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DECLARATION OF CONDOMINIUM  
 OF THE  
 SUGARPLUM PHASE I CONDOMINIUMS

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DECLARATION OF CONDOMINIUM  
OF THE  
SUGARPLUM PHASE I CONDOMINIUMS

THIS DECLARATION is made and executed by SORENSON RESOURCES COMPANY a Utah corporation ("Declarant"), pursuant to the provisions of the Utah Condominium Ownership Act, Title 57, Chapter 8, Utah Code Annotated (1953 as amended), hereinafter referred to as the "Act."

1. RECITALS.

1.1 Declarant is the sole owner of certain real property and improvements located in Sugarplum, a planned unit development in the Town of Alta, Salt Lake County, Utah, hereinafter more particularly described.

1.2 Declarant, by recording this Declaration, submits the Property to the provisions of the Act. The Property consists of the real estate described in Section 3, and the improvements constructed thereon.

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

1.4 Recorded simultaneously herewith is a record of survey map of the Property as required by the Act.

1.5 The administration of the Property shall be governed by this Declaration, the Articles of Incorporation for the Sugarplum Phase I Condominiums Association of Unit Owners, a Utah non-profit corporation, and the Bylaws of such non-profit corporation, a true copy of which is appended to and recorded with this Declaration as Appendix B.

1.6 All terms used in this Declaration and the appended Bylaws shall have the same definition as the terms defined in the Act, except as otherwise set forth herein.

1.7 The Property shall be known as the Sugarplum Phase I Condominiums.

## 2. DEFINITIONS

When used in this Declaration (including in that portion hereof entitled "Recitals"), each of the following terms shall have the meaning indicated. Any term used herein which is defined by the Act shall, to the extent permitted by the context hereof, have the meaning ascribed by the Act.

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

2.2 Articles shall mean and refer to the Articles of Incorporation for the Sugarplum Phase I Condominiums Association of Unit Owners, as amended from time to time.

2.3 Association of Unit Owners, Owners Association, or Association shall mean and refer to the Sugarplum Phase I Condominiums Association of Unit Owners, a Utah non-profit corporation.

2.4 Building shall mean and refer to the structure in which the Units are located, as described in Section 4.

2.5 Bylaws shall mean and refer to the Bylaws of the Association, as amended from time to time.

2.6 Common Areas and Facilities shall mean and refer to those areas and facilities described in Section 7.

2.7 Common Expenses shall mean and refer to all sums which are expended by the Association on behalf of the Unit 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, the Bylaws, any management agreement which may be entered into for operation of the Property, and such rules and regulations as the Management Committee may from time to time make and adopt. All assessments levied upon the Association by the Master Association, pursuant to the provisions of the Master Declaration, for the common expenses of Sugarplum shall be included as part of the Common Expenses of the Project.

2.8 Condominium Unit shall mean and refer to a Unit, together with the appurtenant undivided ownership interest in the Common Areas and Facilities, and its appurtenant right to exclusive use of Limited Common Areas and Facilities associated with such Unit.

2.9 Declarant shall mean and refer to Sorenson Resources Company, a Utah corporation, and/or any successors to or grantees of said corporation which, either by operation of law or through a voluntary conveyance, transfer, or assignment, come to stand in the same relation to the Project as their predecessor.

2.10 Declaration shall mean and refer to this Declaration of Condominium of the Sugarplum Phase I Condominiums, as the same may hereafter be modified, amended, supplemented, or expanded in accordance with law and the provisions hereof.

2.11 Limited Common Areas and Facilities shall mean and refer to those Common Areas and Facilities designated in this Declaration or in the Map as reserved for the use of a certain Unit(s) to the exclusion of the other Units.

2.12 Management Committee or Committee shall mean and refer to the Management Committee of the Association.

2.13 Map or Record of Survey Map shall mean and refer to the Record of Survey Map of the Sugarplum Phase I Condominiums, executed and acknowledged by Declarant, and filed of record in the office of the Salt Lake County Recorder concurrently with this Declaration, as the same may hereafter be modified, amended, supplemented, or expanded in accordance with law and the provisions hereof.

2.14 Master Association shall mean and refer to the Sugarplum Master Homeowners Association, a Utah non-profit corporation comprised of the Association and all other "Maintenance Associations" (as that term is defined in the Master Declaration) organized in Sugarplum.

2.15 Master Declaration shall mean and refer to the Sugarplum Master Declaration of Covenants, Conditions and Restrictions of a Planned Unit Development, as filed of record with the Salt Lake County Recorder and as amended from time to time.

2.16 Mortgage shall mean and include both a first mortgage on any Condominium Unit and a first deed of trust on any Condominium Unit.

2.17 Mortgagee shall mean and include both a mortgagee under a first mortgage on any Condominium Unit and a beneficiary under a first deed of trust on any Condominium Unit, or any successor to the interest of such person under such Mortgage.

2.18 Project shall mean and refer to the Property and the Building and all improvements submitted by this Declaration to the provisions of the Act.

2.19 Property shall mean and refer to that certain real property located in the Town of Alta, Salt Lake County, State of Utah and more particularly described in Section 3 hereof.

2.20 Sugarplum shall mean and refer to the Sugarplum Planned Unit Development located in the Town of Alta, Salt Lake County, Utah.

2.21 Unit shall mean and refer to an individual air space unit, consisting of enclosed rooms occupying part of the Building and designated as a Unit on the Record of Survey Map and in Appendix "A" attached hereto, as further described in Section 5.

2.22 Unit Number shall mean and refer to the number, letter, or combination thereof which designates a Unit in the attached Appendix "A" and on the Record of Survey Map.

2.23 Unit Owner and Owner shall mean and refer to the person who is the owner of record (in the office of the County Recorder of Salt Lake County, State of Utah) of a fee or an undivided fee interest in a Condominium Unit, and shall also mean any purchaser of a Condominium Unit pursuant to an installment sales contract. However, the term Unit Owner or Owner shall not include persons obligated to purchase Units pursuant to Earnest Money Agreements or other similar offers to purchase Units. Notwithstanding any applicable theory relating to a mortgage, deed of trust, or like instrument, the term Unit Owner or Owner shall not mean or include a mortgagee or a beneficiary or trustee under a mortgage or deed of trust unless and until such party has acquired title pursuant to foreclosure or any arrangement or proceeding in lieu thereof.

### 3. DESCRIPTION OF THE LAND.

The land on which the Building and other improvements are located is situated in the Town of Alta, Salt Lake County, State of Utah and more particularly described as follows:

Lot 2 SUGARPLUM PLANNED UNIT DEVELOPMENT located in Section 6, Township 3 South, Range 3 East, S.L.B. & M., according to the official plat thereof, as recorded in the Office of the Salt Lake County Recorder.

4. DESCRIPTION OF THE BUILDING.

4.1 The Land shall be improved with a three-story building (the "Building") containing six (6) Units, as well as certain Common and Limited Common Areas and Facilities.

4.2 The Building shall be of conventional wood-frame construction, with an outer shell of Semlite (granite aggregate panels) and a single ply membrane roof. The Building will be supplied with electricity, water, gas and sewage service. The Units each have individual furnaces, fireplaces, gas and electric meters and water heaters.

5. DESCRIPTION OF UNITS.

5.1 Each Unit is located in the Building. Appendix A hereto is a table setting forth the number of each Unit, the approximate square footage of the living area of each Unit, and the percentage of undivided interest in the Common Areas and Facilities appertaining to each Unit.

5.2 The boundary lines of each Unit are the undecorated and/or unfinished interior surfaces of its perimeter walls, bearing walls, lowermost floor, uppermost ceiling; and the interior surfaces of windows and doors. The Unit shall include the interior, as above defined, of the living area of the Unit, as well as the interior of the appurtenant garage. Each Unit shall include both the portions of the Building that are not Common Areas and Facilities within such boundary lines and the space so encompassed, excepting Common Areas and Facilities. Without limitation, a Unit shall include any finishing material applied or affixed to the interior surfaces of the interior walls, floors and ceilings; non-supporting interior walls; and all utility pipes, lines, systems, fixtures or appliances found within the boundary lines of the Unit and serving only that Unit.

6. DESCRIPTION OF PARKING AREA.

There shall be an individual one-car garage as well as a carport for one car located below the living area of each Unit; provided, however, Unit 6 shall have two garages and two carports appurtenant to such Unit. Each garage shall be included as part of the Unit to which it is appurtenant, and each carport shall be designated as Limited Common Area, reserved for the use of the Owner of the Unit to which such carport is appurtenant.



7. DESCRIPTION OF COMMON AREAS AND FACILITIES.

The Common Areas and Facilities shall mean and include the land on which the Building is located and all portions of the Property not contained within any Unit, including, but not by way of limitation, the foundations, columns, girders, beams, supports, main walls, roofs, fire escapes and any common entrances and exits of the Building; the grounds; the areas used for storage of janitorial supplies and maintenance equipment and materials; installations of all central services, including power, light, gas, water, and garbage collection; tanks, pumps, motors, fans, ducts and, in general, all apparatuses and installations existing for common use; any common recreational facilities; all outdoor lighting, fences, landscaping, sidewalks and roads; all driveways; all uncovered parking spaces; any utility pipes, lines or systems servicing more than a single Unit; all ducts, flues, chutes, wires, conduits and other accessories and utility installations to the outlets used therewith; all other parts of the Property necessary or convenient to its existence, maintenance and safety, or normally in common use, or which have been designated as Common Areas and Facilities on the Map; and all repairs and replacements of any of the foregoing.

8. DESCRIPTION OF LIMITED COMMON AREAS AND FACILITIES.

Limited Common Areas and Facilities shall mean and include those portions of the Common Areas and Facilities reserved for the use of certain units to the exclusion of other units as shown on the Map, including, without limitation, balconies and carports. The use and occupancy of designated Limited Common Areas and Facilities shall be reserved to its associated Unit; and each Unit Owner is hereby granted an irrevocable license to use and occupy said Limited Common Areas and Facilities.

9. UNIT OWNERSHIP.

9.1 The percentage of undivided interest in the Common Areas and Facilities appertaining to each Unit and its Owner for all purposes, including voting, is set forth in Appendix A. Such percentages have been computed by dividing the approximate square footage of each Unit by the total approximate square footage of all Units in the Project. Declarant reserves the right to round off or otherwise adjust the square footages and undivided interests, as may be necessary to assure that the total interests equal one hundred percent (100%), as required by the Act.

9.2 A Unit Owner shall have the exclusive ownership and use of his Unit, subject to the provisions of this Declaration and Bylaws, and shall have a common right to share with other Unit Owners in the Common Areas and Facilities of the Property.

#### 10. PURPOSE OF THE PROJECT.

10.1 The purpose of the Project is to provide residential housing for Unit Owners, their respective families, tenants, guests and servants. The Project and each Unit Owner shall be subject to the covenants, conditions and restrictions of the Master Declaration, including but not limited to its provisions regarding use of the Property and common areas, lock-out in the event of avalanche or the threat thereof, timeshare restrictions, road maintenance, Master Association assessments, density limitations, and all other provisions thereof.

10.2 The Units and Common Areas and Facilities shall be occupied and used as follows:

10.2.1 An Owner shall not permit his Unit to be occupied or used other than for residential and lodging purposes.

10.2.2 A Unit Owner shall not obstruct the Common Areas and Facilities. A Unit Owner shall not place or store anything within the Common Areas and Facilities without the prior written consent of the Management Committee or its designee.

10.2.3 Without the prior written consent of the Management Committee or its designee, a Unit Owner shall not permit anything to be done or kept in his Unit or in the Limited Common Areas and Facilities appurtenant to his Unit that would result in an increase in the cost of insurance on the Property, or that would result in the cancellation of insurance with respect to all or any part of the Property, or that would be in violation of any governmental law, ordinance or regulation.

10.2.4 Without the prior written consent of the Management Committee or its designee, a Unit Owner shall not permit any signs, pictures, banners, posters or other objects of any kind to be displayed to the public view from his Unit or from the Limited Common Areas and Facilities appurtenant to his Unit, other than (i) one sign of customary and reasonable dimensions advertising a Unit for sale or lease, displayed from such Unit, and (ii) such signs as may be used by Declarant or its assignees for the purpose of selling, renting, or leasing Units.

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10.2.5 A Unit Owner shall not permit any animals of any kind to be raised, bred or kept in his Unit or anywhere else on the Property.

10.2.6 A Unit Owner shall not alter, construct in or remove anything from the Common Areas and Facilities, except with the prior written consent of the Management Committee or its designee.

10.2.7 A Unit Owner shall not violate any of the rules and regulations for the use of Units, Common Areas and Facilities or Limited Common Areas and Facilities adopted by the Management Committee and furnished in writing to the Unit owners.

11. ASSOCIATION OF UNIT OWNERS; MASTER ASSOCIATION; MANAGEMENT COMMITTEE.

11.1 The persons or entities who are Unit Owners at the time of reference shall be members of a Utah non-profit corporation, the characteristics and nature of which are determined by the Act, the Declaration, the Articles and the Bylaws. The name of the corporation and the name in which contracts shall be entered into, title to property shall be acquired, held, dealt in and disposed of, bank accounts shall be opened and suits shall be brought and defended by the Management Committee or officers thereof on behalf of, or as agent for the Unit Owners in the manner specified by the Act, this Declaration, Articles and/or the Bylaws is: SUGARPLUM PHASE I CONDOMINIUMS ASSOCIATION OF UNIT OWNERS (the "Association").

11.2 The Association shall be a member of the Sugarplum Master Homeowners Association (the "Master Association"), a Utah non-profit corporation formed pursuant to the provisions of the Master Declaration of Covenants, Conditions and Restrictions of Sugarplum A Planned Unit Development (the "Master Declaration"), filed of record in the office of the Salt Lake County Recorder. The Master Association shall own and maintain the Common Areas and Facilities of Sugarplum, as described in the Master Declaration, including certain recreational amenities which may be constructed in the future for the use and enjoyment of the Unit Owners as well as the owners of all other lots and condominium units in Sugarplum.

11.3 The management and maintenance of the Project and the administration of the affairs of the Association shall be conducted by a Management Committee consisting of three (3) natural persons, all of whom shall be Unit Owners except persons appointed to the Management Committee by the Declarant, who need

not be Unit Owners. The Management Committee shall be elected as provided in the Bylaws. The rights, duties and functions of the Management Committee may be exercised by Declarant until the date of the first meeting of the Association.

11.4 The Management Committee shall have all the powers, duties and responsibilities as are now or may hereafter be provided by the Act, this Declaration, the Articles and Bylaws, including but not limited to the following:

11.4.1 To make and enforce all rules and regulations covering the operation and maintenance of the Property.

11.4.2 To engage the services of a manager or managing company, accountants, attorneys or other employees or agents and to pay to said persons a reasonable compensation therefor, provided that any management agreement for the Project will be terminable by the Association upon 30 days' written notice thereof, and that the term of any such agreement may not exceed one year, renewable by agreement of the parties for successive one-year periods.

11.4.3 To operate, maintain, repair, improve and replace the Common Areas and Facilities.

11.4.4 To determine and pay the Common Expenses.

11.4.5 To assess and collect the proportionate share of Common Expenses from the Unit Owners.

11.4.6 To enter into contracts, deeds, leases and/or other written instruments or documents and to authorize the execution and delivery thereof by the appropriate officers.

11.4.7 To open bank accounts on behalf of the Association and to designate the signatures therefor.

11.4.8 To purchase, hold, sell, convey, mortgage or lease any one or more Units in the name of the Association or its designee.

11.4.9 To bring, prosecute and settle litigation for itself, the Association and the Project, provided that it shall make no settlement which results in a liability against the Management Committee, the Association or the Project in excess of Three Thousand Five Hundred Dollars (\$3,500) without prior approval of a majority of Unit Owners.

11.4.10 To obtain insurance for the Association with respect to the Units and the Common Areas and Facilities, as well as workmen's compensation insurance, if required.

11.4.11 To repair or restore the Project following damage or destruction or a permanent taking by the power of or power in the nature of eminent domain or by an action or deed in lieu of condemnation not resulting in the removal of the Project from the provisions of the Act.

11.4.12 To own, purchase or lease, hold and sell or otherwise dispose of, on behalf of the Unit Owners, items of personal property necessary or convenient to the management of the business and affairs of the Association and the Management Committee and in the operation of the Project, including without limitation furniture, furnishings, fixtures, maintenance equipment, appliances and office supplies.

11.4.13 To keep adequate books and records.

11.4.14 To do all other acts necessary for the operation and maintenance of the Project, including the maintenance and repairs of any Unit if the same is necessary to protect or preserve the Project.

11.5 The Management Committee may delegate to a manager or managing company all of the foregoing powers, duties and responsibilities referred to in Section 11.4 above except: the final determination of Common Expenses, budgets and assessments based thereon; the promulgation of rules and regulations; the power to enter into any contract involving more than Three Thousand Five Hundred Dollars (\$3,500) 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; the authority to bring, prosecute and settle litigation.

11.6 Members of the Management Committee, the officers and any assistant officers, 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 capacity 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, nor for 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 Project, which might in any way be assessed against or imputed to them as a result or by virtue of their capacity as such.

11.7 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 attorneys' fees, incurred or imposed, or arising out of 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 or employee of the Association, other than to the extent, if any, that such liability or expense shall be attributable to his willful misconduct or bad faith, provided that in the case of any settlement, 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, vote of Unit Owners or 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.

11.8 The Management Committee may procure appropriate fidelity bond coverage for any person or entity handling funds of the Association, including, but not limited to, employees of any manager or managing company engaged by the Management Committee pursuant to Subsection 11.4.2 above.

## 12. MAINTENANCE, ALTERATION AND IMPROVEMENT.

12.1 The maintenance, replacement and repair of the Common Areas and Facilities, and all conduits, ducts, plumbing, wiring and other facilities for the furnishing of heat, gas, light, power, air conditioning, water and sewer service contained in the portions of the Units that service part or parts of the Property other than the Unit in which they are contained, shall be the responsibility of the Management Committee, and the cost thereof shall be a Common Expense. All incidental damages caused to a Unit by the maintenance, replacement and repairs of the Common Areas and Facilities or utility services shall be repaired promptly and the cost thereof charged as a Common Expense.

12.2 A Unit Owner shall be responsible to maintain, repair, replace and keep in a clean and sanitary condition, at the Unit Owner's expense, all portions of his Unit, except those portions to be maintained, repaired and replaced by the Management Committee. The Management Committee is authorized to adopt rules and regulations with respect to maintenance to preserve the overall aesthetic appearance of the Project.

12.3 The Management Committee shall have a reasonable right of entry upon the premises of any Unit to effect any emergency or other necessary repairs which the Unit Owner has failed to perform, and the cost of such repairs shall be charged to the Owner of the Unit so affected.

### 13. INSURANCE.

13.1 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 Project in construction, design and use. The Management Committee shall make every reasonable effort to obtain insurance with the following provisions or endorsements:

13.1.1 Exclusive authority to adjust losses shall be vested in the Management Committee as insurance trustee;

13.1.2 The insurance coverage shall not be brought into contribution with insurance purchased by individual Unit Owners or their respective Mortgagees;

13.1.3 Each Unit Owner may obtain additional insurance covering his real and personal property interest at his own expense;

13.1.4 The insurer waives its right of subrogation as to any claims against each Unit Owner;

13.1.5 The insurance coverage cannot be cancelled, invalidated or suspended because of the conduct of any one or more individual Unit Owners or their respective tenants, employees, agents, contractors and guests;

13.1.6 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 after receipt of said demand by the Management Committee.

13.2 The Management Committee, for the benefit of the Property and the Unit Owners, shall maintain a policy or policies of casualty and multi-risk "all peril" insurance on the Property, with the provisions and endorsements as set forth in Section 13.1 above, if obtainable, and with extended coverage endorsements for the full insurable replacement value of the Units, Common Areas and Facilities, common personal property and fixtures payable to the Management Committee as insurance trustee to be disbursed in accordance with the terms of this Declaration. The limits and coverage of said insurance shall be reviewed at least annually by the Management Committee. Said policy or policies shall provide for a separate loss payable endorsement in favor of the Mortgagee or Mortgagees, if any, of each Unit.

13.3 The Management Committee shall obtain a policy or policies of insurance insuring the Management Committee, the Unit Owners and their respective tenants, servants, agents or guests against any liability to the public or to the Owners of Units, members of the households of Unit Owners and their respective invitees or tenants arising out of and incident to the ownership and/or use of the Property, including the personal liability exposure of 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 Three Hundred Thousand Dollars (\$300,000) 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 or decreased at its discretion, provided that such limits shall not fall below the minimums specified in this Section. 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 or group of insureds without prejudice to the right of a named insured under the policies to maintain an action against another named insured.

13.4 Each Unit Owner shall be required to notify the Management Committee of all improvements made to his Unit, the value of which is in excess of Two Thousand Dollars (\$2,000) and shall be liable for any increased insurance premium for insurance maintained by the Management Committee occasioned thereby. Each Unit Owner shall bear the risk of loss for all improvements made to his Unit that were not the subjects of notice to the Management Committee.



13.5 Any Unit Owner who obtains individual insurance coverage covering any portion of the Property, other than personal property belonging to such 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.

13.6 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 the Unit 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.

#### 14. DESTRUCTION OR DAMAGE.

14.1 In case of fire, avalanche or any other disaster which causes damage or destruction to all or part of the Building, 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 three-fourths (3/4) of the Building was destroyed or substantially damaged, the Management Committee shall arrange for the prompt repair and restoration thereof, using the proceeds of insurance on the Building for that purpose, and the Unit Owners shall be liable for assessment for any deficiency 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 damage is by reason of eminent domain, in which event the provisions of Section 16 hereof shall apply.

14.2 If three-fourths (3/4) or more of the Building is destroyed or substantially damaged, the Management Committee shall, within one hundred (100) days after such destruction or damage, call a special meeting of the Association for the purpose of deciding whether or not the Building shall be repaired or restored. If Owners holding three-fourths (3/4) or more of the undivided interests in the Common Areas and Facilities, 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 in proportion to their respective percentages of undivided interest in the Common Areas

and Facilities. If the destruction or damage is by reason of eminent domain, the provisions of Section 16 hereof shall apply. At such election, if Owners holding three-fourths (3/4) or more of the undivided interests in the Common Areas and Facilities do not vote, either in person or by proxy, to make provision for reconstruction, the Management Committee shall record with the Recorder of Salt Lake County a notice setting fourth such facts, and upon the recording of such notice (i) the Property shall be deemed to be owned in common by the Unit Owners as tenants in common, each Owner owning an undivided interest in the Property equal to his percentage ownership in the Common Areas and Facilities as set forth in Appendix A; (ii) any liens affecting any of the Units shall be deemed to be transferred in accordance with the existing priorities to the undivided interests of the Unit Owners in the Property and (iii) 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, to be held by the Management Committee as trustee, and shall be divided among all Unit Owners in a percentage equal to the percentage of undivided interest owned by each Unit 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 liens on the undivided interest in the Property owned by each Unit Owner.

14.3 For purposes of this Section 14, the terms "disaster", "destruction" or "substantial damage" shall also mean and 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 the power of or power in the nature of eminent domain or by an action or deed in lieu of condemnation.

14.4 In the event of substantial damage to or destruction of any Unit or any part of the Common Areas or Limited Common Areas, the Mortgagee of any affected Unit will be entitled to a timely written notice of any such damage or destruction and no provision of any document establishing this Project shall entitle the Unit Owner or any other party to priority over such Mortgagee with respect to the distribution of any insurance proceeds.

## 15. TERMINATION.

15.1 In the event that such fraction or percentage of the Building is destroyed or substantially damaged so as to bring into effect the provisions of Section 14.2 above and the Unit

Owners do not vote to reconstruct the Building as provided therein, 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.

15.2 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 liens affecting any of the Units consent or agree by instruments duly recorded that their liens be transferred to the percentage of the undivided interest of the Unit Owners in the Property.

15.3 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.

15.4 This Section 15 cannot be amended without consent of all Unit Owners and all record owners of mortgages or trust deeds on Units.

## 16. EMINENT DOMAIN.

16.1 Whenever any proceeding is instituted that could result in the temporary or permanent taking, injury or destruction of all or part of the Common Areas and Facilities or one or more Units or portions thereof by the exercise of the power of or power in the nature of eminent domain or by an action or deed in lieu of condemnation, the Management Committee and each Unit Owner and Mortgagee shall be entitled to timely notice thereof and the Management Committee shall, and the Unit Owners and Mortgagees at their respective expense may, participate in the proceedings incident thereto.

16.2 With respect to the Common or Limited Common Areas and Facilities, any damages or awards shall be determined for such taking, injury or destruction as a whole and not for each Unit Owner's interest therein. After such determination, each Unit Owner shall be entitled to a share in the damages in the same proportion as his percentage of undivided interest in the Common Areas and Facilities. This provision does not prohibit a majority of Unit Owners from authorizing the Management Committee to use such damages or awards for replacing or restoring the Common Areas and Facilities so taken on the remaining land or on

other acquired land, provided that this Declaration and the Map are duly amended. No provision of any document establishing this Project shall entitle any Unit Owner or other party to priority over the Mortgagee of any Unit with respect to the distribution to the Unit of the proceeds of any award or settlement.

16.3 With respect to one or more Units or portions thereof, the damages or awards for such taking shall be deemed to be proceeds from insurance on account of damage or destruction pursuant to Section 14 above and shall be deposited with the Management Committee as trustee. Even though the damage or awards may be payable to one or more Unit Owners, the Unit Owners shall deposit the damages or awards with the Management Committee as trustee. In the event a Unit Owner refuses to so deposit his award with the Management Committee, then at the option of the Management Committee, either a special assessment shall be made against the defaulting Unit Owner and his Unit in the amount of this award or the amount of such award shall be set off against the sum hereafter made payable to such Unit Owner.

16.4 In the event the Property is removed from the provisions of the Act pursuant to Sections 14 and 15 above, the proceeds of the damages or awards shall be distributed or used in accordance with and the Owners of the affected Units shall have the rights provided in Section 14.2 above.

16.5 If one or more Units are taken, in whole or in part, and the Property is not removed from the provisions of the Act, the taking shall have the following effects:

16.5.1 If the taking reduces the size of a Unit and the remaining portion of the Unit may be made tenantable, the Unit shall be made tenantable. If the cost of such work exceeds the amount of the award, the additional funds required shall be assessed against the Owner of the Unit. The balance of the award, if any, shall be distributed to the Mortgagee to the extent of the unpaid balance of its Mortgage and the excess, if any, shall be distributed to the Unit Owner. The affected Unit Owner's percentage of undivided interest in the Common Areas and Facilities shall be equitably reduced and are allocated as an addition to the percentage of undivided interest of the other Unit Owners, in accordance with the provisions of U.C.A. §57-8-32.5 (1953, as amended).

16.5.2 If the taking destroys or so reduces the size of a Unit that it cannot be made tenantable, the award shall be distributed to the Mortgagee of the Unit to the extent of the unpaid balance of its Mortgage and the excess, if any, shall be distributed to the Unit Owner. The remaining portion of such

Unit, if any, shall become a part of the common elements and shall be placed in condition for use by all Unit Owners in the manner approved by the Management Committee. The percentages of undivided interest in the Common Areas and Facilities appurtenant to the Units that continue as part of the Property shall be equitably adjusted to distribute the ownership of the Common Areas and Facilities among the reduced number of Unit Owners.

16.6 Changes in Units, in the Common Areas and Facilities and in the ownership of the Common Areas and Facilities that are affected by the taking referred to in this Section 16 shall be evidenced by an amendment to this Declaration and the Map, which need not be approved by the Unit Owners.

#### 17. MORTGAGEE PROTECTION.

17.1 The term "Mortgage" as used herein shall mean any recorded first Mortgage having priority over other mortgages and shall include a recorded deed of trust. The term "Mortgagee" shall mean the Owner and holder, including an institutional holder, of a Mortgage, deed of trust or equivalent security interest in any Unit.

17.2 The Management Committee shall maintain a roster of Unit Owners from the evidence of change of ownership furnished to the Management Committee, which roster shall include the mailing addresses of all Unit Owners. The Management Committee will also maintain a roster containing the name and address of each Mortgagee of a Unit if the Committee is provided notice of such Mortgage by way of a certified copy of the recorded instrument evidencing the Mortgage and containing the name and address of the Mortgagee. The Mortgagee shall be stricken from the roster upon request by such Mortgagee or upon receipt by the Management Committee of a certified copy of a recorded release or satisfaction of the Mortgage. Notice of such removal shall be given to the Mortgagee unless the removal is requested by the Mortgagee.

17.3 The Management Committee shall, upon written request, give to any Mortgagee on the roster written notification of any default by the mortgagor of the respective Units in the performance of such mortgagor's obligations under the Declaration which is not cured within thirty (30) days.

17.4 Any Mortgagee shall, upon written request, be entitled to (a) inspect the books and records of the Association during normal business hours; and (b) receive an annual financial statement of the Association within a reasonable time following

the end of any fiscal year of the Association; and (c) receive written notice of all meetings of the Association and be permitted to designate a representative to attend all such meetings.

17.5 A Mortgagee of any Unit who comes into possession of the Unit by virtue of any of the remedies provided in the Mortgage, including foreclosure of the Mortgage, or by way of deed or assignment in lieu of foreclosure, shall take the Property free of any claims for unpaid assessments or charges against the mortgaged Unit which accrued prior to the time such Mortgagee comes into the possession of the Unit, except for claims for a pro rata share of such assessments or charges resulting from a pro rata reallocation of such assessment or charges to all Units, including the mortgaged Unit.

17.6 Any liens created under the Act or pursuant to this Declaration or the Bylaws upon any Unit shall be subject and subordinate to and shall not affect the rights of a Mortgagee under a Mortgage on such Unit made in good faith and for value; provided, however, that any lien created after a foreclosure sale shall have the same effect and be enforced in the same manner as provided in the Act, the Declaration and/or the Bylaws.

17.7 Any lien which the Association may have on any Unit for the payment of common expense assessments attributable to such Unit shall be subordinate to the lien or equivalent security interest of any Mortgage on the Unit recorded prior to the date any such common expense assessments become due.

17.8 The prior written approval of each Mortgagee of any Unit will be required for the following:

17.8.1 The abandonment or termination of the Project, except for abandonment or termination provided by law in the case of substantial destruction by fire or other casualty or in the case of a taking by condemnation or eminent domain.

17.8.2 Any material amendment to this Declaration or to the Articles or Bylaws of the Association, including, but not limited to, any amendment which would change the percentage interests of the Unit Owners in the Property.

17.8.3 The partition or subdivision of any Unit or of the Common Areas and Facilities or Limited Common Areas and Facilities.

17.9 No amendment to this Section 17 shall adversely affect a Mortgagee who has recorded a valid Mortgage prior to the recordation of any such amendment.

#### 18. ENCROACHMENTS.

18.1 None of the rights and obligations of any Unit Owners created by this Declaration, the Bylaws or by a 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 minor and professionally acceptable errors in the construction, reconstruction, shifting, settlement or movement of a Building or other structures, including the rebuilding of a Building or other structures 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 Owner of the encroaching Unit, or of the Owners of the Units to which the use of the encroaching Limited Common Areas and Facilities is appurtenant, or of 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.

18.2 There are hereby created valid easements for any encroachments permitted by this Section 18 of this Declaration, and the maintenance thereof, so long as such encroachments exist.

#### 19. CONVEYANCES; EASEMENTS; LEASES.

19.1 Every deed, lease, Mortgage or other instrument may describe a Unit by its identity number as set forth in Appendix A and in the Map. Every such description shall be deemed good and sufficient for all purposes and shall be deemed to convey, transfer, encumber or otherwise affect the Unit Owner's corresponding percentage of undivided ownership in the Common Areas and Facilities as set forth in Appendix A even though the same is not mentioned or exactly described.

19.2 Any lease covering a Unit shall be in writing and shall provide that the terms of the lease are subject in all respects to the provisions of the Declaration, the Articles and the Bylaws and that any failure by the lessee to comply with the terms of such documents shall be a default under the lease. No Unit Owner may lease less than his entire Unit.

19.3 Every deed, lease, Mortgage or other similar instrument shall be deemed to:

19.3.1 Except and reserve with respect to a Unit (i) any portion of the Common Areas and Facilities lying within said Unit; (ii) easements through said Unit appurtenant to the Common Areas and Facilities and all other Units for support and repair of the Common Areas and Facilities and all other Units; and (iii) easements appurtenant to the Common Areas and Facilities for encroachments upon the air space of said Units by those portions of the Common Areas and Facilities located within said Unit.

19.3.2 Include with respect to a Unit non-exclusive easements for ingress and support of said Unit through the common areas and facilities for the repair of said Unit through all other Units and through the Common Areas and Facilities and for the use of the balconies and other Limited Common Areas appurtenant to such Unit as indicated in Section \* above and on the Map.

19.3.3 Except and reserve with respect to the percentage of undivided interest in the Common Areas and Facilities non-exclusive easements appurtenant to all Units for ingress, egress, support and repair and exclusive easements appurtenant to each Unit for the use of the balconies and other Limited Common Areas appurtenant to such Unit as set forth in Section 8 above and on the Map.

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

## 20. COMBINATION OF UNITS.

20.1 An Owner of two or more adjoining Units shall have the right, upon approval of the Management Committee, to combine such Units or portions thereof.

20.2 An amendment to the Declaration, together with an amended Map containing the same information with respect to the altered Units as required in the initial Declaration and the Map with respect to the initial Units shall be prepared and recorded at the expense of the Unit Owner making such combination.



20.3 An amendment to the Declaration or the Map pursuant to this Section 20 shall reflect the changes occasioned by the combination to include a change in the percentages of undivided interest in the Common Areas and Facilities which are appurtenant to the Units involved. The remaining combined Unit, if two or more Units are totally combined, will acquire the total of the percentages of undivided interest in the Common Areas and Facilities appurtenant to the Units that were combined as set forth in Appendix A. 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 combination on the basis of the approximate square footage remaining in the respective combined Units; provided, however, that the resultant percentage shall be equal to the sum of the undivided interests in the affected Units prior to such combination. The percentage of undivided interest in the Common Areas and Facilities appurtenant to all unaffected Units shall not be changed. All such amendments must be consented to by the Management Committee and also all persons holding interests in the Units affected. The consent of unaffected Unit Owners need not be obtained to make such amendments or alterations valid, provided the percentages of undivided interest in the Common Areas and Facilities of such Unit Owners remain unchanged.

20.4 All such amendments to the Declaration and the 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.

## 21. AMENDMENT.

Except as otherwise provided in this Declaration and except as prohibited by the Act, the provisions of this Declaration may be amended by an instrument in writing signed and acknowledged by Unit Owners who own three-fourths (3/4) or more of the undivided interests in the Common Areas and Facilities. Any such amendment shall be effective upon recording.

## 22. ASSESSMENTS.

22.1 The making and collection of assessments from Unit Owners for their share of Common Expenses shall be pursuant to the Bylaws and subject to the following provisions:

22.1.1 Each Unit Owner, including Declarant so long as Declarant owns any Units, shall be liable for a proportionate share of the Common Expenses, such share being the same as the percentage of undivided interest in the Common Areas and Facilities appurtenant to the Unit owned by him. Assessments of Common Expenses shall commence as to all Units on the first day of the month following the closing of the first Unit sold.

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

22.1.3 There shall be a lien upon the applicable Unit for unpaid assessments which shall also secure reasonable attorneys' fees and all costs and expenses, including taxes, if any, incurred by the Management Committee because of such a lien. The lien for assessments shall be superior (prior) to all other liens and encumbrances except assessments, liens and charges in favor of the State or any political subdivision thereof, for taxes past due and unpaid on the Unit, and amounts due under duly recorded mortgages.

22.1.4 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.

22.2 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 Project. Said amounts 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 transferee of the Unit.

22.3 In assessing the Unit Owners for capital improvements to the Common Areas and Facilities, there shall be no single improvements exceeding the sum of Three Thousand Five Hundred Dollars (\$3,500) made by the Management Committee without the same having been first voted on and approved by two-thirds (2/3) or more vote in fractional ownership interest of those present in person or by proxy at a meeting of the Association duly called for that purpose. The foregoing shall not apply in connection with damage or destruction referred to in Section 14 hereof or to

such structural alterations of capital additions or capital improvements to the Common Areas and Facilities as are necessary in the Management Committee's reasonable judgment to preserve or maintain the integrity of the Common Areas and Facilities.

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

22.5 The Management Committee shall handle all assessments hereunder, whether for Common Expenses or as capital contributions, so as to comply with applicable provisions of the Internal Revenue Code and the regulations adopted thereunder as well as applicable State and local tax laws and to avoid undue adverse tax consequences that might result to the Association or individual Unit Owners.

### 23. VOTING.

At any meeting of the Association, each Unit Owner, including Declarant, either in person or by proxy, shall be entitled to cast the number of votes related to his Unit as set forth in Appendix A. The voting rights appurtenant to each Unit shall vest at the time that assessments for Common Expenses are first levied against such Unit by the Association. 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, in person or by proxy, to act unanimously in order to cast the votes appertaining to their Unit.

### 24. 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 twenty-four (24) 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 Owners to the Management Committee for the purpose of service of such notice,

or to the Unit of such Owner if no such address has been given to the Management Committee. Such address may be changed from time to time by notice in writing to the Management Committee. Notice to the Management Committee shall be addressed to:

Management Committee  
Sugarplum Phase I Condominiums

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25. AGENT FOR SERVICE.

Until such time as Declarant transfers the right and responsibility to elect a Management Committee to the Unit Owners as provided in the Bylaws, the name and address of the person in Salt Lake County, Utah, for the service of notice of process in matters pertaining to the Property as provided under the Act is:

Steven D. Peterson  
American Plaza II, Suite 400  
57 West 200 South  
Salt Lake City, Utah 84101

26. NO WAIVER.

The failure of the Management Committee or its agents or designees to insist, in one or more instances, upon the strict performance of any of the terms, covenants, conditions or restrictions of this Declaration, the Articles, the Bylaws or any rules and regulations promulgated by the Management Committee, 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 agent or designee 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.

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27. ENFORCEMENT.

Each Unit Owner shall strictly comply with the provisions of the Declaration, the Articles, the Bylaws, the rules and regulations and decisions issued pursuant thereto. Failure to so comply shall be grounds for an action to recover sums due for damages or injunctive relief or both, maintainable by the Management Committee or its agent or designee on behalf of the Unit Owners, or in an appropriate case, by an aggrieved Unit Owner.

28. DECLARANT AND DECLARANT'S USE.

28.1 The term "Declarant" as used herein shall mean and include Sorenson Resources Company, a Utah corporation, any person or persons who might acquire title from them through sale, exchange, foreclosure or deed in lieu of foreclosure; or, in the situation where there remain unsold three or more Units, any person or entity who should purchase all, or substantially all, of such remaining unsold Units in a sale in the nature of a bulk sale.

28.2 Declarant and persons it may select from time to time shall have the rights granted under Section 57-8-13.14 of the Act, including but not limited to 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 store materials therein and to make such other use thereof as may be necessary and incident to the development and sale of all of the Units as determined by the declarant in its sole discretion.

29. 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.

30. CAPTIONS.

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.

31. LAW CONTROLLING.

This Declaration, the Map, the Articles and the Bylaws shall be construed and controlled by and under the laws of the State of Utah.

32. EFFECTIVE DATE.

This Declaration shall take effect when recorded.

IN WITNESS WHEREOF, the undersigned has executed this instrument this 13 day of October, 1983

SORENSEN RESOURCES COMPANY

By [Signature]  
Its Secretary

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

On the 13<sup>th</sup> day of October, 1983, personally appeared before me Walter J. Plumb III, who being by me duly sworn did say that he the said Walter Plumb III is the Secretary of SORENSON RESOURCES COMPANY, and that the within and foregoing instrument was signed in behalf of said corporation by authority of a resolution of its board of directors, and said Walter J. Plumb III duly acknowledged to me that said corporation executed the same.

My Commission Expires:

1-22-84



[Signature]  
NOTARY PUBLIC  
Residing at: Salt Lake

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APPENDIX A

SUGARPLUM PHASE I CONDOMINIUMS

<u>UNIT NO.</u>	<u>APPROXIMATE SQ. FOOTAGE</u>	<u>SHARE OF OWNERSHIP OF COMMON AREAS AND FACILITIES</u>	<u>VOTES</u>
1	2,850	14.14%	1
2	2,850	14.14	1
3	2,850	14.14	1
4	2,850	14.14	1
5	2,850	14.14	1
6	5,900	29.30	2
TOTAL	<u>20,150</u>	<u>100.00%</u>	<u>7</u>