other

occupant of his unit. The Management Committee may require such occupant to formally accept the Declaration and these By-Laws in writing as a condition of occupancy. Any occupant not so listed or refusing to sign an agreement in writing to be governed by the Declaration or By-Laws may be summarily removed by the Management Committee, without the prior consent or notice to the unit owner.

12. Severability

The provisions hereof shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any one provision or portion hereof shall not affect the validity or enforceability of any other provision hereof.

13. Captions

The captions herein are inserted only as a matter of convenience and for reference and in no way to define, limit or describe the scope of these By-Laws nor the intent of any provision hereof.

14. Effective Date

These By-Laws shall take effect upon recording of the Declaration of which they are a part.

Witness the hand of all of the undersigned members of the initial Management Committee this 15th day of July, 1981.

Buddy Smith
Gene M. Richards
Richard E. Kandle

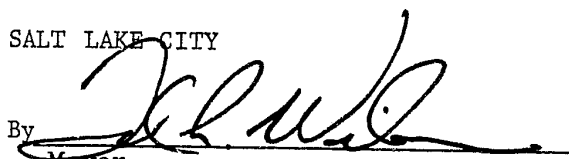
BOOK 5337 PAGE 522

APPROVAL BY CITY

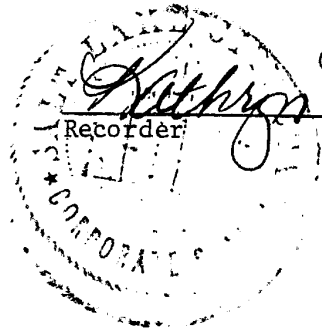
SALT LAKE CITY, a body corporate and politic, and the City in which Evry Terrace Condominiums a Utah condominium project, is located, by and through its duly elected Mayor, does hereby give final approval to the said Project, to the foregoing Declaration, to the Record of Survey Map recorded concurrently herewith, and to the attributes of the said Project which are mentioned in Section 57-8-35(3) of the Utah Condominium Ownership Act, as amended and expanded by the Laws of Utah, 1975, Chapter 173, Section 18.

DATED: NOV 27 1981

SALT LAKE CITY

By 
Mayor

ATTEST:



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CLIMATE CONTROL SERVICE

758 So. Redwood Road, P. O. Box 25788 Salt Lake City, Utah 84125 (801) 973-9005

February 13, 1981

Professional Investors Association
P. O. Box 9273
Salt Lake City, Utah 84109

Attention: Brent Scott

Re: Ivy Terrace

Dear Mr. Scott:

For some months now we have been employed to do maintenance and repairs on the mechanical system at the Ivy Terrace apartments, and so now will explain the present condition of the system as we see it.

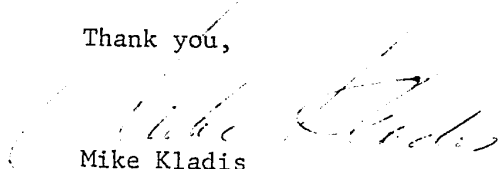
The heating system consists of a steam convactor system in each apartment. Steam is supplied by a single boiler in the south wing. The condensate is returned by means of three condensate pumps, one located in each of the south, west, and east wings. The west and east wing condensate pumps and tanks are new in 1980 and 1981. The boiler is in good condition. Some of the return piping on the lower header was replaced in January of 1981. The boiler is not leaking, and is of sufficient size to heat the complex as is.

One matter that has concerned us is that some of the steam and condensate piping is underground and is not accessible for inspection. However, the underground piping in some areas has been placed in tunnels. Other piping will be placed in tunnels in the future and some will be discontinued. This will help alleviate future problems with the underground piping.

We feel that the steam system is a good, reliable, and safe system.

If you have any questions on this, please feel free to contact us.

Thank you,


Mike Kladis
Vice President of Sales

MK/wd

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2/5/81

General plumbing report for Joy Terrace Apartments
located at 450 E. and 100 S. in S.F.C.
Section 1403 A.

A review of the plumbing system indicates the plumbing to be in satisfactory condition for a building of its age. With the following qualifications, the capacity is adequate and the useful life of the plumbing (sewer & water) is at least five years and beyond.

- The faucets will require minor service i.e. change of washers, stems, etc.

- The booster water heater may need replacement (the storage tank appears to be in good condition)

- The hot water lines between the south & west buildings will probably need replacement similar to that done between the south & east building.

The fixtures show normal wear but are adequate and functional. One other concern in an older building is water pressure, but the water system appears to provide adequate pressure to operate the fixtures properly.

Section 1405 A.

(a) Calculation of plumbing fixture units shows 9 for each apartment. At this rate, with four

apartments on a four inch stack, there is a demand of 36 units on a 256 vertical and 216 horizontal capacity line. All of the apartments appear to tie into the south building with the main sewer line extending to 500 E. Inquiry with the Salt Lake Sewer Department indicates that although all of the units (360 fixture units) tie into a common four inch line, it immediately connects into the six inch line (720 fixture unit capacity) proceeding to 500 E. In conclusion, the fixture unit demand is currently at a maximum and is adequately handling the current demand.

note: This contractor was indirectly involved in a project very similar to this in Park City. In my opinion, updating of fixtures and addition of showers & disposals was very compatible with the existing system and had a tendency to help keep the drain lines running smoothly.

(b). The water system of the apartments appears to be as follows:

- each fixture (including tubs) has its individual shut off
- each of the three buildings has a separate shut off on the cold water
- the common hot water system can be shut off for either the west side, east side or the entire building

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MIKE ZAROCK PLUMBING
1470 SHOSHONE AVE.
SANDY, UT 84070
(801) 571-4459

In relating this apartment building to the recently revised Utah Plumbing Code, it is basically compatible with its plumbing system. There are no significant areas which would need to be altered for the purpose of bringing it "up-to-date" with the code. Except for normal wear and those areas mentioned, the plumbing system has no other "conditions constituting deficiencies requiring repair".

Respectfully submitted,

Michael Zarock

PRESTON CONSTRUCTION

GENERAL CONTRACTOR

2981 EAST 3215 SOUTH
SALT LAKE CITY, UTAH 84109

The following is a description of the general structural characteristic and qualities of various elements of the existing "Ivy Terrace Apartment Building" located at 460 East 100 South, Salt Lake City, Utah.

I. Exterior

- A. Carport - There are 32 existing covered parking stalls. They are built on a post and beam system with additional suspension cable supports. Roof joists are 2X6 with a corrugated aluminum roofing material.

In August 1980 work commenced on improving the physical and esthetic appeal of the carports. The old fascia was removed and replaced, the post supports were faced and trimmed with new 1X8 and additional 4X4 post supports were installed.

Several sections of aluminum roofing have been replaced and during 1981 additional sections will be replaced. The aluminum roofing is nailed on and has never been sealed at the joists with roofing tar. As a result, the roof is not completely water tight and probably never has been.

The existing carports have been completely repainted in a two-tone color scheme.

During 1981 an additional 10 covered parking stalls are planned to be built. They will be built to existing code using a structural system similar to the existing carports so as to promote continuity in appearance.

- B. Asphalt - The asphalt drives and parking areas will all receive an additional asphalt layer during 1981 according to existing plans.

C. Miscellaneous - There will be completed during 1981 an enclosed area to shield the garbage dumpster from continuous view. In addition, a solid continuous fence will be built along the West property line. A similar fence will be built extending from the North end of the East section of carports almost to the sidewalk.

II. Main Buildings

The Ivy Terrace Apartments were built in approximately 1950. They are red brick with wood soffit and fascia. The foundations are reinforced concrete and each of the three buildings has a full basement. I have not detected any major structural deficiencies in the foundation. There are some spots where there has been some moisture leakage probably during excessive watering or heavy rain.

The existing roof is original wood shake covered with an application of graphite and linseed oil. Plans for 1981 include re-roofing using 240 pound asphalt or fiberglass shingles.

The basic structural elements of the building appear to be in good shape. The floor joists are 2X10's. There is a bearing wall running thru the center of each basement with support posts positioned on a short concrete pedestal with a termite shield under each post. I have not seen evidence of termites, however, a professional termite inspection may be appropriate.

Currently located in the basements are small storage areas. Plans call for removing the existing storage areas and replacing them with larger framed and sheetrocked storage with new locking doors. Also to be located in the basement of each building will be a new finished laundry area with coin operated laundry machines.

III. Conclusion

In my opinion, the buildings are structurally sound. The framing and support members are adequate compared with existing building standards. There are cracks in some interior apartment walls that have probably occurred over the life of the building, but which appear to be repairable. As I have mentioned, the existing roofing material needs to be replaced which current plans call for.


James C. Preston

2/17/81

I. D. Electric Co.

4491 SOUTH REDWOOD ROAD
SALT LAKE CITY, UTAH 84107
PHONE (801) 268-1471

February 12, 1981

To whom it may concern:

With regard to the property known as Ivy Terrace Apartments, I have inspected the Electrical systems of the apartments and have found the following conditions to exist. The Electrical Service Entrance to each apartment consists of a 60 Amp service with a 1" conduit and #4 copper wire, fused by two 60 Amp fuses. The fuses are located in close proximity to the meters. A disconnecting means would be required at the meter location for each unit. Service Entrance conduits and wires are in good condition with at least a 30 year life expected for the conduits, and a 20 year life expected for the conductors. Renovation of the apartment units would require a new sub-feed panel location and sub-feed panel which would necessitate new Service Entrance conductors.

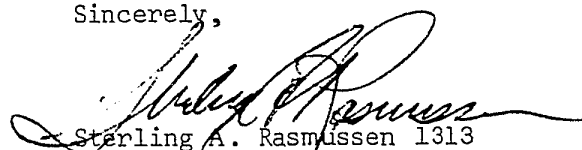
Each habitable room in each unit now has at least two outlets. Outlets are of the non-grounding type and would need to be replaced with grounding receptacles. All rooms have lights controlled by switches. All branch circuits are installed in conduits and are in good condition.

Conversion of units to condominiums would facilitate needed electrical additions, ie; smoke detectors, GFCI receptacles in bathrooms, and disposal circuits.

In general, the electrical system is in good shape and intended renovations would bring units into full compliance with requirements for condominium conversions.

For further information please contact me.

Sincerely,



Sterling A. Rasmussen 1313
I. D. Electric Co.
4260 So 500 West
Salt Lake City, Utah 84107

PROPOSED IMPROVEMENTS FOR IVY TERRACE CONDOMINIUMS

1. Each building will have a separate laundry facility. All plumbing, electrical, and structural elements will meet building codes.
2. The roof will be replaced with either a 300 lb. asphalt shingle or a 225 lb. fiberglass shingle with a 25 year guarantee.
3. All driveway and parking areas will be resurfaced with asphalt.
4. New storage bins in the basements of each building will replace the current bins. This will allow 90 sq. ft. of additional storage space. Lights will be installed in each bin with a separate switch.
5. Unit 34 will be upgraded into the model unit. No structural wall changes are planned. The ceiling in the kitchen will be lowered slightly to allow a recessed flourescent light. A new combination dishwasher, oven, stove will be installed. Also new kitchen and bath cabinets and counter tops will be installed. All kitchen and bath fixtures will be replaced.
6. A new cedar fence will replace the current metal fence running north to south on the west side of the complex. In addition, a cedar fence will be constructed in the rear garden area of the complex.
7. Eight additional carports will be constructed to have forty covered parking stalls. The new carports will be constructed of wood to match the current carports.
8. Each unit will receive a new coat of paint, linoleum and carpet throughout, and a new smoke alarm.
9. Outside directional lights will be installed running north to south down the lenth of both driveways on the garden sides.
10. Each hallway entry will have a new door. Also each entry will have a canopy extending from the door out into the center court area sidewalk.
11. A wooden bin will be constructed to surround the garbage bin.
12. All hallways will be carpeted.
13. All cracked and broken glass will be replaced.
14. The basement area will be painted including the storage bins, laundry rooms, and other common areas.

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S. J. [Signature]
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KALIE
RECORDS
CITY

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KATH
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