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DECLARATION OF CONDOMINIUM

FOR

POWDER RIDGE

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DECLARATION OF CONDOMINIUM

FOR

POWDER RIDGE

THIS DECLARATION is made and executed by POWDER RIDGE DEVELOPMENT 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 ("Property") located in the Town of Alta, Salt Lake County, Utah, hereinafter more particularly described. The Property plus all buildings and other improvements constructed thereon shall constitute the "Project".

1.2 Declarant, by recording this Declaration, submits the Project to the provisions of the Act.

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 ("Map") of the Project as required by the Act.

1.5 The administration of the Project shall be governed by Bylaws which are embodied in a separate instrument, 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, unless the Act allows for a variation of the terms and such variation is contained herein.

1.7 The Project shall be known as POWDER RIDGE.

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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 through 57-8-36 (1953, as amended).

2.2 Additional Land shall mean and refer to that land, or any portion thereof, described in Section 22, "Option to Expand".

2.3 Articles shall mean and refer to the Articles of Incorporation for the Powder Ridge Association of Unit Owners, as amended from time to time.

2.4 Association of Unit Owners, Owners Association, or Association shall mean and refer to the Powder Ridge Association of Unit Owners, a Utah non-profit corporation.

2.5 Buildings shall mean and refer to structures containing Units, and shall include the Cottage Buildings (as defined below) as well as any other structures containing Units in the Project.

2.6 Bylaws shall mean and refer to the Bylaws of the Association, as amended from time to time, a copy of which is attached hereto as Appendix "B".

2.7 Commercial Units shall mean those Units reserved for commercial use and designated in Appendix "A" attached hereto as Commercial Units.

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

2.9 Common Expenses shall mean and refer to: all sums which are expended by the Association on behalf of the Unit Owners; all sums which are required by the Management Committee to perform or exercise its functions, duties, or rights under the Act, this Declaration and the Bylaws, including an adequate reserve fund for maintenance, repair and replacement of those

Common Areas and Facilities that must be replaced on a periodic basis; all sums paid pursuant to a management agreement which may be entered into for operation of the Project; and all other items, things and sums which are lawfully assessed against the Unit Owners in accordance with the provisions of the Act, this declaration, the Bylaws, and such rules and regulations as the Management Committee may from time to time make and adopt.

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

2.11 Convertible Space shall mean and refer to that certain Unit, designated on the Maps as Convertible Space, which may be converted into one or more Residential or Commercial Units, Common Areas and Facilities or Limited Common Areas and Facilities in accordance with the provisions of Section 25.

2.12 Cottage Building shall mean and refer to certain buildings in the Project designated as Cottage Buildings on the Map, and each containing two Residential Units.

2.13 Declarant shall mean and refer to Powder Ridge Development Company, a Utah corporation, and any successors to 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, and/or to the Additional Land, as its predecessor.

2.14 Declaration shall mean and refer to this Declaration of Condominium for Powder Ridge, as the same may hereafter be modified, amended, supplemented, or expanded in accordance with law and the provisions hereof.

2.15 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.

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

2.17 Managing Company or Manager shall mean the person, firm or company designated by the Association to manage, in

whole or in part, the affairs of the Association and the Project.

2.18 Map or Record of Survey Map shall mean and refer to the Record of Survey Map, filed herewith, entitled "Record of Survey Map of Powder Ridge", executed and acknowledged by Declarant, consisting of three (3) sheets, and prepared and certified to by J.J. Johnson & Associates, a duly registered Utah Land Surveyor as the same may hereafter be modified, amended, supplemented, or expanded in accordance with law and the provisions hereof.

2.19 Mortgage shall mean and include any mortgage, deed of trust or other security instrument by which a Condominium or any part thereof is encumbered. "First Mortgage" shall mean a Mortgage, the lien of which is prior and superior to the lien of any other Mortgage on the same Condominium.

2.20 Mortgagee shall mean and include both a mortgagee under any Mortgage on a Condominium and a beneficiary under a deed of trust on any Condominium.

2.21 Project shall mean the Property and the Buildings and all other improvements submitted by this Declaration to the provisions of the Act.

2.22 Property shall mean and refer to the real property located in the Town of Alta, Salt Lake County, Utah and more particularly described in Section 3 hereinafter.

2.23 Residential Unit shall mean those Units reserved for residential use and designated in Appendix "A" attached hereto as Residential Units.

2.24 Unit shall mean and refer to one of the individual air space units consisting of enclosed rooms occupying part of a building, as described in Section 5 hereinafter, and designated as a Unit on the Record of Survey Map and in Appendix "A" attached hereto.

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

2.26 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 entitled to possession of said Unit pursuant to an installment sales contract. However, the term Unit Owner or Owner shall not include persons obligated to purchase Units pursuant to an Earnest Money Agreement or other similar offer 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 deed of trust unless and until such party has acquired title pursuant to foreclosure or any arrangement or proceeding in lieu thereof.

2.27 Utility Services shall mean and include, but not be limited to, water, trash collection, sewage disposal, natural gas, propane, and electricity.

3. DESCRIPTION OF THE LAND.

The Property, on which the Buildings and other improvements are located, is located in Salt Lake County, State of Utah and more particularly described as follows:

Part of Section 5 and 6, Township 3 South, Range 3 East, Salt Lake Base and Meridian, in the Town of Alta, Salt Lake County, Utah, being more particularly described as follows:

PARCEL "A"

Beginning at a point on the northerly right-of-way line of Powder Ridge Court (a 25.00 foot wide private road), said point being distant South 2216.68 feet and East 411.82 feet from the northeast corner of Section 6, Township 3 South, Range 3 East, Salt Lake Base and Meridian; thence North 81°00'00" West along said right-of-way line 67.47 feet to the point of curvature of a 409.12 foot radius curve concave southerly (radius point bears South 09°00'00" West of which the central angle is 11°14'37"); thence westerly along the arc of said curve and right-of-way line 80.29 feet; thence North 36°00'00" West 112.89 feet; thence

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North 12°00'00" West 69.59 feet to a point on the southerly right-of-way line of Powder Ridge Drive (a 30.00 foot wide public road), said point being on a non-tangent 227.74 foot radius curve concave northerly (radius point bears North 12°00'00" West of which the central angle is 16°10'00"); the following three calls being along said right-of-way line: 1) thence easterly along the arc of said curve 64.26 feet to the point of reverse curvature of an 85.00 foot radius curve concave southerly (radius point bears South 28°19'00" East of which the central angle is 56°43'00"); 2) thence easterly along the arc of said curve 84.14 feet; 3) thence South 61°27'00" East 54.32 feet; thence South 28°33'00" West 76.12 feet; thence South 36°00'00" East 128.02 feet to the point of beginning; containing 0.6334 acres, more or less. Subject to and together with the two sanitary sewer easements (10 feet in width) as shown on the record of survey map hereon.

TOGETHER WITH:

PARCEL "B"

Commencing at the northeast corner of Section 6, Township 3 South, Range 3 East, Salt Lake Base and Meridian; thence South 25°50'13" East 2396.31 feet to the intersection of the west line of the Columbus Mineral Claim No. 6 and the southerly line of the Dwyer No. 4 Mineral Claim (M.S. #5489); thence South 65°13'00" West along said southerly line 671.74 feet to the TRUE POINT OF BEGINNING; thence South 65°13'00" West along said southerly line 165.29 feet; thence North 24°47'00" East 34.09 feet; thence North 36°00'00" West 180.97 feet to a point on the southeasterly right-of-way line of Powder Ridge Court (a 25.00 foot wide private road), said point being on a non-tangent 87.50 foot radius curve concave northwesterly (radius point bears North 42°45'26" West of which the central angle is 33°14'34"); the following

four calls being along said right-of-way line: 1) thence northeasterly along the arc of said curve 50.77 feet; 2) thence North 14°00'00" East 30.22 feet to the point of curvature of a 37.50 foot radius curve concave southeasterly (radius point bears South 76°00'00" East of which the central angle is 68°00'00"); 3) thence northeasterly along the arc of said curve 44.51 feet to the point of compound curvature of a 384.12 foot radius curve concave southerly (radius point bears South 08°00'00" East of which the central angle is 07°51'41"); 4) thence easterly along the arc of said curve 52.70 feet; thence South 36°00'00" East 262.38 feet to the point of beginning; containing 0.9263 acres, more or less. Subject to the electric transmission line and easement thereto as shown on the record of survey map hereon.

The above described Parcels "A" and "B" are together with a non-exclusive easement for ingress and egress over Powder Ridge Court, a private road, as shown on the record of survey map and as more particularly described as follows:

Commencing at the northeast corner of Section 6, Township 3 South, Range 3 East, Salt Lake Base and Meridian; thence South 25°50'13" East 2396.31 feet to the intersection of the west line of the Columbus Mineral Claim No. 6 and the southerly line of the Dwyer No. 4 Mineral Claim (M.S. #5489); thence South 65°13'00" West along said southerly line 1008.03 feet; thence North 08°25'00" West 228.67 feet to the TRUE POINT OF BEGINNING; thence continuing North 08°25'00" West 20.64 feet; thence North 31°05'28" West 6.09 feet; thence South 85°00'00" East 9.41 feet to the point of curvature of a 62.50 foot radius curve concave northwesterly (radius point bears North 05°00'00" East of which the central angle is 81°00'00"); thence

northeasterly along the arc of said curve 88.36 feet; thence North 14°00'00" East 30.22 feet to the point of curvature of a 62.50 foot radius curve concave southeasterly (radius point bears South 76°00'00" East of which the central angle is 68°00'00"); thence northeasterly along the arc of said curve 74.18 feet to the point of compound curvature of a 409.12 foot radius curve concave southerly (radius point bears South 08°00'00" East of which the central angle is 17°00'00"); thence easterly along the arc of said curve 121.39 feet; thence South 81°00'00" East 171.74 feet to the point of curvature of a 77.37 foot radius curve concave northerly (radius point bears North 09°00'00" East of which the central angle is 46°00'00"); thence easterly along the arc of said curve 62.12 feet to the point of compound curvature of a 15.00 foot radius curve concave westerly (radius point bears North 37°00'00" West of which the central angle is 120°27'21"); thence northerly along the arc of said curve 31.53 feet to a point on the southerly right-of-way line of Powder Ridge Drive (a 30.00 foot wide public road), said point being on a non-tangent 265.00 foot radius curve concave northerly (radius point bears North 22°32'39" East of which the central is 04°12'39"); thence easterly along the arc of said curve and said right-of-way line 19.47 feet; thence South 71°40'00" East along said right-of-way line 52.48 feet to a point on a non-tangent 15.00 foot radius curve concave southerly (radius point bears South 18°20'00" West of which the central angle is 55°20'00"); thence westerly along the arc of said curve 14.49 feet; thence South 53°00'00" West 79.06 feet; thence North 81°00'00" West 222.83 feet to the point of curvature of a 384.12 foot radius curve concave southerly (radius point bears South 09°00'00" West of which the central angle is 17°00'00"); thence westerly along the arc of said curve 113.97 feet to the point of

compound curvature of a 37.50 foot radius curve concave southeasterly (radius point bears South 08°00'00" East of which the central angle is 68°00'00"); thence southwesterly along the arc of said curve 44.51 feet; thence South 14°00'00" West 30.22 feet to the point of curvature of an 87.50 foot radius curve concave northwesterly (radius point bears North 76°00'00" West of which the central angle is 81°00'00"); thence southwesterly along the arc of said curve 123.70 feet; thence North 85°00'00" West 1.04 feet to the point of beginning; containing 0.3638 acres, more or less.

4. DESCRIPTION OF THE BUILDINGS.

4.1 The Property shall be improved with five (5) three-story Cottage Buildings, each containing two Residential Units, for a total of ten (10) Units. Each Cottage Building shall have two attached garages, one for each of the Units in such Building.

4.2 The Cottage Buildings shall be of conventional wood-frame construction, with redwood or cedar siding and a standing seam, steel-coated metal roof. The location and description of each Building and Unit is more fully depicted on the Map. The Buildings are supplied with electricity, water, gas or propane and sewage service. The Units each have individual furnaces, gas and electric meters and water heaters.

4.3 Other Buildings, which may contain Residential Units, Commercial Units and Common Areas and Facilities, and which may differ from the Cottage Buildings in architectural style, quality of construction and principal materials, may be constructed on the Additional Land, in accordance with the provisions of Section 24 herein.

5. DESCRIPTION OF UNITS.

5.1 Each Unit is located in one of the Buildings. 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 or unfinished interior surfaces of its perimeter walls, bearing walls, lowermost floor, uppermost ceiling; and the interior surfaces of windows and doors. 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. Notwithstanding the fact that they may be within the boundaries of the Unit, the following are not part of any Unit: Bearing walls, floors, ceilings and roofs (except the interior surfaces thereof), foundations, ceiling equipment, tanks, pumps, pipes, vents, ducts, shafts, flues, chutes, conduits, wires and other utility installations, except the outlets thereof when located within the Unit.

6. DESCRIPTION OF PARKING AREA.

Each Cottage Building shall contain two garages, one for each Unit in such Building. The garage appurtenant to each Unit in a Cottage Building shall be included as part of such Unit. Any Buildings, other than Cottage Buildings, which may be constructed on a portion of the Additional Land added to the Project in accordance with Section 22 shall include covered parking areas designated as, and included in, the Common Areas and Facilities of the Project, containing a sufficient number of parking spaces to satisfy the requirements of the Town of Alta at the time such Buildings are constructed.

7. DESCRIPTION OF COMMON AREAS AND FACILITIES.

The Common Areas and Facilities shall mean and include the Property and all portions of the Project not contained within any Unit, including, but not by way of limitation, the foundations, columns, girders, beams, supports, main walls, and roofs; the grounds; the areas used for storage of janitorial and housekeeping supplies, maintenance equipment and materials; installations of all central services, including power, light, gas, propane, water and garbage collection; tanks, pumps, motors, fans, ducts and, in general, all apparatuses and installations existing for common use; any common recreational facilities; lobbies, stairs, elevators and halls; all outdoor

lighting, fences, landscaping, sidewalks and roads; all driveways; all parking spaces (other than attached garages in the Cottage Buildings); 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. The use and occupancy of designated limited Common Areas and Facilities shall be reserved to its associated Units; and each Unit Owner is hereby granted an irrevocable license to use and occupy the limited Common Areas and Facilities appurtenant to his Unit, and shall have the responsibility to pay the cost of maintaining such limited Common Areas and Facilities as hereinafter provided.

9. COMMON AREAS AND FACILITIES OWNERSHIP.

9.1 The undivided interest in the Common Areas and Facilities appurtenant to each Unit in the Project shall be as set forth in Appendix A attached hereto and by this reference made a part hereof. Such percentages have been computed by taking as a basis the approximate square footage of the individual Units in relation to 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 100%, as required by the Act. Except as provided in Sections 22 through 23 herein, the fractional interest of each Unit as shown in said Appendix A shall have a permanent character and shall not be altered without the unanimous written consent of all Owners of the altered units, expressed in a duly recorded amendment to this Declaration. Except as otherwise provided in this Declaration, each Owner shall be entitled to use the Common Areas and Facilities (other than the Limited Common Areas and Facilities) in any manner that does not hinder or encroach upon the rights of other Owners and is not contrary to any rules and regulations promulgated by the Association.

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 PROPERTY.

10.1 The purpose of the Project is to provide residential housing for Unit Owners, their respective families, tenants, guests and employees, to provide commercial space for the uses authorized herein for the Commercial Unit Owners, and to provide parking space for use in connection therewith, all in accordance with the Act.

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

10.2.1 All Units within the Project are Residential Units except for those Units which may be specifically designated as Commercial Units on attached Appendix A and the Map, as the same may be amended from time to time pursuant to the provisions hereof.

10.2.2 A Residential Unit Owner shall not permit his Unit to be occupied or used other than for residential and lodging purposes. No business shall be operated in or from any Residential Unit other than the rental of the Unit itself, subject to applicable zoning and business regulation laws and ordinances.

10.2.3 The Commercial Units shall be used for business and commercial purposes and for such other purposes as may be authorized by the Management Committee; provided, however, that no use of a Commercial Unit shall violate any town, county, state or federal regulation, ordinance or statute.

10.2.4 Each Condominium is and shall hereafter be a parcel of real property which may be separately held, conveyed, devised, mortgaged, encumbered, leased, rented, occupied, improved, and otherwise used in accordance with the provisions of this Declaration.

11. TITLE TO CONDOMINIUMS.

11.1 Title to a Condominium within the Project may be held or owned by any person or entity and in any manner in which

title to any other real property may be held or owned in the State of Utah, including, but not by way of limitation, joint tenancy or tenancy in common.

11.2 Title to no part of a Condominium within the Project may be separated from any other part thereof during the period of condominium ownership prescribed herein, and each Unit and the undivided interest in the Common Areas and Facilities appurtenant to each Unit shall always be conveyed, devised, encumbered and otherwise affected only as a complete Condominium. Every gift, devise, bequest, transfer, encumbrance, conveyance or other disposition of a Condominium, or any part thereof, shall be construed to be a gift, devise, bequest, transfer, encumbrance or conveyance, respectively, of the entire Condominium, together with all rights created by law or by this Declaration, including appurtenant membership in the Association as hereinafter set forth.

11.3 The Common Areas and Facilities shall be owned in common by all of the Owners, and no Owner may bring any action for partition thereof except as provided in Section 17.4 herein..

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

11.5 No labor performed or material furnished for use in connection with any Unit with the consent or at the request of an Owner or his agent or subcontractor shall create any right to file a statement of mechanic's lien against the Unit of any other Owner not expressly consenting to or requesting the same or against any interest in the Common Areas and Facilities except as to the undivided interests therein appurtenant to the Unit of the Owner for whom such labor shall have been performed and such materials shall have been furnished.

11.6 Every contract for the sale of a Condominium and every other instrument affecting title to a Condominium within

the Project may describe a Unit by its identifying Unit number as shown on the Map. Such description will be construed to describe the Unit, together with the appurtenant undivided interest in the Common Areas and Facilities, and to incorporate all the rights incident to ownership of a Condominium within the Project and all of the limitations on such ownership as described in this Declaration and/or the Bylaws of the Association.

11.7 It is understood that under the Act each Unit, together with 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.

12. RESTRICTIONS ON USE.

12.1 The Residential Units, except as otherwise permitted in writing by the Association, shall be used and occupied only as follows:

12.1.1 The Residential Units within the Project shall be used exclusively for residential and lodging purposes.

12.1.2 No Residential Unit shall be used for business or commercial activity; provided, however, that nothing in this Subsection shall be deemed to prevent (a) Declarant or its duly authorized agent from using any Units owned by Declarant as sales offices and models or as a property management office; (b) the Association from establishing a property management office in any Unit owned by the Association; or (c) any Owner or his duly authorized agent from freely renting or leasing his Unit and/or any portion thereof which may be separately locked and secured from the remainder of such Unit, with its appurtenant rights, subject to terms and conditions agreed upon by the Unit Owner and his lessee, except that all Unit Owners, their tenants and other occupants or users of Project, shall be subject to the Act, this Declaration, the Bylaws, and all rules and regulations of the Association of Unit Owners and the Management Committee.

12.2 The Commercial Units, except as otherwise permitted in writing by the Association, shall be used and occupied only as follows:

12.2.1 The Commercial Units within the Project may be used only as restaurants, retail businesses, lounges, check-in desks, business offices, professional offices or property management or other commercial activities which are customarily found in or appropriate to the operation of a resort condominium or hotel; provided, however, that if the particular use of any Commercial Unit increases the rate of insurance on the Project or any part thereof over what the Association, but for such activity, would pay, the Owner of such Commercial Unit shall be assessed for and shall pay the amount of such increase.

12.2.2 All customers, clients, guests, patrons and licensees of Owners of Commercial Units shall be permitted to enter upon the Project and shall have a non-exclusive easement across those portions of the Common Areas and Facilities as reasonably necessary for access to such Commercial Units.

12.3 The Unit, Common Areas and Facilities and Limited Common Areas and Facilities, except as otherwise permitted in writing by the Association, shall be used in accordance with the following restrictions:

12.3.1 No noxious or offensive activity shall be carried on in or upon any part of the Project nor shall anything be done or placed in or upon any part of the Project which is or may become a nuisance or may cause embarrassment, disturbance or annoyance to Owners.

12.3.2 No activities shall be conducted, nor improvements constructed, in or upon any part of the Project which are or may become unsafe or hazardous to any person or property.

12.3.3 No signs, flags or advertising devices of any nature, including, without limitation, commercial, political, informational or directional signs or devices, shall be erected or maintained on any part of the Project, without the prior inspection and written approval of the Association, except as may be necessary temporarily to caution or warn of danger.

12.3.4 No animals, birds, fish or pets shall be kept or allowed to remain on any part of the Project, except pursuant to rules and regulations established by the Management Committee.

12.3.5 Except as provided in Section 12.1.2(c) and Section 21, no Unit Owner, by deed, plat or otherwise, shall subdivide or in any manner cause his Unit to be separated into physical tracts or parcels smaller than the whole Unit as shown on the Map, nor shall any Unit Owner cause, suffer or permit the fee ownership of his Unit to be separated or divided into annually recurring or may other time periods for which the Unit will be separately owned. No time period units, as defined in the Act or by ordinance of the Town of Alta, shall be created in the Project.

12.3.6 No Unit Owner shall cause or permit anything (including, without limitation, an awning, canopy, shutter, storm door or screen door) to hang, be displayed, be visible or otherwise be place on the exterior walls or roof of any building or any part thereof, or on the outside of windows or doors, without the prior written consent of the Management Committee.

12.3.7 No Unit Owner shall, without the prior written consent of the Management Committee in each specific instance, make or cause to be made any alteration, addition, removal, or improvement in or to the Common Areas or any part thereof, or do any act that would impair the structural soundness or integrity of the Buildings or other improvements, or jeopardize the safety of persons or property or impair any easement or hereditament appurtenant to the Project.

12.3.8 No Unit Owner shall obstruct the Common Areas or any part thereof. No Unit Owner shall store or cause to be stored in the Common Areas any property whatsoever, unless the Management Committee shall consent thereto in writing.

12.3.9 No Unit Owner shall bring anything into his Unit or permit anything to be done in his Unit that will cause damage to the Building. No Unit Owner shall overload the floor of his Unit. No Unit Owner shall permit the use or operation in his Unit of any equipment, machinery, or other apparatus that will in any manner injure, vibrate, or shake the Building or portions thereof.

12.3.10 Except with the prior written consent of the Management Committee, nothing shall be done or kept in any Unit, in the Common Areas, or in any other part of the Project that would result in cancellation of the insurance on the

Project or any part thereof, nor shall anything be done or kept in any Unit that would increase the rate of insurance on the Project or any party thereof over that which the Association, but for such activity, would pay. Nothing shall be done or kept in any Unit or in the Common Areas or any part thereof which would be in violation of any statute, rule, ordinance, regulation, permit, or other validly imposed requirement of any government authority. No damage, to or waste of, the Common Areas or any part thereof shall be committed by any Unit Owner or guest of any Unit Owner, and each Owner shall indemnify and hold harmless the Association and the other Unit Owners from and against all loss resulting from any such damage or waste caused by such Unit Owner or by the guests, tenants, licensees, or invitees of such Unit Owner.

12.3.11 No Owner shall violate the rules and regulations for the use of Units and Common Areas and Facilities as adopted from time to time by the Association.

12.4 During the course of actual construction of any permitted structures or improvements, the provisions, covenants, conditions and restrictions contained in this Declaration shall be deemed waived to the extent necessary to permit such construction, provided that during the course of such construction, nothing is done which will result in a violation of any of said provisions, covenants, conditions or restrictions upon completion of construction.

12.5 All Unit owners, their family members and lessees, are deemed to have notice of and recognize that the Project is built in a setting and location which is susceptible to the risks of certain natural hazards, including heavy snows, avalanche, flood, mudslide and earthquake. All such persons agree to comply with all governmental ordinances, rules and procedures enacted for the safety of such persons and the protection against such risks. All such persons do also agree to release to the extent permitted by law, the Town of Alta and other governmental entities, agencies and subdivisions thereof having authority or control over the Project from liability arising for personal injuries or property damage occurring as the result of such natural hazards occurring outside of the control of such governmental agencies.

13. ASSOCIATION OF UNIT OWNERS; MANAGEMENT COMMITTEE.

13.1 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, 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 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: Powder Ridge Association of Unit Owners (the "Association").

13.2 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 the Articles are filed with the Utah Secretary of State's Office, after which the initial Management Committee specified in the Articles shall serve until the date of the first meeting of the Association. Notwithstanding anything contained herein or in the Bylaws to the contrary, Declarant alone shall continue to have the right to select all of the members of the Management Committee until the first to occur of the following:

(a) Declarant, at its option, terminates such right by written notice to all Owners;

(b) The expiration of six (6) years from the original recording of this Declaration; or

(c) Units to which three-fourth (3/4) of the undivided interest in the Common Areas and Facilities appertain have been conveyed by Declarant, or all of the Additional Land has been added to the Project, whichever last occurs.

13.3 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:

13.3.1 To make and enforce all rules and regulations covering the operation and maintenance of the Project.

13.3.2 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 the term of any such agreement may not exceed one year, renewable by agreement of the parties for successive one-year periods. Any Manager or Managing Company so engaged shall be an independent contractor and not an employee of the Management Committee or the Association.

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

13.3.4 To determine and pay the Common Expenses.

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

13.3.6 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.

13.3.7 To open bank accounts on behalf of the Association and to designate the signature therefor.

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

13.3.9 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 Ten Thousand Dollars (\$10,000) without prior approval of a majority of Unit Owners.

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

13.3.11 To repair or restore the Project following damage, 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 Property from the provisions of the Act, in accordance with the provisions of Sections 17 and 19, below.

13.3.12 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 in the operation of the Project, including, without limitation, furniture, furnishings, fixtures, maintenance equipment, appliances and office supplies.

13.3.13 To keep adequate books and records.

13.3.14 To do all other acts necessary for the operation and maintenance of the Project and the performance of its duties as agent for the Association, including the maintenance and repair of any Unit if the same is necessary to protect or preserve the Project, or pursuant to the provisions of Section 12.3.10 hereof.

13.4 The Management Committee may delegate to a Manager or Managing Company all of the foregoing powers, duties and responsibilities referred to in Section 13.3, 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 Ten Thousand Dollars (\$10,000) in any one fiscal year; the opening of bank accounts and the selection of signatories therefor; the power to purchase, hold, sell, convey, mortgage or lease any Units in the name of the Association; and the authority to bring, prosecute and settle litigation.

13.5 The Management Committee shall select one or more persons to act as contact persons for the Town of Alta in the event of the threat of occurrence of avalanche or other hazardous condition affecting the Project. The Management Committee may select the Manager or Management company to act as such contact persons, or any other person or firm as deemed appropriate by the Management Committee.

13.6 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 and 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.

13.7 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, 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. 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, 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.

13.8 The Management Committee shall 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 13.3.2 above.

14. EASEMENTS.

The following easements, in addition to the easements granted or reserved in Section 12.2.2 of this Declaration, are hereby granted or reserved:

14.1 If any part of the Common Areas and Facilities encroaches or shall hereafter encroach upon a Unit or Units, an

easement for such encroachment and for the maintenance of the same shall and does exist. If any part of a Unit encroaches or shall hereafter encroach upon the Common Areas and Facilities, or upon an adjoining Unit or Units, an easement for such encroachment and for the maintenance of the same shall and does exist. If any part of the Common Areas and Facilities or any part of a Unit or Units encroaches or shall hereafter encroach on part of a Unit or Units shall hereafter encroach on real property now owned by Declarant outside the boundaries of the Project an easement for such encroachment shall and does exist during the period of condominium ownership prescribed herein. Such encroachments shall not be considered to be encumbrances either on the Common Areas and Facilities or the Units. Encroachments referred to herein include, but are not limited to, encroachments caused by error in the original construction of any improvement constructed or to be constructed within the Project, by error in the Map, by settling, rising or shifting of the earth, or by changes in position caused by repair or reconstruction of the Project or any part thereof.

14.2 Some of the Common Areas and Facilities are or may be located within the Units or may be conveniently accessible only through the Units. The Association shall have the irrevocable right to have access to each Unit and to all Common Areas and Facilities from time to time during such reasonable hours as may be necessary for the maintenance, cleaning, repair or replacement of any Common Areas and Facilities located therein or accessible therefrom or for making emergency repairs at any time therein necessary to prevent damage to the Common Areas and Facilities or to a Unit or Units. In addition, the Association or its agents or the Manager may enter any Unit when necessary in connection with any cleaning, maintenance, repair, replacement, or construction for which the Association is responsible. Such entry shall be made with as little inconvenience to the Owners as practicable, and any damage caused thereby shall be repaired by the Association.

14.3 Each Owner shall have the right to regress and egress over, upon and across the Common Areas and Facilities as necessary for access to his Unit and to any Limited Common Areas and Facilities appurtenant to his Unit, and shall have the right to the horizontal, vertical and lateral support of his Unit.

14.4 The Association shall have an easement to make such use of the Common Areas and Facilities as may be necessary or

convenient to perform the duties and functions that it is obligated or permitted to perform pursuant to this Declaration, including, without limitation, the right to construct and maintain in the Common Areas and Facilities, other than Limited Common Areas and Facilities, facilities for use by Owners generally or by the Association and its agents exclusively.

14.5 Declarant shall have a transferable easement over and on the Common Areas and Facilities for the purpose of making improvements on the land within the Project and on the Additional Land, as described in Section 22, and for the purpose of doing all things reasonably necessary and proper in connection with the same.

14.6 In the event that any propane tanks, gaslines, pipes or other facilities or equipment providing Utility Services to the Project are located on a portion of the Additional Land, the Association shall have an easement over and through the Additional Land, or any portion thereof, to the extent reasonably necessary to service, repair or construct any facilities providing or reasonably required to provide Utility Services to the Project.

14.7 Any party authorized by the Association to remove accumulations of snow from roads and other portions of the Project shall have an easement over the Common Areas and Facilities for the purpose of dumping and storing snow and ice on portion of the Common Areas and Facilities which are not improved with Buildings or other structures or improvements. A similar easement shall also exist in favor of the Town Alta or other appropriate governmental entity to dump and store snow and ice on unimproved portions of the Common Areas and Facilities in the event of avalanche or other emergency, when such governmental entity is unable, for health or public safety reasons, to store such snow or ice on other property in the Town of Alta.

14.8 In the event of avalanche or the threat thereof, authorized agents of the Town of Alta shall have a right of entry to the Project and each Building as necessary for the protection of lives and property, and may prohibit all ingress and egress to and from the Project, as well as all access to or exit from the Project to any Owners or other persons. In the event of any such prohibition on access and travel, neither the Town of Alta nor its authorized agents shall be liable to Declarant, the Owners, their lessees, guests, employees or any

other persons for loss or damage occasioned by or resulting from such prohibition.

14.9 All conveyances of Condominiums, whether by Declarant or otherwise, shall be construed to grant and reserve such easements as are provided herein, even though no specific reference to such easements appears in any such conveyance.

15. MAINTENANCE, ALTERATION AND IMPROVEMENT.

15.1 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, water and sewer service contained in the portion of the Units that service part or parts of the Project other than the Unit in which they are contained, shall be the responsibility of the Association, and, except as otherwise provided herein, 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.

15.2 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 Association. The Management Committee is authorized to adopt rules and regulations with respect to maintenance to preserve the overall aesthetic appearance of the Project.

15.3 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.

16. INSURANCE.

16.1 The Management Committee or the Association 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:

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

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

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

16.1.4 The insurer waives its right of subrogation as to any claims against each Unit Owner, the Association, the Management Committee, and/or their respective agents, employees and tenants, and any defense it might have based upon co-insurance or upon invalidity arising from acts of the insured.

16.1.5 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.

16.1.6 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.

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

16.1.8 The named insured shall be in form and substance essentially as follows: "Powder Ridge Association and Unit Owners, or its authorized representative, for the use and benefit of the individual Owners".

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16.2 The Management Committee, for the benefit of the Project and the Unit-Owners, shall maintain a policy or policies of casualty and multi-risk "all peril" insurance on the Project, with the provisions and endorsements as set forth in Section 16.1 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.

16.3 The Management Committee shall purchase and maintain a policy or policies insuring and indemnifying all present, past and future Management Committee Members, officers, employees and agents of the Association as may be required in order to comply with the provisions of Article Seven of the Bylaws on Indemnity.

16.4 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 Project, including the personal liability exposure of the Unit Owners incident to the ownership and/or use of the Project. 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.

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

16.6 The Management Committee or Association shall be authorized to maintain in force fidelity coverage against dishonest acts on the part of managers (and employees of managers), employees, officers, Committee members, or volunteers responsible for handling funds belonging to or administered by the Management Committee or the Association. The fidelity bond or insurance shall name the Association as the obligee or insured and shall be written in an amount sufficient to afford the protection reasonably necessary, but in no event less than one and one-half times (150%) the Project's estimated annual operating expenses and reserves. An appropriate endorsement to the policy shall be secured to cover persons who serve without compensation if the policy would not otherwise cover volunteers.

16.7 If, due to changed circumstances, excessive cost, or any other reason, any of the insurance coverage required to be obtained and maintained under Sections 16.1 through 16.5 cannot reasonably be secured, with respect to such coverage the Management Committee shall obtain and maintain such substitute, different or other coverage as may be reasonable and prudent under the circumstances as they then exist.

16.8 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.

16.9 Any Unit Owner who obtains individual insurance coverage covering any portion of the Project, 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.

16.10 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 Project or any part thereof at any time.

16.11 Each Owner shall be responsible for obtaining and maintaining such insurance covering the personal property of such Owner.

17. DESTRUCTION OR DAMAGE.

17.1 In case of fire, avalanche or any other disaster which causes damage or destruction to all or part of the Project, the Management Committee, with the help of an independent appraisal, shall determine the percentage of the Project that was destroyed or substantially damaged. If less than three-fourths (3/4) of the Project was destroyed or substantially damaged, the Management Committee shall arrange for the prompt repair and restoration thereof, using the proceeds of insurance on the Project for the purpose, and the Unit Owners shall be liable for assessment for any deficiency in accordance with the ratio which each such Unit Owner's percentage of undivided interest in the Common Areas and Facilities bears to the total percentage of such undivided interest appurtenant to all Units in the Project. Reconstruction of a Building shall mean the restoring of such 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 included in such Building 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 19 hereof shall apply.

17.2 If three-fourths (3/4) or more of the Project is destroyed or substantially damaged, the Project shall be reconstructed (as set forth in Section 17.1) if the insurance

proceeds are sufficient to finance 100% of the cost of such reconstruction.

17.3 If three-fourths (3/4) or more of the Project is destroyed or substantially damaged and the insurance proceeds are not sufficient to finance 100% of the cost of reconstructing the Project, 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 Project shall be repaired and restored. If the Unit Owners of at least three-fourths (3/4) of the Units in the Project, in person or by proxy, vote to repair or restore the Project, the Management Committee shall promptly arrange for the reconstruction of the Project using the proceeds of insurance on the Project for the purpose, and the Unit Owners shall be liable for assessment for deficiency in accordance with the ratio which each such Unit Owner's percentage of undivided interest in the Common Areas and Facilities bears to the total percentage of such undivided interest appurtenant to all Units in the Project. If the destruction or damage is by reason of eminent domain, the provisions of Section 19 hereof shall apply. If the Unit Owners of at least three-fourths (3/4) of the Units in the Project do not vote, either in person or by proxy within one hundred (100) days after such destruction or damage, to make provision for reconstruction, the Management Committee shall cause any remaining portion of the damaged portion of the Project to be cleared from the Property and shall landscape the previous site of such damaged portion of the Project in a manner consistent with the remainder of the Project, at the expense of the Unit Owners based on each Owner's percentage of undivided interest in the Common Areas and Facilities. In addition, the Management Committee shall record with the Recorder of Salt Lake County an amendment to this Declaration and the Map, indicating the removal of the damaged portion of the Project from the Project and equitably reallocating each remaining Unit Owners' percentage interest in the Common Areas and Facilities based on the total square footage of all remaining Units. The insurance proceeds received by reason of the destruction or damage to the portion of the Project which is not reconstructed shall be apportioned between the Owners of such destroyed Units in proportion to the percentage of undivided interest in the Common Areas and Facilities appurtenant to each such Unit, and the share allocated to each such Unit shall be distributed as follows: first, to the Mortgagees of the damaged Unit, as their interests shall appear; second, applied to such Unit

Owner's share of the cost of clearing and relandscaping the site of the damaged Building (any deficit shall be the personal obligations of such Owner); and, third, any remaining balance shall be paid to the Unit Owner.

17.4 If all of the Project is destroyed or substantially damaged and if three-fourths (3/4) or more of the Unit Owners do not elect, in accordance with Section 17.3, to reconstruct the Project, the Management Committee shall record with the Recorder of Salt Lake County a notice setting forth such facts, and upon the recording of such notice (i) the Project 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 of the Common Areas and Facilities; (ii) any liens affecting any of the Units shall be deemed to be transferred in accordance with the existing priorities to the undivided interest of such Unit Owners in the Project; and (iii) the Project 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 Project, shall be considered as one fund and shall be divided among all Units Owners in a percentage equal to the percentage of undivided interest owned by each Unit Owner in the Project, after first paying out of the respective shares of the Unit Owners, to the extent sufficient for such purposes, all sums necessary to satisfy the liens on the undivided interest in the Project owned by each Unit Owner.

17.5 Any reconstruction or repair which is required to be carried out by this Section 17 shall be accomplished at the instance and direction of the Management Committee. Any determination which is required to be made by this Section 17 regarding the extent of damage to or destruction of Project improvements shall be made as follows: The Management Committee shall select three (3) appraisers; each appraiser shall independently estimate the percentage of each Building which has been destroyed or substantially damaged; the percentage which governs the application of the provisions of this Section 17.5 shall be the median of the three (3) estimates.

17.6 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 to such Unit of any insurance proceeds.

18. TERMINATION.

18.1 In the event that all of the Project is destroyed or substantially damaged and the Unit Owners do not elect to reconstruct the Project, as provided in Section 17.4 above, the Project shall be removed from the provisions of the Act without further agreement one hundred and one (101) days after such destruction or damage.

18.2 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.

18.3 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.

18.4 This Section 18 cannot be amended without consent of three-fourths (3/4) of all Unit Owners and all record owners of Mortgages on Units.

19. EMINENT DOMAIN.

In the event that eminent domain proceedings are commenced against the Project or any portion thereof, the provisions of § 57-8-32.5, Utah Code Annotated shall apply. The Management Committee shall give written notice of such proceedings to all Mortgagees of record. No first lien priority of any Mortgagee shall be diminished or otherwise disturbed by virtue of such proceedings.

20. MORTGAGEE PROTECTION.

20.1 The Management Committee shall maintain a roster of Unit Owners from the evidence of change of ownership furnished

to the Management Committee, which roster shall include the mailing addresses of 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.

20.2 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 Unit in the performance of such mortgagor's obligations under the Declaration which is not cured within sixty (60) days.

20.3 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.

20.4 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.

20.5 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 First 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.

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

20.6.1 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.

20.6.2 Any material amendment to this Declaration to change the percentage interests of the Unit Owners in the Property; provided, however, that nothing herein shall impair, restrict or prevent the exercise of Declarant's right to convert Convertible Space in accordance with Section 23 hereof or the exercise of Declarant's Right to create additional units and common areas and facilities in the Additional Land in accordance with Section 22 hereof, even though such conversion or creation would result in a pro rata reallocation of undivided ownership of the Common Areas and Facilities.

20.6.3 The partition or subdivision of any Unit or of the Common Areas and Facilities or Limited Common Areas and Facilities, except for the creation of Units in the Convertible Space in accordance with Section 23 hereof.

20.6.4 Any material modification or amendment to the provisions of Section 16 hereof in such a way as to diminish the insurance protection required to be afforded to the parties designed to be protected thereby, or any failure to maintain the insurance coverage described therein.

20.7 The Management Committee and the Association shall establish an adequate reserve fund to cover the cost of reasonably predictable and necessary major repairs and replacements of the Common Areas and Facilities and shall cause such reserve to be funded by regular monthly or other periodic assessments against the Units rather than by special assessments.

20.8 From and after the time a Mortgagee makes written request to the Management Committee or the Association, the Committee or the Association shall notify such Mortgagee in writing in the event that there occurs any damage or loss to, or any taking or anticipated condemnation of: (a) the Common Areas involving an amount in excess of, or reasonably estimated to be in excess of, Ten Thousand Dollars (\$10,000.00); or (b) any Unit involving an amount in excess of, or reasonably estimated to be in excess of, One Thousand Dollars (\$1,000.00). Said notice shall be given within ten (10) days after the Management Committee or said Association learns of such damage, loss, taking or anticipated condemnation.

20.9 Nothing contained in this Declaration shall give a Unit Owner, or any other party, priority over any rights of a First Mortgagee pursuant to its Mortgage in the case of a distribution to such Unit Owner of insurance proceeds or condemnation awards for losses to or a taking of condominium Units and/or Common Areas and Facilities.

20.10 In the event another provision or clause of this Declaration deals with the same subject matter as is dealt with in any provision or clause of this Section 20, the provision or clause which results in the greatest protection and security for a Mortgagee shall control the rights, obligations, or limits of authority as the case may be, applicable to the Management Committee and Association of Unit Owners with respect to the subject concerned.

20.11 No amendment to this Section 20 shall adversely affect a Mortgagee who has recorded a valid Mortgage prior to the recordation of any such amendment.

21. CONVEYANCES; EASEMENTS; LEASES.

21.1 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.

21.2 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. A Unit Owner may lease less than his entire Unit, subject to any restrictions or regulations imposed by applicable state and local laws.

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

21.3.1 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.

21.3.2 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 Limited Common Areas appurtenant to such Unit as indicated in Section 8 above and on the Map.

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

21.3.4 Include with respect to the percentage of undivided 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.

22. OPTION TO EXPAND.

22.1 Declarant hereby reserves the option to expand the Project without the prior consent of the Owners, or any of them, at any time prior to the expiration of seven (7) years from the date of recording of this Declaration and exhibits thereto. The terms and conditions of the option shall be as follows:

22.1.1 The real property subject to this option, is sometime hereinafter referred to as the "Additional Land", being more particularity described as follows:

POWDER RIDGE PARCEL C

Beginning at a point which is the Northeast corner of Section 6, Township 3 South, Range

3 East, Salt Lake Base and Meridian and running South 25° 50' 13" East 2396.31 feet; thence South 65° 13' 00" West 837.03 feet to the TRUE POINT OF BEGINNING; said point being on the westerly side of Parcel "B" which is described within this plat; said point also being on the southerly line of Dwyer No. 4 Mineral Claim (M.S. #5489), the following call being along said mineral claim, thence continuing South 65° 13' 00" West 171.00 feet; thence North 8° 25' 00" West 228.67 feet to a point on the southerly right-of-way of Powder Ridge Court, the following four calls being along said right-of-way; 1) thence South 85° 00' 00" East 1.04 feet to a point on a 87.50 foot radius curve to the left (center bears North 5° 00' 00" East 87.50 feet of which the central angle is 04° 23' 53"); 2) thence northeasterly along the arc of said curve 6.72 feet; 3) thence South 64° 00' 00" East 47.86 feet; 4) thence North 54° 00' 00" East 40.00 feet to a point on the westerly parcel line of Parcel "B" which has been described within this plat, the following two calls being along said parcel line; 1) thence South 36° 00' 00" East 155.36 feet; thence South 24° 47' 00" East 34.09 feet to the TRUE POINT OF BEGINNING. Containing 0.606 acres, more or less.

TOGETHER WITH:

POWDER RIDGE PARCEL D

Beginning at a point which is the Northeast corner of Section 6, Township 3 South, Range 3 East, Salt Lake Base and Meridian and running South 25° 50' 13" East 2396.31 feet; thence South 65° 13' 00" West 1008.03 feet along the Southerly line of Dwyer No. 4 Mineral Claim (M.S. #5489); thence North 08° 25' 00" West 249.31 feet; thence North 31° 05' 28" West 6.09 feet to the TRUE POINT OF BEGINNING; thence continuing North 31° 05' 28" West 105.51 feet to a point on a 240.00

foot radius curve to the left (center bears North 36° 39' 18" West 240.00 feet of which the central angle is 48° 20' 42"), said point is on the easterly right-of-way line of the State Bypass road, the following two calls being along said right-of-way line; 1) thence northeasterly along the arc of said curve 202.51 feet; 2) thence North 5° 00' 00" East 18.65 feet to a point on a 227.74 foot radius curve to the left (center bears North 1° 08' 12" East 227.74 feet of which the central angle is 13° 08' 12"), to a point on the southerly right-of-way line of Powder Ridge Drive, the following call being along said right-of-way line; thence easterly along the arc of said curve 52.22 feet to a point being on the parcel line of Parcel "A" which is described within this plat, the following two calls being along said parcel; 1) thence South 12° 00' 00" East 69.59 feet; 2) thence South 36° 00' 00" East 112.89 feet to a point on a 409.12 foot radius curve to the left (center bears South 2° 14' 37" East 409.12 feet of which the central angle is 5° 45' 23"), said point being on the northerly right-of-way line of Powder Ridge Court, the following five calls being along said right-of-way line; 1) thence westerly along the arc of said curve 41.10 feet to a point on a 62.50 foot radius COMPOUND curve to the left (center bears South 8° 00' 00" East 62.50 feet of which the central angle is 68° 00' 00") 2) thence Southwesterly along the arc of said curve 74.18 feet; 3) thence South 14° 00' 00" West 30.22 feet to a point on a 62.50 foot radius curve to the right (center bears North 76° 00' 00" West 62.50 feet of which the central angle is 81° 00' 00") 4) thence southwesterly along the arc of said curve 88.36 feet; 5) thence North 85° 00' 00" West 9.41 feet to the TRUE POINT OF BEGINNING. Containing 0.686 acres, more or less.

TOGETHER WITH:

POWDER RIDGE PARCEL E

Beginning at a point which is the Northeast corner of Section 6, Township 3 South, Range 3 East, Salt Lake Base and Meridian and running thence South 25° 50' 13" East 2396.31 feet; thence South 65° 13' 00" West 1008.03 feet along the southerly line of Dwyer No. 4 Mineral Claim (M.S. #5489); thence North 08° 25' 00" West 249.31 feet; thence North 31° 05' 28" West 192.17 feet to the TRUE POINT OF BEGINNING; said point being on the westerly side of the right-of-way of the State Bypass Road, thence continuing North 31° 05' 28" West 83.37 feet, the next two calls being along the centerline of Little Cottonwood Creek; 1) thence North 56° 04' 57" East 17.99 feet; 2) thence North 46° 38' 12" East 124.18 feet to a point on a 60.00 foot radius curve to the right (center bears South 87° 11' 55" West 60.00 feet of which the central angle is 7° 48' 05"), the next three calls being along the westerly side of the right-of-way of the State Bypass Road; 1) thence southerly along the arc of said curve 8.17 feet; 2) thence South 5° 00' 00" West 49.13 feet to a point on a 160.00 foot radius curve to the right (center bears North 85° 00' 00" West 160.00 feet of which the central angle is 45° 32' 48") 3) thence southwesterly along the arc of said curve 127.19 feet to the TRUE POINT OF BEGINNING. Containing 0.186 acres, more or less.

TOGETHER WITH:

POWDER RIDGE PARCEL F

Beginning at a point which is the Northeast corner of Section 6, Township 3 South, Range 3 East, Salt Lake Base and Meridian and running South 25° 50' 13" East 2396.31 feet to the TRUE POINT OF BEGINNING; thence South 65° 13' 00" West 225.02 feet along the southerly line of Dwyer No. 4 Mineral Claim (M.S. #5489) to a point on the northerly

side of the right-of-way line of Powder Ridge Drive, the following seven calls being along said right-of-way line; 1) thence North 71° 40' 00" West 255.12 feet to a point on a 235.00 foot radius curve to the right (center bears North 18° 20' 00" East 235.00 feet of which the central angle is 29° 40' 00") 2) thence northwesterly along the arc of said curve 121.68 feet; 3) thence North 42° 00' 00" West 38.63 feet to a point on a 165.00 foot radius curve to the left (center bears South 48° 00' 00" West 165.00 feet of which the central angle is 19° 27' 00"); 4) thence northwesterly along the arc of said curve 56.01 feet; 5) thence North 61° 27' 00" West 100.15 feet to a point on a 115.00 foot radius curve to the left (center bears South 28° 33' 00" West 115.00 feet of which the central angle is 56° 43' 00"); 6) thence westerly along the arc of said curve 113.84 feet to a point on a 197.74 foot radius REVERSE curve to the right (center bears North 28° 10' 00" West 197.74 feet of which the central angle is 28° 42' 58"); 7) thence southwesterly along the arc of said curve 99.11 feet to a point being along the easterly side of the State Bypass right-of-way, the following two calls being along said right-of-way; 1) thence North 5° 00' 00" East 0.40 feet to a point on a 140.00 foot radius curve to the left (center bears North 85° 00' 00" West 140.00 feet of which the central angle is 23° 52' 20"); 2) thence northerly along the arc of said curve 58.33 feet to a point being on the centerline of Little Cottonwood Creek, the following eighteen calls being along said centerline; 1) thence North 74° 28' 33" East 12.63 feet; 2) thence South 65° 46' 20" East 43.86 feet; 3) thence North 45° 45' 50" East 53.04 feet; 4) thence North 30° 57' 50" East 40.82 feet; 5) thence South 87° 47' 51" East 78.06 feet; 6) thence South 69° 34' 02" East 54.43 feet; 7) thence South 59° 55' 53" East 87.82 feet; 8) thence South 51° 20' 25" East 76.84 feet; 9) thence South 65° 38' 49" East 104.28 feet; 10) thence North 88° 03' 31" East 59.03 feet; 11) thence South 66° 22' 14" East 52.39 feet; 12) thence North

88° 01' 30" East 29.02 feet; 13) thence South 78° 16' 30" East 54.13 feet; 14) thence South 58° 38' 34" East 74.95 feet; 15) thence South 84° 20' 26" East 111.54 feet; 16) thence South 70° 58' 28" East 61.35 feet; 17) thence North 41° 11' 09" East 31.89 feet; 18) thence North 30° 19' 25" East 3.13 feet to a point on the west line of Columbus Mineral Claim No. 6, the following call being along said mineral claim; thence South 1° 01' 00" East 25.77 feet to the TRUE POINT OF BEGINNING. Containing 1.937040 acres, more or less.

TOGETHER WITH:

FOWDER RIDGE PARCEL G

Beginning at a point which is the Northeast corner of Section 6, Township 3 South, Range 3 East, Salt Lake Base and Meridian and running South 25° 50' 13" East 2396.31 feet; thence South 65° 13' 0") West 671.74 feet along the southerly line of Dwyer No. 4 Mineral claim (M.S. #5489); thence North 36° 00' 00" West 262.38 feet to a point on a 384.12 foot radius curve to the right (center bears South 0° 08' 19" East 384.12 feet of which the central angle is 09° 08' 19"); thence southeasterly along the arc of said curve 61.27 feet; thence South 81° 00' 00" East 67.47 feet; thence North 09° 00' 00" East 25.00 feet to the TRUE POINT OF BEGINING; said point being on the northerly right-of-way line of Powder Ridge Court; said point also being on the easterly parcel line of Parcel A which is described within this plat, the following two calls being along said parcel line; 1) thence North 36° 00' 00" West 128.02 feet; 2) thence North 28° 33' 00" East 76.12 feet to a point on the southerly right-of-way line of Powder Ridge Drive, the following four calls being along said right-of-way; 1) thence South 61° 27' 00" East 45.83 feet to a point on a 135.00 foot radius curve to the right (center bears South 28° 33' 00" West 135.00 feet of which the central angle is 19° 27' 00"); 2) thence Southeasterly along

the arc of said curve 45.83 feet: 3) thence South 42° 00' 00" East 38.63 feet to a point on a 265.00 foot radius curve to the left (center bears North 48° 00' 00" East 265.00 feet of which the central angle is 25° 27' 21"); 4) thence southeasterly along the arc of said curve 117.74 feet to a point on a 15.00 foot radius REVERSE curve to the right (center bears South 22° 32' 39" West 15.00 feet of which the central angle is 120° 27' 21"), said point being on the northerly right-of-way line of Powder Ridge Court; the following three calls being along said right-of-way; 1) thence Southerly along the arc of said curve 31.53 feet to a point on a 77.37 foot radius COMPOUND curve to the right (center bears North 37° 00' 00" West 77.37 feet of which the central angle is 46° 00' 00"); 2) thence southwesterly along the arc of said curve 62.12 feet; 3) thence North 81° 00' 00" West 104.27 feet to the TRUE POINT OF BEGINNING. Containing 0.503 acres, more or less.

TOGETHER WITH:

POWDER RIDGE PARCEL H

Beginning at a point which is the Northeast corner of Section 6, Township 3, South, Range 3 East, Salt Lake Base and Meridian and running South 25° 50' 13" East 2396.31 feet; thence South 65° 13' 00" West 268.92 feet to the TRUE POINT OF BEGINNING; said point being on the southerly right-of-way line of Powder Ridge Drive, said point also being on the southerly line of Dwyer No. 4 Mineral Claim (M.S. #5489), the following call being along said mineral claim; thence continuing South 65° 13' 00" West 402.82 feet to a point on the parcel line of Parcel "B" which is described within this plat, the following call being along said parcel line; thence North 36° 00' 00" West 262.38 feet to a point on a 384.12 foot radius curve to the

right (center bears South 0° 08' 19" East 384.12 feet of which the central angle is 9° 08' 19"), said point being on the southerly right-of-way of Powder Ridge Court, the following four calls being along said right-of-way; 1) thence easterly along the arc of said curve 61.27 feet; 2) thence South 81° 00' 00" East 222.83 feet; 3) thence North 53° 00' 00" East 79.06 feet to a point on a 15.00 foot radius curve to the right (center bears South 37° 00' 00" East 15.00 feet of which the central angle is 55° 20' 00") 4) thence easterly along the arc of said curve 14.49 feet to a point on the southerly right-of-way line of Powder Ridge Drive, the following call being on said right-of-way; thence South 71° 40' 00" East 170.60 feet to the TRUE POINT OF BEGINNING. Containing 1.254 acres, more or less.

22.1.2 This declaration shall not be deemed to constitute any lien, encumbrance, restriction or limitation upon any portion of the Additional Land unless and until such portion is added to the Project in accordance with the Act and the provision hereof, and then only with respect to that portion of the Additional Land so added to the Project.

22.1.3 Declarant shall not be restricted in the location of improvements on the Additional Land or in the number of Units that may be created on the Additional Land, except as may be required by applicable zoning requirements, ordinances or regulations.

22.1.4 The Additional Land may be added to the Project in one or more parcels comprised of all or a portion of the Additional Land. Declarant shall not be restricted with respect to the location or amount of that portion of the Additional Land added to the Project.

22.1.5 Portions of the Additional Land may be added to the Project at different times, at the discretion of Declarant, and in whatever order Declarant shall select.

22.1.6 No assurances or representations are made as to the location of any improvements that may be made to the Additional Land.

22.1.7 With respect to the Units which may be constructed on the Additional Land and included in the Project, no more than thirty percent (30%) of the aggregate floor area of all such Units may be used for non-residential purposes. As used herein, the term "residential purposes" shall include all types of lodging, including nightly, weekly or monthly rentals. However, no time period units, as defined in the Act or by ordinance of the Town of Alta, shall be created on the Additional Land.

22.1.8 No assurances or representations are made as to the degree to which the structures, if any, to be erected on the Additional Land shall be compatible with the other Buildings in the Project, in terms of quality of construction, the principal material to be used, or architectural style.

22.1.9 The Units created on the Additional Land may be Commercial Units or Residential Units. No assurances are made as to the degree which the Units created on the Additional Land will be similar or dissimilar to the other Units in the Project.

22.1.10 The improvements to the Additional Land may include some or all of the following: Buildings containing Residential and/or Commercial Units, recreational facilities, employee housing, roads, landscaping, parking areas, hallways, lobbies and any other improvements which, in Declarant's sole and exclusive judgment, are necessary or desirable to the Project.

22.1.11 Declarant reserves the right to create additional Limited Common Areas and Facilities within any portion of the Additional Land, including, without limitation, certain hallways, stairways, entry ways, balconies, elevators and other facilities. The types, sizes and maximum number of such Limited Common Areas shall be at Declarant's sole discretion.

22.1.12 It is intended that 44 Units may be created on the Additional Land, and that the total number of Units created on such Additional Land will not, when added to the other Units and land in the Project, exceed fifteen (15) Units per developable acre. However, in the event that Declarant is able to obtain approval from the Town of Alta, more Units may be constructed on the Additional Land, up to the maximum number of Units permitted and approved by the Town of Alta but in no

event in excess of 80 units. This statement of the maximum number of Units does not include any employee housing which may be constructed on a portion of the Additional Land, at the discretion of Declarant and as approved by the Town of Alta.

22.1.13 The fractional undivided interest in the Common Areas and Facilities for all Condominiums in the Projects shall be changed at the time Declarant records any amended declaration and map reflecting Declarant's exercise of the option in accordance with the percentage with each Unit's total square footage bears to the aggregate square footage of all Units in the Project. Said changes in ownership interest shall be reflected in an amended Appendix A to this Declaration to be filed with the Salt Lake County Recorder simultaneously with the filing of the amended map. Declarant shall provide all Unit owners a copy of amendments to Appendix A reflecting changes in the percentage of undivided interest. Declarant reserves the right, without obtaining the consent of any Owners, to make any other amendments or modifications to this Declaration and the Map deemed necessary or advisable by Declarant in adding the Additional Land, or portions thereof, or creating additional Units in the Project pursuant to this Section 22.

22.1.14 Each Owner, by the acceptance of a deed to a Condominium in the Project, shall be deemed to have consented to all provisions of this Section 22, including the procedure for adjustment hereof. After the filing for record of any amendment Appendix A and any other provision of this Declaration, and after filing the amended map reflecting Declarant's exercise of the option, or any part thereof, title to each Condominium thereby created within the Additional Land including its appurtenant undivided interest in the Common Areas and Facilities shall be vested in and held by Declarant and none of the other Owners shall have any claim or title to or interest in such Unit or its appurtenant undivided interest.

23. CONVERTIBLE SPACE.

23.1 One or more Buildings constructed on the Additional Land may contain one (1) Commercial Unit (which may consist of space at various locations on one or more floors within said buildings) which will all be convertible space; that is to say, space as designated on the Map, which may be converted into one or more Residential or Commercial Units, Common Areas and Facilities, and/or Limited Common Areas and Facilities (the "Convertible Space").

23.2 Declarant may, in its sole discretion and without any limitation, convert from time to time and at different times, all or any portions or portion of the Convertible Space into one or more Residential or Commercial Units, Common Areas and Facilities and/or Limited Common Areas and Facilities, so long as such conversion is made pursuant to the provisions of this Section 23 and § 57-8-13.4 of the Act.

23.3 The Convertible Space which may be converted into one or more Residential or Commercial Units, Common Areas and Facilities, and/or Limited Common Areas and Facilities includes all those portions of the Building(s) that have been or may be designated on the Map, or any amendments thereto, as Convertible Space.

23.4 Declarant shall not be required to obtain the consent of any Owners or of any other person or entity having any right or interest in all or any portion of the Project prior or subsequent to converting all or portions of the Convertible Space.

23.5 In order to convert all or any portion of the Convertible Space, the Declarant shall:

23.5.1 Record, with regard to the Convertible Space or any portion thereof that is being converted, a supplemental record of survey map (the "Supplemental Map") showing the location and dimensions of the vertical and horizontal boundaries of each Unit, if any, formed out of the Convertible Space or portion thereof, and assigning or reassigning any Limited Common Area which is to be appurtenant to each such Unit. Each such Supplemental Map shall be certified as to its accuracy and compliance with the requirements of § 57-8-13(3) of the Act by the land surveyor who prepared or supervised the preparation of it; and

23.5.2 Record simultaneously with each Supplemental Map an amendment to this Declaration (the "Amendment") describing the conversion. Each such Amendment shall assign an identifying number to each Unit, if any, formed out of the Convertible Space or portion thereof and shall allocate to each such Unit, on a square footage basis the pro rata portion of the undivided interest in the Common Areas and Facilities appertaining to such Unit; or if Units are eliminated or the size thereof is decreased, such Amendment shall reallocate the portion of the undivided interest in the Common Areas and

Facilities to the remaining Units in the Project, based on the square footage of each Unit. Each such Amendment shall describe or delineate the Limited Common Area, if any, formed out of the Convertible Space or portion thereof, showing or designating the Unit or Units to which each is assigned.

23.6 So long as the Convertible Space, or any portion thereof, is not converted pursuant to this Section 23, it shall be treated for all purposes as a single Unit until or unless it is so converted; and the Act, this Declaration, the Articles and the By-laws shall be deemed applicable to the Convertible Space, or any portion thereof, as though the same were a Unit.

23.7 No provision of this Section 23 shall be amended without the prior written consent of all Owners of Convertible Space in the Project.

24. ASSESSMENTS.

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

24.1.1 Each Unit Owner 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(s) owned by him. An additional one-time assessment equal to twice the initial monthly assessment established for a Unit shall be paid by the initial purchaser only of such Unit at the time of purchase, which assessment is in addition to and not in lieu of all other assessments due hereunder.

24.1.2 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 eighteen percent (18%) 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.

24.1.3 There shall be a lien upon the applicable Unit for all 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 which were recorded prior to the recording of the lien for assessments. The lien for nonpayment of Common Expenses may be enforced by sale or foreclosure of the Unit Owner's interest by the Management Committee or the Association, such sale or foreclosure to be conducted in accordance with the provisions of law applicable to the exercise of powers of sale or foreclosure in deeds of trust or mortgages or in any manner permitted by law. In connection therewith, each Unit Owner is hereby deemed to have given and granted a power of sale to any attorney licensed in the State of Utah and selected by the Management Committee to act as trustee in the event that any such lien is foreclosed in the manner provided by law for the foreclosure of deeds of trust.

24.1.4 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.

24.2 All costs and expenses attributable to the Limited Common Areas and Facilities (including, but not limited to, Utility Services, maintenance, repair, cleaning, replacements, additions and improvements) shall be charged to and divided among the Owners of Units to which such Limited Common Area is appurtenant, in accordance with the ratio that the percentage of undivided interest in the Common Areas and Facilities appurtenant to each such Unit bears to the aggregate undivided interest of all Units to which such Limited Common Area is appurtenant.

24.3 The cost of any Utility Services which are provided to more than one Unit but which are not metered and billed separately to each Unit so served shall be assessed exclusively to the Owners of the Units so served, based on the ratio which the percentage of undivided interest in the Common Areas appurtenant to each such Unit bears to the aggregate undivided interest appurtenant to all such Units which are jointly metered, or such other equitable method of allocation, as determined by the Management Committee.

24.4 The cost of any Utility Services which are provided to one or more Units as well as a portion of the Common Area, but which are not metered and billed separately to the Unit(s) and Common Areas so served, shall be allocated between, and charged to, the Owners of such Units, based on the ratio which the square footage of each such Unit bears to the total square footage of the Units and Common Areas which are jointly metered and served by such Utility Service. The remainder of all such jointly metered utility expenses, representing the cost of the jointly metered Utility Service allocated to the Common Area, shall be included in the Common Expenses. The Management Committee shall have the authority to allocate jointly metered Utility Services between the Units and the Common Area so served in any other equitable manner, so long as the manner of allocation results in an allocation which reasonably reflects the cost of such Utility Services actually used or consumed by each jointly metered Unit or portion of the Common Area.

24.5 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 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.

24.6 In assessing the Unit Owners for capital improvements to the Common Areas and Facilities, there shall be no single improvements exceeding the sum of Ten Thousand Dollars (\$10,000) made by the Management Committee without the same having been first voted on and approved by a majority vote of the 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 17 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.

24.7 If a Unit Owner shall at any time lease or otherwise rent his Unit, or any portion thereof, 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 shall discharge such tenant for rent due, and shall discharge the Unit Owner from his obligation for the payment of such assessments to the extent of the amount so paid.

24.8 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.

25. VOTING.

At any meeting of the Association, each Unit Owner, including Declarant, either in person or by proxy, shall be entitled to the same number of votes as the percentage of undivided interest assigned to his Unit in Appendix A to this Declaration, except as the same shall have been changed pursuant to the provisions of this Declaration. 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.

26. AMENDMENT.

Except as otherwise provided in this Declaration and except as prohibited by the Act, the provisions of this Declaration may be amended by the affirmative vote or approval and consent of Unit Owners having ownership of not less than 66.66 percent of the undivided interest in the Common Areas and Facilities. Any amendment so authorized shall be accomplished by recordation of an instrument executed by the Management Committee. In said instrument the Committee shall certify that the vote or consent required by this Section 26 has occurred. Notwithstanding any other provision contained herein, until occurrence of either of the events referred to in Section 27.1 hereof, no amendment to the Map or to any provision of this Declaration which has or may have the effect of diminishing or

impairing any right, power, authority, privilege, protection or control given to Declarant (in its capacity as Declarant) herein shall be accomplished or effective unless the instrument through which such amendment is purported to be accomplished is consented to in writing by Declarant.

27. DECLARANT'S SALES PROGRAM.

27.1 Notwithstanding any other provision of this Declaration, until the later of the date that Declarant ceases to be a Unit Owner or the expiration of seven (7) years after the date on which this Declaration is filed for record in the office of the Salt Lake County Recorder, whichever first occurs (hereinafter referred to as the "Occurrence"), Declarant shall have the following rights in furtherance of any sales, promotional, or other activities designed to accomplish or facilitate the sale of all Units owned by Declarant:

27.1.1 Declarant and its duly authorized agents, representatives and employees shall have the right to maintain sales offices and/or model Units within the Project. Such office and/or model Units may be Units (at any location) owned by Declarant.

27.1.2 Declarant shall have the right to maintain a reasonable number of promotional, advertising, and/or directional signs, banners or similar devices at any place or places on the Property, but any such device shall be of a size and in a location as is reasonable and customary. Declarant shall have the right from time to time to locate or relocate its sales office, model units, and/or signs, banners or similar devices.

27.1.3 Declarant shall have the right to use the Common Areas and Facilities of the Project to entertain prospective purchasers or to otherwise facilitate Unit sales, provided said use is reasonable as to both time and manner.

28. 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 as 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 is 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:

Powder Ridge Development Co.
6925 Union Park Center
Suite 290
Midvale, Utah 84047
Attn: David A. Reaves

29. AGENT FOR SERVICE.

The name and address of the person in Salt Lake County, Utah, for the service of notice of process in matters pertaining to the Project as provided under the Act is:

David Reaves
6925 Union Park Center
Suite 290
Midvale, Utah 84047

The agent for service of process may be changed by the recordation by the Management Committee of an appropriate instrument.

30. 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 nor 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.

31. 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.

32. DECLARANT AND DECLARANT'S USE.

32.1 The term "Declarant" as used herein shall mean and include Powder Ridge Development 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.

32.2 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.

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.

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.

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35. 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.

36. EFFECTIVE DATE.

This Declaration shall take effect when recorded.

IN WITNESS WHEREOF, the undersigned has executed this instrument this _____ day of _____, 1985.

POWDER RIDGE DEVELOPMENT COMPANY,
a Utah corporation

By: David A. Power
Its: V.P.

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

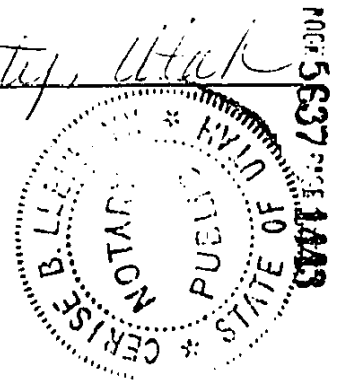
On the 25 day of February, 1985, personally appeared before me, David Reeves, who being by me duly sworn, did say that he is the Vice President of POWDER RIDGE DEVELOPMENT COMPANY, and that the within and foregoing instrument was signed in behalf of said corporation by authority of a Resolution of its Board of Directors, and said they duly acknowledged to me that said corporation executed the same.

Cerise B. Leavelle
NOTARY PUBLIC

My Commission Expires:

Residing At:
S. L. County, Utah

GCN0844T



CONSENT OF MORTGAGEE

TO SUBMIT PROPERTY TO CONDOMINIUM OWNERSHIP

The undersigned, AMERICAN SAVINGS AND LOAN ASSOCIATION, a Utah state chartered savings and loan association, with its principal office at 77 West Second South, Salt Lake City, Utah 84101, being the Trustee and Beneficiary of the Trust Deed affecting the real property hereinbefore submitted by Declarant to the provisions of the Utah Condominium Ownership Act, does hereby consent to such submission by the Declarant. In so consenting, the undersigned merely submits its interests in said real property to the provisions of the said Act. The undersigned has made no representations or warranties in the Declaration and does not assume any of the obligations of a sponsor of the said Condominium Project.

DATED this 15 day of February, 1985.

AMERICAN SAVINGS AND LOAN
ASSOCIATION, a Utah state
chartered savings and loan
association

By: _____
Its: _____

Anthony L. (signature)
VICE PRESIDENT

APPENDIX "A"
 LISTING OF UNITS AND INTERESTS
 POWDER RIDGE

<u>UNIT NO.</u>	<u>APPROXIMATE SQ. FOOTAGE</u>	<u>SHARE OF OWNERSHIP OF COMMON AREAS AND FACILITIES</u>	<u>VOTES</u>
<u>Residential Units</u>			
1-A Lower	2039	.0983	98.3
1-B Upper	2350	.1133	113.3
2-A Lower	2039	.0983	98.3
2-B Upper	2350	.1133	113.3
3-A Lower	2039	.0983	98.3
3-B Upper	2350	.1133	113.3
9-A Lower	1914	.0922	92.2
9-B Upper	1877	.0904	90.4
10-A Lower	1914	.0922	92.2
10-B Upper	1877	.0904	90.4
<u>Commercial Units</u>			
None	--	--	--
TOTALS	20,749	1.0000	1000.0

APPENDIX "B"

BYLAWS
OF
POWDER RIDGE ASSOCIATION OF UNIT OWNERS
A Utah Nonprofit Corporation

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BYLAWS
OF
POWDER RIDGE ASSOCIATION OF UNIT OWNERS
A Utah Nonprofit Corporation

Pursuant to the provisions of the Utah Nonprofit Corporation and Cooperative Association Act, the Management Committee of Powder Ridge Association of Unit Owners, a Utah nonprofit corporation, hereby adopts the following Bylaws for such nonprofit corporation.

ARTICLE I
NAME AND PRINCIPAL OFFICE

1.01 Name. The name of the nonprofit corporation is Powder Ridge Association of Unit Owners, hereinafter referred to as the "Association."

1.02 Offices. The initial principal office of the Association shall be at 6925 South Union Park Center Suite 290, Midvale, Utah 84047.

ARTICLE II
DEFINITIONS

2.01 Definitions. Except as otherwise provided herein or as may be required by the context, all terms defined in Section 2 of the Declaration (hereinafter referred to as the "Declaration") of Condominium for Powder Ridge, a Utah Condominium Project (hereinafter referred to as the "Project") shall have such defined meanings when used in these Bylaws.

ARTICLE III
MEMBERS

3.01 Annual Meetings. The annual meeting of Members shall be held on the second Tuesday in February of each year at the hours of 7:00 o'clock p.m., beginning with the year following

the year in which the Articles of Incorporation are filed, for the purpose of electing the Management Committee and transacting such other business as may come before the meeting. If the election of the Management Committee shall not be held on the date designated herein for the annual meeting of the Members, or at any adjournment thereof, the Management Committee shall cause the election to be held at a special meeting of the Members to be convened as soon thereafter as may be convenient. The Management Committee may from time to time by resolution change the date and time for the annual meeting of the Members.

3.02 Special Meetings. Special meetings of the Members may be called by the Management Committee, the President, or upon the written request of Members holding not less than ten percent (10%) of the Total Votes of the Association, such written request to state the purpose or purposes of the meeting and to be delivered to the Management Committee or the President.

3.03 Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place in Salt Lake County, State of Utah, as may be designated by the Management Committee and stated in the notice of the meeting.

3.04 Notice of Meetings. The Management Committee shall cause written or printed notice of the time, place, and purposes of all meetings of the Members (whether annual or special) to be delivered, not more than fifty (50) nor less than ten (10) days prior to the meeting, to each Member of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the U.S. mail addressed to the Member at his registered address, with first-class postage thereon prepaid. Each Member shall register with the Association such Member's current mailing address for purposes of notice hereunder. Such registered address may be changed from time to time by notice in writing to the Association. If no address is registered with the Association, a Member's Unit address shall be deemed to be his registered address for purposes of notice hereunder.

3.05 Members of Record. Upon purchasing a Condominium in the Project, each Owner shall promptly furnish to the Association a certified copy of the recorded instrument by which ownership of such Condominium has been vested in such

Owner, which copy shall be maintained in the records of the Association. For the purpose of determining Members entitled to notice of or to vote at any meeting of the Members, or any adjournment thereof, the Management Committee may designate a record date, which shall not be more than fifty (50) nor less than ten (10) days prior to the meeting, for determining Members entitled to notice of or to vote at any meeting of the Members. If no record date is designated, the date on which notice of the meeting is mailed shall be deemed to be the record date for determining Members entitled to notice of or to vote at the meeting. The voting rights appurtenant to each Condominium Unit shall vest at the time that assessment for common expenses are first levied against such Condominium Unit by the Association. Otherwise, the persons or entities appearing in the records of the Association on such record date as the Owners of record of Condominiums in the Project shall be deemed to be the Members of record entitled to notice of and to vote at the meeting of the Members.

3.06 Quorum. At any meeting of the Members, the presence of Members holding, or holders of proxies entitled to cast, more than fifty-one percent (51%) of the Total Votes of the Association shall constitute a quorum for the transaction of business. In the event a quorum is not present at a meeting, the Members present (whether represented in person or by proxy), though less than a quorum, may adjourn the meeting to a date no later than seven (7) days from the date of the originally scheduled meeting. Notice thereof shall be delivered to the Members as provided above. At the reconvened meeting, the Members and proxy holders present shall constitute a quorum for the transaction of business.

3.07 Proxies. At each meeting of the Members, each Member entitled to vote shall be entitled to vote in person or by proxy; provided, however, that the right to vote by proxy shall exist only where the instrument authorizing such proxy to act shall have been executed by the Member himself or by his attorney thereunto duly authorized in writing. If a Membership is jointly held, the instrument authorizing a proxy to act must have been executed by all holders of such Membership or their attorneys thereunto duly authorized in writing. Such instrument authorizing a proxy to act shall be delivered at the beginning of the meeting to the Secretary of the Association or to such other officer or person who may be acting as secretary of the meeting. The secretary of the meeting shall enter a record of all such proxies in the minutes of the meeting.

3.08 Votes. With respect to each matter submitted to a vote of the Members, each Member entitled to vote at the meeting shall have the right to cast, in person or by proxy, the same number of votes as the percentage of undivided interest assigned to his Unit in Appendix A to the Declaration. The affirmative vote of a majority of the votes entitled to be cast by the Members present or represented by proxy at a meeting at which a quorum was initially present shall be necessary for the adoption of any matter voted on by the Members, unless a greater proportion is required by the Articles of Incorporation, these Bylaws, the Declaration, or Utah law. The election of the Management Committee shall be by secret ballot. If a membership is jointly held, all or any holders thereof may attend each meeting of the Members. Where Membership is jointly held by two individuals, such holders must act unanimously to cast the votes relating to such Membership. Where three or more individuals jointly hold the Membership, such holders shall cast the votes relating to such Membership unanimously as the majority of said holders shall agree among themselves.

3.09 Waiver of Irregularities. All inaccuracies and irregularities in calls or notices of meetings and in the manner of voting form of proxies, and method of ascertaining Members present shall be deemed waived if no objection thereto is made at the meeting.

3.10 Informal Action by Members. Any action that is required or permitted to be taken at a meeting of the Members may be taken without a meeting, if a consent in writing, setting forth the action so taken, shall be signed by all of the Members entitled to vote with respect to the subject matter thereof.

ARTICLE IV MANAGEMENT COMMITTEE

4.01 General Powers. The property, affairs, and business of the Association shall be managed by its Management Committee. The Management Committee may exercise all of the powers of the Association whether derived from law or the Articles of Incorporation, except such powers as are by law, by the Articles of Incorporation, by these Bylaws, or by the Declaration vested solely in the Members. The Management Committee may by written contract delegate, in whole or in

part, to a professional management organization or person such of its duties, responsibilities, functions, and powers as are properly delegable. In addition to other limitations on its powers as they may be set out by law, the Articles of Incorporation, these Bylaws or the Declaration, the Management Committee is specifically denied the power to delegate to a manager or management company the power to enter into any contract involving more than Ten Thousand Dollars (\$10,000) in any one fiscal year. The Management Committee is also denied the power to settle litigation resulting in a liability against the Management Committee, the Association or the Project in excess of Ten Thousand Dollars (\$10,000) without prior approval of a majority of Unit Owners.

4.02 Number, Tenure and Qualifications. The number of Management Committee members shall be three (3). The initial Management Committee specified in the Articles of Incorporation shall serve until either Declarant elects substitute committee members or the Declarant turns over to the Members, as provided in Section 13.2 of the Declaration, the responsibility for electing Management Committee members, whichever first occurs. At the first annual meeting of the Members held after the Declarant turns over to the Members responsibility for electing the Management Committee, the Members shall elect three (3) Management Committee members to replace all of those then-serving, and to serve for the following respective terms: two (2) Management Committee members to serve for a term of two (2) years each; and one (1) Management Committee member to serve for a term of one (1) year. At each annual meeting thereafter, the Members shall elect for terms of two (2) years each, the appropriate number of Management Committee members to fill all vacancies created by expiring terms. All members of the Management Committee, except persons appointed by the Declarant, shall be Members of the Association.

4.03 Regular Meetings. The regular annual meeting of the Management Committee shall be held without other notice than this Bylaw immediately after, and at the same place as, the annual meeting of the Members. The Management Committee may provide by resolution the time and place, within Salt Lake County, State of Utah, for the holding of additional regular meetings without other notice than such resolution.

4.04 Special Meetings. Special meetings of the Management Committee may be called by or at the request of any member of the Management Committee. The person or persons authorized to

call special meetings of the Management Committee may fix any place within Salt Lake County, State of Utah, as the place for holding any special meeting of the Management Committee called by such person or persons. Notice of any special meeting shall be given at least five (5) days prior thereto by written notice delivered personally, or mailed to each Management Committee member at his registered address, or by telegram. If mailed, such notice shall be deemed to be delivered when deposited in the U.S. mail so addressed, with first-class postage thereon prepaid. If notice is given by telegram, such notice shall be deemed to have been delivered when the telegram is delivered to the telegraph company. Any member of the Management Committee may waive notice of a meeting.

4.05 Quorum and Manner of Acting. A majority of the members of the Management Committee shall constitute a quorum for the transaction of business at any meeting of the Management Committee. The act of a majority of the members of the Management Committee present at any meeting at which a quorum is present shall be the act of the Management Committee. The committee members shall act only as a Committee, and individual committee members shall have no powers as such.

4.06 Compensation. No Management Committee member shall receive compensation for any services that he may render to the Association as a committee member; provided, however, that a member of the Committee may be reimbursed for expenses incurred in performance of his duties as a committee member to the extent such expenses are approved by the Management Committee and (except as otherwise provided in these Bylaws) may be compensated for services rendered to the Association other than in his capacity as a Management Committee member.

4.07 Resignation and Removal. A Management Committee member may resign at any time by delivering a written resignation to either the President or the Management Committee. Unless otherwise specified therein, such resignation shall take effect upon delivery. Any Management Committee member, except a person appointed by the Declarant, may be removed at any time, for or without cause, by the affirmative vote of seventy-five percent (75%) of the Total Votes of the Association at a special meeting of the Members duly called for such purpose.

4.08 Vacancies and Newly Created Committee Positions. If vacancies shall occur in the Management Committee by reason of

the death, resignation or disqualification of a committee member (other than a person appointed by Declarant), the members then in office shall continue to act, and such vacancies shall be filled by a vote of the committee members then in office, though less than a quorum, in any way approved by such committee members at the meeting. Any vacancy in the Management Committee occurring by reason of removal of a committee member by the Members may be filled by election at the meeting at which such person is removed. If the authorized number of committee members shall be increased, such newly created positions shall be filled by election of the Members at a special meeting or annual meeting of the Members. If vacancies shall occur in the Management Committee by reason of death, resignation or removal of a committee member appointed by the Declarant, such vacancies shall be filled by appointments to be made by the Declarant. Any committee member elected or appointed hereunder to fill a vacancy shall serve for the unexpired term of his predecessor or for the term of the newly created committee position, as the case may be.

4.09 Informal Action by the Management Committee. Any action that is required or permitted to be taken at a meeting of the Management Committee may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the committee members.

ARTICLE V OFFICERS

5.01 Officers. The officers of the Association shall be a President, Vice President, Secretary, Treasurer and such other officers as may from time to time be appointed by the Management Committee.

5.02 Election, Tenure and Qualifications. The officers of the Association shall be chosen by the Management Committee annually at the regular annual meeting of the Management Committee. In the event of failure to choose officers at such regular annual meeting of the Management Committee, officers may be chosen at any regular or special meeting of the Management Committee. Each such officer (whether chosen at a regular annual meeting of the Management Committee or otherwise) shall hold his office until the next ensuing regular annual meeting of the Management Committee and until his successor shall have been chosen and qualified, or until his

death, or until his resignation, disqualification, or removal in the manner provided in these Bylaws, whichever first occurs. Any one person may hold any two or more of such offices, except that the President may not also be the Secretary. No person holding two or more offices shall act in or execute any instrument in the capacity of more than one office. The President, Secretary and Treasurer shall be and remain Management Committee members of the Association during the entire term of their respective offices. No other officer need be a committee member.

5.03 Subordinate Officers. The Management Committee may from time to time appoint such other officers or agents as it may deem advisable, each of whom shall have such title, hold office for such period, have such authority, and perform such duties as the Management Committee may from time to time determine. The Management Committee may from time to time delegate to any officer or agent the power to appoint any such subordinate officers or agents and to prescribe their respective titles, terms of office, authorities, and duties. Subordinate officers need not be Members of the Association or Management Committee members.

5.04 Resignation and Removal. Any officer may resign at any time by delivering a written resignation to the President or the Management Committee. Unless otherwise specified therein, such resignation shall take effect upon delivery. Any officer may be removed by the Management Committee at any time, for or without cause.

5.05 Vacancies and Newly Created Offices. If any vacancy shall occur in any office by reason of death, resignation, removal, disqualification, or any other cause, or if a new office shall be created, such vacancies or newly created offices may be filled by the Management Committee at any regular or special meeting.

5.06 The President. The President shall preside at meetings of the Management Committee and at meetings of the Members. He shall sign on behalf of the Association all conveyances, mortgages, documents, and contracts, and shall do and perform all other acts and things that the Management Committee may require of him.

5.07 The Vice President. The Vice President shall act in the place and stead of the President in the event of the

President's absence or inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Management Committee.

5.08 The Secretary. The Secretary shall keep the minutes of the Association and shall maintain such books and records as these Bylaws, the Declaration, or any resolution of the Management Committee may require him to keep. The Secretary shall also act in the place and stead of the President in the event of the absence of both President and Vice President or their inability or refusal to act. He shall be the custodian of the seal of the Association, if any, and shall affix such seal, if any, to all papers and instruments requiring the same. He shall perform such other duties as the Management Committee may require of him.

5.09 The Treasurer. The Treasurer shall have the custody and control of the funds of the Association, subject to the action of the Management Committee, and shall, when requested by the President to do so, report the state of the finances of the Association at each annual meeting of the Members and at any meeting of the Management Committee. He shall perform such other duties as the Management Committee may require of him.

5.10 Compensation. No officer shall receive compensation for any services that he may render to the Association as an officer; provided, however, that an officer may be reimbursed for expenses incurred in performance of his duties as an officer to the extent such expenses are approved by the Management Committee and (except as otherwise provided in these Bylaws) may be compensated for services rendered to the Association other than in his capacity as an officer.

ARTICLE VI COMMITTEES

6.01 Designation of Committees. The Management Committee may from time to time by resolution designate such committees as it may deem appropriate in carrying out its duties, responsibilities, functions, and powers. The membership of each such committee designated hereunder shall include at least one (1) Management Committee member. No committee member shall receive compensation for services that he may render to the Association as a committee member; provided, however, that a committee member may be reimbursed for expenses incurred in

performance of his duties as a committee member to the extent that such expenses are approved by the Management Committee and (except as otherwise provided in these Bylaws) may be compensated for services rendered to the Association other than in his capacity as a committee member.

6.02 Proceedings of Committees. Each committee designated hereunder by the Management Committee may appoint its own presiding and recording officers and may meet at such places and times and upon such notice as such committee may from time to time determine. Each such committee shall keep a record of its proceedings and shall regularly report such proceedings to the Management Committee.

6.03 Quorum and Manner of Acting. At each meeting of any committee designated hereunder by the Management Committee, the presence of members constituting at least a majority of the authorized membership of such committee (but in no event less than two members) shall constitute a quorum for the transaction of business, and the act of a majority of the members present at any meeting at which a quorum is present shall be the act of such committee. The members of any committee designated by the Management Committee hereunder shall act only as a committee, and the individual members thereof shall have no powers as such.

6.04 Resignation and Removal. Any member of any committee designated hereunder by the Management Committee may resign at any time by delivering a written resignation to the President, the Management Committee, or the presiding officer of the committee of which he is a member. Unless otherwise specified therein, such resignation shall take effect upon delivery. The Management Committee may at any time, for or without cause, remove any member of any committee designated by it hereunder.

6.05 Vacancies. If any vacancy shall occur in any committee designated by the Management Committee hereunder, due to disqualification, death, resignation, removal, or otherwise, the remaining members shall, until the filling of such vacancy, constitute the then total authorized membership of the committee and, provided that two or more members are remaining, may continue to act. Such vacancy may be filled at any meeting of the Management Committee.

ARTICLE VII
INDEMNIFICATION

7.01 Indemnification Third Party Actions. The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (other than an action by or in the right of the Association) by reason of the fact that he is or was a Management Committee member or officer of the Association, or is or was serving at the request of the Association as a director, trustee, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against expenses (including attorney's fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit, or proceeding, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit, or proceeding by an adverse judgment, order, settlement, or conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Association and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

7.02 Indemnification Association Actions. The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action or suit by or in the right of the Association to procure a judgment in its favor by reason of the fact that he is or was a Management Committee member or officer of the Association, or is or was serving at the request of the Association as a director, trustee, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise against expenses (including attorney's fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association and except that no indemnification shall be made in respect of any claim, issue, or matter as to which such person shall have been

adjudged to be liable for negligence or misconduct in the performance of his duty to the Association, unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

7.03 Determinations. To the extent that a person has been successful on the merits or otherwise in defense of any action, suit, or proceeding referred to in Section 7.01 or 7.02 hereof, or in defense of any claim, issue, or matter therein, he shall be indemnified against expenses (including attorney's fees) actually and reasonably incurred by him in connection therewith. Any other indemnification under Sections 7.01 or 7.02 hereof shall be made by the Association only upon a determination that indemnification of the person is proper in the circumstances because he has met the applicable standard of conduct set forth respectively in Sections 7.01 or 7.02 hereof. Such determination shall be made either (i) by the Management Committee by a majority vote of disinterested Management Committee members or (ii) by independent legal counsel in a written opinion, or (iii) by the Members by the affirmative vote of at least fifty percent (50%) of the Total Votes of the Association at any meeting duly called for such purpose.

7.04 Advances. Expenses incurred in defending a civil or criminal action, suit, or proceeding as contemplated in this Article may be paid by the Association in advance of the final disposition of such action, suit, or proceeding upon a majority vote of a quorum of the Management Committee members and upon receipt of an undertaking by or on behalf of the person to repay such amount or amounts unless it ultimately be determined that he is entitled to be indemnified by the Association as authorized by this Article or otherwise.

7.05 Scope of Indemnification. The indemnification provided for by this Article shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any provision in the Association's Articles of Incorporation, Bylaws, agreements, vote of disinterested Members or Management Committee members, or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office. The indemnification authorized by this Article shall apply to all present and

future Management Committee members, officers, employees, and agents of the Association and shall continue as to such persons who cease to be Management Committee members, officers, employees, or agents of the Association and shall inure to the benefit of the heirs and personal representatives of all such persons and shall be in addition to all other rights to which such persons may be entitled as a matter of law.

7.06 Insurance. The Association shall purchase and maintain insurance on behalf of any person who was or is a Management Committee member, officer, employee, or agent of the Association, or who was or is serving at the request of the Association as a committee member, director, officer, employee, or agent of another corporation, entity, or enterprise (whether for profit or not for profit), as may be required by Section 16 of the Declaration.

7.07 Payments and Premiums. All indemnification payments made and all insurance premiums for insurance maintained pursuant to this Article shall constitute expenses of the Association and shall be paid with funds from the Common Expense fund referred to in the Declaration.

ARTICLE VIII FISCAL YEAR AND SEAL

8.01 Fiscal Year. The fiscal year of the Association shall begin on the first day of January each year and end on the 31st day of December next following, except that the first fiscal year shall begin on the date of incorporation.

8.02 Seal. The Management Committee may by resolution provide a corporate seal which shall be circular in form and shall have inscribed thereon the name of the Association, the state of incorporation, and the words "Corporate Seal."

ARTICLE IX RULES AND REGULATIONS

9.01 Rules and Regulations. The Management Committee may from time to time adopt, amend, repeal, and enforce reasonable rules and regulations governing the use and operation of the Project, to the extent that such rules and regulations are not inconsistent with the rights and duties set forth in the

Articles of Incorporation, the Declaration, or these Bylaws. The Members shall be provided with copies of all rules and regulations adopted by the Management Committee, and with copies of all amendments and revisions thereof.

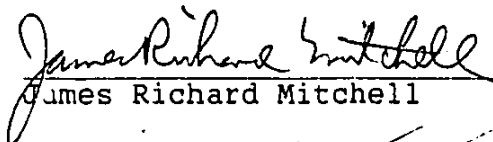
ARTICLE X
AMENDMENTS

10.01 Amendments. Except as otherwise provided by law, by the Articles of Incorporation, by the Declaration, or by these Bylaws, these Bylaws may be amended, altered, or repealed, and new bylaws may be made and adopted by the Members upon the affirmative vote of at least fifty-one percent (51%) of the Total Votes of the Association; provided, however, that such action shall not be effective unless and until a written instrument setting forth (i) the amended, altered, repealed, or new bylaw, (ii) the number of votes cast in favor of such action, and (iii) the Total Votes of the Association, shall have been executed and verified by the current President of the Association and recorded in the office of the County Recorder of Salt Lake County, State of Utah.

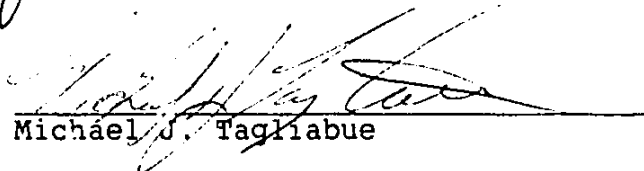
IN WITNESS WHEREOF, the undersigned, constituting all of the members of the Management Committee of Powder Ridge Association of Unit Owners, have executed these Bylaws on the 25 day of February, 1985.



David A. Reaves



James Richard Mitchell



Michael J. Tagliabue

CONSENT OF DECLARANT

On this 25 day of February, 1985, the undersigned, Powder Ridge Development Company, a Utah corporation, does hereby consent to and execute these Bylaws in accordance with the provisions of the Utah Condominium Ownership Act.

POWDER RIDGE DEVELOPMENT COMPANY

By: David C. Reeves
Its: _____

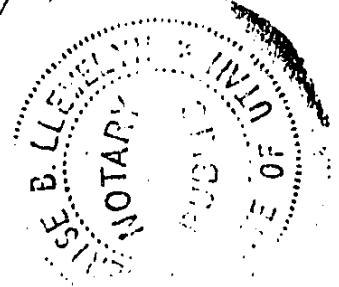
STATE OF UTAH)
): ss.
COUNTY OF SALT LAKE)

On the 25 day of February, 1985, personally appeared before me David A. Reeves, James Richard Mitchell and Michael J. Tagliabue, who being by me duly sworn, did say that they are the members of the Management Committee of Powder Ridge Association of Unit Owners, and that the within and foregoing instrument was signed in behalf of said corporation by authority of a resolution of its Management Committee, and said committee members duly acknowledged to me that they executed the same.

Carrie B. Llewellyn
NOTARY PUBLIC

My Commission Expires:
MY COMMISSION EXPIRES JULY 27, 1986

Residing At:
S. L. County, Utah



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

On the 25 day of February, 1985, personally appeared before me, William A. Jensen, who being by me duly sworn, did say that he is the President of POWDER RIDGE DEVELOPMENT COMPANY, and that the within and foregoing Consent of Declarant was signed in behalf of said corporation by authority of a Resolution of its Board of Directors, and said day duly acknowledged to me that said corporation executed the same.

William A. Jensen
NOTARY PUBLIC

My Commission Expires:
MY COMMISSION EXPIRES

Residing At:

S. L. County, Utah

