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DECLARATION OF CONDOMINIUM
OF
DAYBREAK HILL PHASE I
AN EXPANDABLE CONDOMINIUM COMMUNITY

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City of West Jordan
REBECCA GRAY
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SALT LAKE COUNTY,
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DECLARATION OF CONDOMINIUM
 OF
 DAYBREAK HILL PHASE I
 AN EXPANDABLE CONDOMINIUM COMMUNITY

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DECLARATION OF CONDOMINIUM
OF
DAYBREAK HILL PHASE I
AN EXPANDABLE CONDOMINIUM COMMUNITY

THIS DECLARATION, containing covenants, conditions and restrictions relating to Daybreak Hill, a Condominium Project, is made on the date set forth at the end hereof by The Ervin Group, a Utah corporation, hereinafter called "Declarant," for itself, its successors, grantees and assigns, pursuant to the Condominium Ownership Act of the State of Utah.

RECITALS

A. Declarant is the owner of certain real property in Salt Lake County, Utah, more particularly described on Exhibit A attached hereto ("the Land"), together with the following:

TOGETHER WITH all easements, rights-of-way, and other appurtenances and rights incident to, appurtenant to, or accompanying the above-described parcel of real property.

ALL OF THE FOREGOING IS SUBJECT TO: all liens for current and future taxes, assessments, and charges imposed or levied by governmental or quasi-governmental authorities; all Patent reservations and exclusions, any mineral reservations of record and rights incident thereto; all instruments of record which affect the above-described Land or any portion thereof, including, without limitation, any mortgage or deed of trust; all visible easements and rights-of-way; all easements and rights-of-way of record; and easements, rights-of-way, encroachments, or discrepancies shown on or revealed by the Survey Map or otherwise existing; an easement for each and every pipe, line, cable, wire, utility line, or similar facility which traverses or partially occupies the above-described Land at such time as construction of all Project improvements is complete; and all easements necessary for ingress to, egress from, maintenance of, and replacement of all such pipes, lines, cables, wires, utility lines, and similar facilities.

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RESERVING UNTO DECLARANT, however, such easements and rights of ingress and egress over, across, through, and under the above-described Land and any improvements now or hereafter constructed thereon as may be reasonably necessary for Declarant or for any assignee or successor of Declarant (in a manner which is reasonable and not inconsistent with the provisions of this Declaration): (i) to construct and complete each of the Buildings and all of the other improvements described in this Declaration or in the Map recorded concurrently herewith, and to do all things reasonably necessary or proper in connection therewith; (ii) to construct and complete on the Additional Land or any portion thereof such improvements as Declarant or said assignee or successor shall determine to build in its sole discretion (and whether or not the Additional Land or said portion has been or thereafter will be added to the Project); (iii) to improve portions of the Land with such other or additional improvements, facilities, or landscaping designed for the use and enjoyment of all the Owners as Declarant or as such assignee or successor may reasonably determine to be appropriate. If, pursuant, to the foregoing reservations, the above-described Land or any improvement thereon is traversed or partially occupied by a permanent improvement or utility line, a perpetual easement for such improvement or utility line shall exist. With the exception of such perpetual easements, the reservations hereby effected shall, unless sooner terminated in accordance with their terms, expire seven (7) years after the date on which this Declaration is filed for record in the office of the County Recorder of Salt Lake County, Utah.

B. Declarant has or will construct certain buildings and improvements thereon in accordance with the plans and drawings set forth in the Record of Survey Map filed concurrently herewith, consisting of four (4) sheets, prepared and certified by Duane M. Peterson, Utah Registered Land Surveyor.

C. Declarant desires by filing this Declaration and the Record of Survey Map to submit the Land and the said buildings and other improvements being constructed or to be constructed thereon to the provisions of the Utah Condominium Ownership Act as a Condominium Community known as Daybreak Hill.

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D. Declarant desires and intends to sell fee title to the individual Units contained in said Condominium, together with undivided ownership interests in the Common Areas and Facilities appurtenant thereto, to various purchasers, subject to the covenants, limitations, and restrictions contained herein.

E. Declarant desires and intends to develop the above condominium community and possible subsequent phases to be built on land contiguous with and adjacent to the Land included in the first phase. It is Declarant's intent to subject the Additional Property and Units so developed into the Daybreak Hill Condominium by the filing of such amended or supplemental declarations as are necessary to accomplish that purpose.

DECLARATION

NOW, THEREFORE, for such purposes, Declarant hereby makes the following Declaration containing covenants, conditions and restrictions relating to this Condominium which, pursuant to the provisions of the Condominium Ownership Act of the State of Utah, shall be enforceable equitable servitudes, where reasonable, and shall run with the land:

1. Name of the Condominium: The name by which the Condominium Community shall be known is Daybreak Hill.

2. Definitions: The terms used in this Declaration including Exhibits attached hereto shall have the meaning stated in the Utah Condominium Ownership Act and as given in this Section 2 unless the context otherwise requires.

(a) "The Act" shall mean and refer to the Utah Condominium Ownership Act, Utah Code Annotated 1953, Section 57-8-1, et. seq., as the same may be amended from time to time.

(b) "Additional Land" shall mean and refer to any land or an interest therein which may from time to time be added to the initial Project as an extension thereof under the terms and conditions of this Declaration. Such Additional Land may include all or part of the tracts of land situated in Salt Lake County, State of Utah, together with all appurtenances thereto as described on Exhibit "B" attached hereto.

The description of the Additional Land is solely for purposes of identification and is not intended and shall not be deemed to constitute any lien, encumbrance, restriction, or limitation

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upon any real property or interest in real property other than the Land which the Declaration expressly submits to the provisions of the Act, which Land is expressly described on Exhibit "A" attached hereto.

(c) "Association of Unit Owners" or "Association" shall mean and refer to Daybreak Hill Condominium Owners Association, of which all of the Unit Owners are members. The Association shall be governed in accordance with the Declaration and Bylaws attached hereto as Exhibit "D".

(d) "Common Areas and Facilities" shall mean and refer to:

(1) The Land;

(2) That portion of the Property not specifically included in the respective Units as herein defined;

(3) All foundations, columns, girders, beams, supports, main walls, roofs, stairways, exterior walkways, driveways, streets, such recreational areas and facilities as may be provided, yards, fences, service and parking areas and entrances and exits, and in general all other apparatus, installations and other parts of the Property necessary or convenient to the existence, maintenance and safety of the Common Areas and Facilities or normally in common use;

(4) Those areas specifically set forth and designated in the Map as "Common Ownership" or "Limited Common Area"; and

(5) All Common Areas and Facilities as defined in the Act, whether or not expressly listed herein.

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

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(f) "Condominium Unit" shall mean and refer to the ownership of a single Unit in this Condominium Community together with an undivided interest in the Common Areas and Facilities of the Property.

(g) "Condominium Community", "Condominium" "Condominium Project" or sometimes the "Project" shall mean and refer to the entire Property, as defined below, together with all rights, obligations and organizations established by this Declaration. At any point in time the Project shall consist of the first Phase and all subsequent Phases which theretofore have been added to and merged with the first Phase.

(h) "Declarant" shall mean The Ervin Group, a Utah corporation, which has made and executed this Declaration, and/or its successor which, by either operation of law or through a voluntary conveyance, transfer or assignment, comes to stand in the same relation to the Project as did its predecessor.

(i) "Declaration" shall mean this instrument by which Daybreak Hill is established as a Condominium Project, as may hereafter be modified, amended, supplemented or expanded.

(j) "Eligible Mortgagee" shall mean a Mortgagee who has requested the Association in writing to notify it on any proposed action which requires the consent of a specified percentage of Eligible Mortgagees, or has requested notice of any condemnation or casualty loss, sixty day delinquency in payment of assessment or charges owed by a Unit Owner, lapse, cancellation or material modification of any insurance policy or fidelity bond.

(k) "Land" shall mean and refer to the real property described on Exhibit A submitted to the provisions of the Act, together with any Additional Land which is added to the Project.

(l) "Limited Common Areas and Facilities" or "Limited Common Areas" shall mean and refer to those Common Areas and Facilities designated herein or on the Map as reserved for use of a certain Unit to the exclusion of the other Units including patios, entrance walkways, driveways, parking and storage and/or balcony areas associated with the Units.

(m) "Management Committee" or "Committee" shall mean and refer to the committee as provided in the Declaration and

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the Bylaws attached hereto (which Bylaws are hereby incorporated by reference and made a part of this Declaration). Said Committee is charged with and shall have the responsibility and authority to make and to enforce all of the reasonable rules and regulations covering the operation and maintenance of the Project.

(n) "Manager" shall mean and refer to the person, persons or corporation selected by the Management Committee to manage the affairs of the Condominium Project.

(o) "Map" shall mean and refer to the Record of Survey Map of the Project recorded concurrently herewith by Declarant.

(p) "Mortgage" shall mean and include both a first mortgage on any Condominium Unit and a first deed of trust on any Condominium Unit.

(q) "Mortgagee" shall mean and include both the mortgagee under a first mortgage on any Unit and the beneficiary under a first deed of trust on any Unit.

(r) "Percentage Interest" shall mean the undivided percentage interest of each Unit Owner in the Common Areas at any point in time as may be revised from time to time upon expansion of the Project.

(s) "Phase" shall mean and refer to each separate step in development of the Land and Additional Land which is initiated through the submission of a tract to the terms of the Act. The term shall also include all improvements which are constructed and all appurtenances, rights, obligations, and legal relationships which come into existence in conjunction with the submission of any single tract. The submission which is effected by this Declaration, the rights and obligations which are created by this Declaration, and the improvements described in the Map which have been constructed, together constitute a Phase, i.e., Phase One of the Project.

(t) "Property" shall mean and include the land, the building, all improvements and structures thereon, all easements, rights and appurtenances belonging thereto, and all articles of personal property intended for use in connection therewith.

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(u) "Unit" or "Condominium Unit" shall mean and refer to one of the Units designated as a Unit on the Map. Mechanical equipment and appurtenances located within any one Unit or located without said Unit but designated and designed to serve only that Unit, such as appliances, electrical receptacles and outlets, air conditioning compressors and other air conditioning apparatus, furnaces, stoves, fixtures and the like, shall be considered part of the Unit, as shall all decorated interiors, all surfaces of interior structural walls, floors and ceilings, windows and window frames, doors and door frames, and trim, consisting of, inter alia and as appropriate, wallpaper, paint, flooring, carpeting and tile. All pipes, wires, conduits, or other public utility lines or installations constituting a part of the Unit and serving only the Unit, and any structural members other than bearing walls and structural members, of any other property of any kind, including fixtures and appliances within any Unit, which are removable without jeopardizing the soundness, safety or usefulness of the remainder of the building within which the Unit is situated shall be considered part of the Unit.

(v) "Unit Number" shall mean and refer to the number, letter or combination thereof designating the Unit in the Declaration and in the Map.

(w) "Unit Owner" or "Owner" shall mean the person or persons owning a Unit in fee simple and an undivided interest in the fee simple estate of the Common Areas and Facilities as shown in the records of the County Recorder of Salt Lake County, Utah. 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 a party has acquired title pursuant to foreclosure or any arrangement or proceeding in lieu thereof.

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

3. Submission to Condominium Ownership. Declarant hereby submits the Land, buildings, and other improvements constructed thereon or hereafter to be constructed, together with all appurtenances thereto, to the provisions of the Act as a Condominium and this Declaration is submitted in accordance with the

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terms and the provisions of the Act and shall be construed in accordance therewith. It is the intention of Declarant that the provisions of the Act shall apply to the Property.

4. Covenants to Run with the Land. This Declaration containing covenants, conditions and restrictions relating to the Project shall be enforceable equitable servitudes which shall run with the land and this Declaration and its servitudes shall be binding upon Declarant, its successors and assigns and upon all Unit Owners or subsequent Unit Owners, their grantees, mortgagees, successors, heirs, executors, administrators, devisees and assigns.

5. Description of Property.

(a) Description of Land. The Land is that tract or parcel, more particularly described in Exhibit "A" attached hereto.

(b) Description of Improvements. The significant improvements contained or to be contained in the Project include two two-story buildings, each containing eight (8) Units for a total of sixteen (16) Units constructed principally of concrete foundation with exterior walls of brick and stucco, asphalt shingle roofing, interior walls of wood studs, plywood and dry wall plaster. Each unit has an assigned basement parking and storage space. The Project also includes landscaping, guest parking and other facilities located substantially as shown in the Map and will be subject to easements which are reserved through the Project as may be required for utility services.

(c) Description and Legal Status of Units. The Map shows the Unit Number of each Unit, its location, those Limited Common Areas and Facilities which are reserved for its use, and the Common Areas and Facilities to which it has immediate access. All Units, of whatever type, shall be capable of being independently owned, encumbered and conveyed.

(1) Each Unit has access to the outside and shall include that part of the building containing the Unit which lies within the boundaries of the Unit, which boundary lines of each Unit are the undecorated and/or unfinished interior surfaces of its perimeter walls, bearing walls, lower-most floor, uppermost ceiling, all window panes, interior surfaces of doors, window frames and door frames and trim. Each Unit shall include both the portions of the building that are not

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common areas and facilities within such boundary lines and the space so encompassed. 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 servicing only that unit.

(2) The Units of the Project are described below.

Unit "A"--Living room, dining area, kitchen, master bedroom, den/bedroom, two bathrooms and balcony or patio.

Unit "B"--Same as Unit A except one bathroom and a utility room.

(d) Common Areas and Facilities. Except as otherwise provided in the Declaration, the Common Areas and Facilities shall consist of the areas and facilities described in the definitions and constitute in general all of the parts of the Property except the Units. Without limiting the generality of the foregoing, the Common Areas and Facilities shall include the following, whether located within the bounds of a Unit or not;

(1) All structural parts of the buildings including, without limitation, foundations, columns, joists, beams, supports, supporting walls, floors, ceilings and roofs;

(2) Driveways, parking areas, lawns, shrubs, and gardens;

(3) Any utility pipe or line or system servicing more than a single Unit, and all ducts, wires, conduits, and other accessories used therewith;

(4) 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 in the Map;

(5) The Limited Common Areas and Facilities herein described; and

(6) All repairs and replacements of any of the foregoing.

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(e) Description of Limited Common Areas and Facilities. Each Owner of a Unit is hereby granted an irrevocable and exclusive license to use and occupy the Limited Common Areas and Facilities reserved exclusively for the use of his Unit. The Limited Common Areas appurtenant to any given Unit consist of a patio or balcony, entrance walkway, contiguous with the Unit as indicated on the Map, and the assigned storage and parking appurtenant to each unit. The exclusive right to use and occupy each Limited Common Area shall be appurtenant to and shall pass with the title to the Unit with which it is associated.

6. Alterations. For the four (4) years following the recordation hereof, the Declarant reserves the right to change the interior design and interior arrangement of any Unit and to alter the boundaries between Units, so long as the Declarant owns the Units so altered. Any such change shall be reflected by an amendment of this Declaration and of the Map which may be executed by the Declarant alone, notwithstanding the procedures for amendment described in this Declaration. Such change may increase the number of Units and alter the boundaries of the Common Areas and Facilities. If the boundaries between Units are altered or the number of Units increased, in the amendment related thereto the Declarant shall reapportion the percentage of ownership in the Common Areas and Facilities which are allocated to the altered Units on the basis of the change in floor space which results from the boundary alteration.

7. Statement of Purpose and Restriction on Use.

(a) Purpose. The purpose of the Condominium Project is to provide residential housing and parking space for Unit Owners and to tenants and guests, all in accordance with the provisions of the Act.

(b) Restrictions on Use. The Units and Common Areas and Facilities shall be used and occupied as hereinafter set forth.

(1) Each of the Units shall be occupied by the Unit Owner, the Owner's family, servants, guests or tenants as a private residence and for no other purpose.

(2) No driveway, street or parking area shall be used for parking of trailers, mobile homes, boats, snowmobiles or campers which have been detached from trucks except for temporary short term parking while in use. No maintenance,

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upkeep (other than washing and cleaning) or repair of any vehicle, trailer or boat may be performed in any parking stall, parking or common area. There shall be no storage of any kind except of vehicles as above provided in any parking stall, or common area.

(3) The Common Areas and Facilities shall be used only for the purposes for which they are intended in the furnishing of services and facilities for the enjoyment of the Units.

(4) Nothing shall be done or kept in any Unit or in the Common Areas and Facilities which will increase the rate of insurance on the buildings or contents thereof beyond that customarily applicable for residential use, or will result in the cancellation of insurance on the buildings, or the contents thereof, without the prior written consent of the Management Committee. No Unit Owner shall permit anything to be done or kept in his Unit or in the Common Areas and Facilities which is in violation of any law, ordinance or regulation of any governmental authority.

(5) No Unit Owner shall cause or permit anything (including, without limitation, a sign, awning, canopy, shutter, radio or television antenna) pots, plants, wind chimes or other decorative items to hang, be displayed or otherwise affixed to or placed on the exterior walls or roof or any part thereof, or on the inside or outside of windows or doors, without the prior written consent of the Management Committee. Temporary open house signs may be placed subject to written approval of the Management Committee as to location, duration, size and design. If signs are placed without written approval, the Committee retains the right to remove them. No signs for the sale of a unit may be placed in or upon any vehicle located on common or limited common areas.

(6) No plastic, sun screen or reflective type material shall be used on the interior or exterior of the windows without the prior written consent of the Management Committee. The exterior portion of any drape or curtain must be white and the Management Committee shall determine the color of carpet and/or paint used on terraces and/or balconies.

(7) No noxious or offensive activity shall be carried on or permitted in any Unit or in the Common Areas and

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Facilities, nor shall anything be done therein, either willfully or negligently, which may be or become an annoyance or nuisance to the other Unit Owners or occupants.

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

(9) No animals or pets of any kind are to be raised, bred or kept in any Unit or in the Common Areas or Limited Common Areas without the prior written approval of the Management Committee with respect to the specific pet. Unit Owner shall keep the pet off the Common Areas. If the pet becomes a nuisance to other Unit owners, the pet owner shall remove the pet from the Project upon written notice by the Management Committee or its representative.

(10) The Common Areas and Facilities and Limited Common Areas shall be kept free and clear of all rubbish, debris and other unsightly materials.

(11) No Owner shall violate the rules and regulations regarding use of the Units and of the Common Areas as adopted from time to time by the Management Committee.

8. Person to Receive Service of Process. The person to receive service of process in the cases provided herein or in the Act is E. D. Brimhall, whose address is 6652 South 1300 West, West Jordan, Utah 84084. The said person may be changed by the recordation by the Management Committee of an appropriate instrument.

9. Ownership and Use.

(a) Ownership of a Unit. Except with respect to any of the Common Areas and Facilities located within the bounds of a Unit, each Unit Owner shall be entitled to the exclusive ownership and possession of his Unit and to the ownership of an undivided interest in the Common Areas and Facilities.

(b) Nature of and Restrictions on Ownership and Use. Each Unit Owner shall have and enjoy the rights and privileges of fee simple ownership of his Unit. There shall be no requirements concerning who may own Units, it being intended that they may and shall be owned as any other property right.

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by persons, corporations, partnerships, or trusts and in the form of common tenancy. The Unit Owners may lease or rent their Units with their appurtenant rights subject to terms and conditions chosen solely by the Unit Owner and his lessee, except that all Unit Owners, their tenants and other occupants or users of the Project, shall be subject to the Act, this Declaration, the Bylaws, and all rules and regulations of the Association of Unit Owners and Management Committee.

(c) Prohibition Against Subdivision of Unit. No Unit Owner, (except Declarant as provided in this Declaration) by deed plat or otherwise, shall subdivide or in any manner cause the ownership of his Unit to be separated into physical tracts or parcels smaller than the whole Unit as shown on the Map and no parking stall assigned to any Unit shall be conveyed separately from such Unit.

(d) Ownership of Common Areas and Facilities. The Common Areas and Facilities contained in the Project are described and identified in this Declaration. Said Common Areas and Facilities shall be owned by the Unit Owners as tenants in common. No percentage of undivided ownership interest in the Common Areas and Facilities shall be separated from the Unit to which it appertains; and even though not specifically mentioned in the instrument of transfer, such a percentage of undivided ownership interest shall automatically accompany the transfer of the Unit to which it relates. The Common Areas and Facilities shall be used only in a manner which is consistent with their community nature and with the use restrictions applicable to the Units contained in the Project.

(e) Use of Common Areas and Facilities. Except with respect to Limited Common Areas each Unit Owner may use the Common Areas and Facilities in accordance with the purpose for which they are intended, but subject to this Declaration, the Bylaws, and the rules and regulations of the Management Committee. This right of use shall be appurtenant to and run with each Unit.

(f) Computation of Undivided Interest. The percentage of undivided ownership interest in the Common Areas and Facilities which is appurtenant to each Unit has been computed by determining the ratio between the square footage associated with such Unit (as set forth in Exhibit "C") and the aggregate square footages of all Units in the Project (with such minor

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adjustments in some or all of the resulting percentage interests as may have been necessary to assure that the total undivided interest respecting the Project equals 100%). These percentages are subject to diminution upon expansion of the Project through additional Phases. Substantially identical Units have been assigned the same square footage, and the total of all undivided interests equals 100%. A Unit Owner's percentage of ownership interest in the Common Areas and Facilities shall be for all purposes, including voting and assessment of common expenses.

10. Use of Limited Common Areas and Facilities. A Unit Owner's exclusive right of use and occupancy of the Limited Common Areas and Facilities reserved for his Unit shall be subject to and in accordance with this Declaration and the Bylaws. Any Limited Common Area appurtenant to a Unit may be leased only to persons who reside in the Project or used by the family, servants or guests thereof on a temporary basis. A parking stall may be leased only to a person who resides in the Project and only on a month to month basis.

11. Voting-Multiple Ownership. The vote attributable to and exercisable in connection with a Unit shall be the percentage of undivided ownership interest in the Common Areas and Facilities which is appurtenant to such Unit. In the event there is more than one Owner of a particular Unit, the vote relating to such Unit shall be exercised as such Owners may determine among themselves. A vote cast at any meeting by any of such Owners shall be conclusively presumed to be the vote attributable to the Unit concerned unless an objection is immediately made by another Owner of the same Unit. In the event such an objection is made, the vote involved shall not be counted for any purpose whatsoever other than to determine whether a quorum exists.

12. Management.

(a) Management Committee. The business, property and affairs of the Condominium shall be managed, operated and maintained by the Management Committee Association as agent for the Unit Owners. The Management Committee shall have, and is hereby granted, the following authority and powers:

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

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and Facilities; and work performed pursuant to such easements must be done in a workmanlike manner and any damage to the interior structure or decor of a Unit must be returned to its original state and condition;

(2) The authority to execute and record, on behalf of all Unit Owners, any amendment to the Declaration or Map which has been approved by the vote or consent necessary to authorize such amendment;

(3) The authority to enter into contracts which in any way concern the Project, so long as any vote or consent of the Unit Owners necessitated by the subject matter of the agreement has been obtained;

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

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

(6) The power and authority to add any interest in real property obtained pursuant to paragraph (5) above to the Condominium Project, so long as such action has been authorized by the necessary vote or consent;

(7) The power to sue and be sued.

(8) The authority to license persons not otherwise entitled to use any of the recreational areas and facilities to use the same from time to time as the Committee deems appropriate upon payment of fees prescribed by it to help defray the cost of maintenance thereof.

(9) The power and authority to borrow money, provided that no indebtedness for borrowed funds shall exceed in the aggregate at any given time the sum of \$5,000.00 without the prior vote or approval of the Association at a meeting duly called and convened at which a quorum is present.

(10) The authority to promulgate such reasonable rules, regulations, and procedures as may be necessary or desirable to aid the Committee in carrying out any of its functions or to insure that the project is maintained and used in a

manner consistent with the interests of the Unit Owners and to impose such reasonable fines and penalties as may be necessary to enforce such rules, regulations and procedures; and

(11) The power and authority to perform any other acts and to enter into any other transactions which may be reasonably necessary for the Management Committee to perform its functions as agent for the Unit Owners.

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

(b) Composition of Management Committee. The Committee shall be composed of five (5) members. At the first regular Association meeting three (3) Committee members shall be elected for three-year terms, and two (2) Committee members shall be elected for two-year terms. At each annual Association meeting thereafter any vacant seat on the Committee shall be filled with a member elected for a three-year term. Only Unit Owners and officers and agents of Owners other than individuals shall be eligible for Committee membership. At the annual meeting the percentage of undivided ownership interest appurtenant to a Unit may be voted in favor of as many candidates for Committee membership as there are seats on the Committee to be filled; provided, however, notwithstanding anything herein to the contrary, Declarant alone shall be entitled to select all of the Committee members until the earlier of the following events (hereinafter referred to as the "Event") at which time control of the Management Committee shall be transferred by Declarant to the Association:

(i) The date by which seventy-five percent (75%) of the undivided Percentage Interest appurtenant to the maximum Units planned for all Phases has been conveyed by Declarant.

(ii) Six (6) years after the first Unit in the first Phase is conveyed by Declarant.

(iii) One hundred twenty (120) days after the date that Declarant abandons Phasing of the Additional Property by the recording of a waiver as provided in Paragraph 36(a).

Any Committee member who fails on three successive occasions to attend Committee meetings (whether regular or special) or who has failed to attend at least 25% of all Committee meetings (whether regular or special) held during any twelve-month period shall automatically forfeit his or her seat. In the event a Committee seat which was filled by Declarant becomes vacant prior to the Event, whether by reason of forfeiture or due to another cause, Declarant shall select a replacement member to sit on the Committee for the balance of the term associated with the vacated seat. In all other cases of vacancy the remaining Committee members shall elect a replacement to sit on the Committee until the expiration of the term for which the member being replaced was elected. Unless a member forfeits or otherwise loses his or her seat as herein provided, a member shall serve on the Committee until his successor is elected. Committee members shall be reimbursed for all expenses reasonably incurred in connection with Committee business (such as postage, office supplies and telephone calls) however no committee member shall receive any compensation.

(c) Responsibility. The Management Committee shall be responsible for the control, operation and management of the Project in accordance with the provisions of the Act, this Declaration, such administrative, management and operational rules and regulations as it may adopt from time to time as herein provided, and all agreements and determinations lawfully made and entered into by said Committee.

(d) Additional Facilities. The Management Committee shall, subject to any necessary approval, have the authority to provide such facilities, in addition to those for which provision has already been made, as it may deem to be in the best interests of the Unit Owners and to effect the necessary amendment of documents and maps in connection therewith.

(e) Name. The Management Committee shall be known as The Daybreak Hill Management Committee.

(f) Manager. The Committee may carry out through a Professional Property Manager any of its functions which are properly the subject of delegation. Any Manager so engaged shall be an independent contractor and not an agent or employee of the Committee, shall be responsible for managing the Project for the benefit of the Committee and the Unit Owners, and shall, to the extent permitted by law and the terms of the agreement with the Committee, be authorized to perform any of the functions or acts required or permitted to be performed by

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the Management Committee itself. Any agreement for professional management of the project which may be entered into by the Management Committee or the Association shall call for a term not exceeding one (1) year renewable by agreement of the parties for successive one-year periods, and shall provide that such management agreement may be terminated with or without cause by either party upon not more than thirty (30) days written notice, and without any payment of a termination fee.

13. Easements.

(a) Each Unit shall be subject to such easements as may be necessary for the installation, maintenance, repair or replacement of any Common Areas and Facilities located within the boundaries of such Unit.

(b) In the event that, by reason of the construction, reconstruction, repair, settlement, movement or shifting of any part of the building, any part of the Common Areas and Facilities encroaches or shall hereafter encroach upon any part of any Unit or any part of the Common Areas and Facilities or any other Unit, valid easements for such encroachment and the maintenance of such encroachment are hereby established and shall exist for the benefit of such Unit and the Common Areas and Facilities, as the case may be, so long as all or any part of the building containing any such Unit shall remain standing; provided, however, that in no event shall a valid easement or any encroachment be created in favor of any Unit Owner or in favor of the Unit Owners as owners of the Common Areas and Facilities if such encroachment occurred due to the willful conduct of such Unit Owner or Owners.

(c) Some of the Common Areas are or may be located within the Units or may be conveniently accessible only through the Units. The Owners of the other Units shall have the irrevocable right, to be exercised by the Committee as its agent, to have access to each Unit and to all Common Areas from time to time during such reasonable hours as may be necessary for the maintenance, repair or replacement of any of the Common Areas located therein or accessible therefrom or for making emergency repairs therein necessary to prevent damage to the Common Areas or to another Unit or Units. The Committee shall also have such rights independent of the agency relationship. Damage to the interior of any part of a Unit or Units resulting from the maintenance, repair, emergency repair, or replacement of any of the Common Areas or as a result of emergency repairs within another Unit at the instance of the Committee or of Unit Owners

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shall be the responsibility of the Association; provided, that if such damage is the result of negligence of the Owner of a Unit, then such Owner shall be financially responsible for all such damage. Such damage shall be repaired and the property shall be restored substantially to the same condition as existed prior to damage. Amounts owing by Owners pursuant hereto shall be collected by the Committee by assessment.

(d) The Management Committee shall have non-exclusive easements to make such use of the Common Areas as may be necessary or appropriate to perform the duties and functions which it is obligated or permitted to perform pursuant to this Declaration.

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

15. Assessments. Every Unit Owner shall pay his proportionate share of the Common Expenses. Payment thereof shall be in such amounts and at such times as the Management Committee determines in accordance with the Act, the Declaration or the Bylaws. There shall be a lien for nonpayment of Common Expenses as provided by the Act. Assessment of Common Expenses shall commence no later than sixty (60) days after the first Unit is conveyed.

No assessment for a single improvement in the nature of a capital improvement which exceeds the sum of \$5,000 shall be made without the same having been first voted on and approved by at least a majority of the Project's undivided ownership interest.

If a Unit Owner fails to pay an Assessment of Common Expenses within thirty (30) days of the time it was due, the Unit Owner, the Unit Owner's family, servants, guests or tenants shall not be permitted to use common recreational facilities until the assessment is paid in full.

16. Destruction or Damage. In the event of destruction or damage of part or all of the improvements in the Condominium Project, the procedures of this section shall apply.

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

(b) If less than 75% of the Project's improvements are destroyed or substantially damaged, and if proceeds of the insurance maintained by the Committee are not alone sufficient to accomplish repair or reconstruction, restoration shall be carried out and all of the Units shall be assessed for any deficiency on the basis of their respective appurtenant percentages of undivided ownership interest.

(c) If 75% or more of the Project's improvements are destroyed or substantially damaged, if proceeds of the insurance maintained by the Management Committee are not alone sufficient to accomplish restoration, and if the Unit Owners within 100 days after the destruction or damage by a vote of at least 75% of the entire undivided ownership interest in the Project elect to repair or reconstruct the affected improvements, restoration shall be accomplished in the manner directed under subsection (b) above.

(d) If 75% or more of the Project's improvements are destroyed or substantially damaged, if proceeds of the insurance maintained by the Committee are insufficient to accomplish restoration, and if the Unit Owners do not, within 100 days after the destruction or damage and by a vote of at least 75% of the entire undivided ownership interest in the Project, elect to repair or reconstruct the affected improvements, the Management Committee shall promptly record with the Salt Lake County Recorder a notice setting forth such facts. Upon the recording of such notice the provisions of subsections (1) through (4) of Section 57-8-31, Utah Code Annotated (1953), as amended from time to time, shall apply and shall govern the

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rights of all parties having an interest in the Project or any of the Units.

(e) Any reconstruction or repair which is required to be carried out by this section shall be accomplished at the instance and direction of the Management Committee. Any determination which is required to be made by this section regarding the extent of damage to or destruction of Project improvements shall be made by an MAI appraiser selected by the Management Committee who shall determine the figure representing the percentage of project improvements which have been destroyed or substantially damaged.

17. Taxes. 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 Unit.

18. Insurance.

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

(1) A multi-peril type "master" or "blanket" policy covering the entire Condominium Project (both Units and Common Areas and Facilities) shall be maintained. Such policy shall provide coverage against loss or damage by fire and other hazards covered by the standard extended coverage endorsement, debris removal, cost of demolition, vandalism, malicious mischief, windstorm, water damage, and such other risks as customarily are covered with respect to condominium projects similar to the Project in construction, location, and use. As a minimum, such policy shall provide coverage on a replacement cost basis in an amount not less than that necessary to comply with any coinsurance percentage specified in the policy, but not less than one hundred percent (100%) of the full insurable value (based upon replacement cost). Such policy shall include an "Agreed Amount Endorsement" or its equivalent, a "Demolition Endorsement" or its equivalent, and, if necessary or appropriate, an "Increased Cost of Construction Endorsement" or its

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equivalent, a "Special Condominium Endorsement" or its equivalent, and a "Contingent Liability from Operation of Building Laws Endorsement" or its equivalent.

(2) If a steam boiler is or comes to be contained in the Project, there shall be maintained boiler explosion insurance and a broad form policy of repair and replacement boiler and machinery insurance, evidenced by the standard form of boiler and machinery insurance policy. Said insurance shall, as a minimum, provide coverage in the amount of Fifty Thousand Dollars (\$50,000.00) per accident per location.

(3) 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, as defined by the Federal Emergency Management Agency, and the sale of flood insurance has been made available under the National Flood Insurance Act of 1968, a "master" or "blanket" policy of flood insurance on the Condominium Project shall be obtained and maintained. The minimum amount of coverage afforded by such policy shall be the lesser of (i) the maximum amount of insurance available under said Act or (ii) one hundred percent (100%) of the current replacement cost of all buildings and other insurable property located in the flood hazard area. 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.

(4) The named insured under each policy required to be maintained by the foregoing items (1) and (2) shall be in form and substance essentially as follows: "Daybreak Hill Owners Association, or its authorized representative, for the use and benefit of the individual Owners."

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

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

(b) Fidelity Insurance. The Management Committee or Association shall at all times maintain in force fidelity coverage against dishonest acts on the part of managers (and employees of managers), trustees, employees, officers, Committee members, or volunteers responsible for handling funds belonging to or administered by the Management Committee or Association of Unit Owners. The fidelity bond or insurance shall name the Association as the obligee or insured and shall be written in an amount sufficient to afford the protection reasonably necessary, but in no event less than one hundred fifty percent (150%) of the estimated annual operating expenses of the Project including reserve funds, unless a greater amount is required by a majority of the Mortgagees or their designees. Such fidelity bond or insurance shall contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression. In addition, the mortgagee clause shall provide that the insurance carrier shall notify each Eligible Mortgagee at least thirty (30) days in advance of the effective date of any reduction in or cancellation of the policy.

(c) Liability Insurance. The Management Committee or association of Unit Owners shall at all times maintain in force a comprehensive policy of public liability insurance covering all of the Common Areas and Facilities. Such insurance shall include a "Severability of Interest Endorsement" or its equivalent which shall preclude the insurer from denying the claim of a Unit Owner because of negligent acts of other Owners, the Management Committee, or the Association of Unit Owners. The coverage afforded by such public liability insurance shall include protection against water damage liability, liability for non-owned and hired automobiles, liability for property of others, and such other risks as customarily are covered with respect to condominium projects similar to the Project in construction, location and use. The limits of liability under such insurance shall not be less than \$1,000,000 for all claims for personal injury and/or property damage arising out of a single occurrence.

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(d) General Requirements Concerning Insurance. Each insurance policy or fidelity bond maintained pursuant to the foregoing Sections 18(a) through 18(c) shall be written by an insurance carrier which is licensed to transact business in the State of Utah and which has a financial rating by Best's Insurance Reports of Class IX or better. No such policy or fidelity bond shall be maintained where: (1) under the terms of the carrier's charter, bylaws, bond or policy, contributions may be required from, or assessments may be made against, a Unit Owner, a Mortgagee, the Management Committee, the Association of Unit Owners, a Unit, the Common Areas, or the Project; (2) by the terms of the carrier's charter, bylaws, bond or policy, loss payments are contingent upon action by the carrier's board of directors, policy holders, or members; (3) the bond or policy includes any limiting clauses (other than insurance conditions) which could prevent the party entitled from collecting insurance proceeds; or (4) the bond or policy provides that the insurance thereunder shall be brought into contribution with insurance purchased by the individual Unit Owners or their Mortgagees. Each such fidelity bond or policy shall provide that: (a) coverage shall not be prejudiced by any act or neglect of the Unit Owners when such act or neglect is not within the control of the Association of Unit Owners or the Management Committee; (b) coverage shall not be prejudiced by any failure by the Association or Committee to comply with any warranty or condition with regard to any portion of the Project over which the Association and Committee have no control; (c) coverage may not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least thirty (30) days prior written notice to any and all insureds named therein, including any Mortgagee named as an insured; and (d) the insurer waives any right to subrogation it might have as to any and all claims against the Association, the Management Committee, and Unit Owner, and/or their respective agents, employees or tenants. If due to changed circumstances, excessive cost, or any other reason, any of the insurance coverage required to be obtained and maintained under Sections 18(a) through 18(c) hereof cannot reasonably be secured, with respect to such coverage the Association or the Committee shall obtain and maintain such substitute, different or other coverage as may be reasonable and prudent under the circumstances as they then exist, however the Association shall not self insure.

(e) Additional Provisions. The following additional provisions shall apply with respect to insurance:

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(1) In addition to the insurance described above, the Committee shall secure and at all times maintain insurance against such risks as are or hereafter may be customarily insured against in connection with condominium projects similar to the Project in construction, nature, and use.

(2) The Committee shall have authority to adjust losses.

(3) Insurance secured and maintained by the Committee shall not be brought into contribution with insurance held by the individual Unit Owners or their mortgagees.

(4) Each policy of insurance obtained by the Committee shall, if possible, provide: A waiver of the Insurer's subrogation rights with respect to the Committee, the Manager, the Unit Owners, and their respective servants, agents, and guests; that it cannot be cancelled, suspended, or invalidated due to the conduct of any member, officer, or employee of the Committee or of the Manager without a prior written demand that the defect be cured; that any "no other insurance" clause therein shall not apply with respect to insurance held individually by the Unit Owners.

(5) Any Unit Owner may obtain additional insurance at his own expense, so long as such additional insurance does not have the effect of decreasing the amount which may be realized under any policy maintained by the Committee. Any Unit Owner who individually obtains insurance covering any portion of the Project shall supply the Committee with a copy of his policy within thirty (30) days after he acquires such insurance.

(6) Notwithstanding anything herein contained to the contrary, insurance coverages must be in such amounts and meet other requirements of the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation.

19. Payment of Common Expenses.

(a) Each Unit Owner shall pay the Management Committee his allocated portion of the Common Expenses deemed necessary by the Management Committee to manage and operate the Project, upon the terms, at the time, and in the manner herein provided without any deduction on account of any set-off or claim which the Owner may have against the Management Committee or Association. Each installment shall be due on or before the

first day of each month. If the Unit Owner shall fail to pay any installment within five (5) days of the time when the same becomes due, the Owner shall pay a fifteen dollar (\$15.00) late fee and shall pay interest on the installment at the rate of eighteen percent (18%) per annum from the date when such installment shall become due to the date of the payment thereof, together with all costs and expenses, including attorney's fees, incurred in any proceedings brought to collect such unpaid common expenses. The Owners Association by a majority vote may change the late fee and interest rate charged.

(b) The Common Expenses above referred to for each year, or portions of the year, are hereby defined and shall be deemed to be such aggregate sum as the Management Committee from time to time shall determine, in its judgment, is to be paid by all the Owners of the Condominium Project then in existence to enable the Management Committee to pay all estimated expenses and outlays of the Management Committee to the close of such year, growing out of or in connection with the maintenance and operation of such land, buildings and improvements; which sum may include, among other things, the cost of management, special assessments, fire, casualty, flood, fidelity, public liability and other insurance or bond premiums, common lighting, landscaping, and the care of the grounds, repairs, and renovations to Common areas and Facilities, (other than services which are separately billed or metered to the individual Units by the utility or party furnishing such service), legal and accounting fees, management fees, expenses and liabilities incurred by the Management Committee under or by reason of this Declaration, the payment of any deficit remaining from the previous period, the creation of a reasonable contingency or other necessary reserve or surplus fund, as well as all other costs and expenses relating to the Condominium Project. Declarant makes no representation and assumes no liability for the sufficiency of reserve or surplus funds to pay for major repairs and the replacement of capital items. The Management Committee may, from time to time, up to the close of the year for which such cash requirements have been so filed or determined, increase or diminish the amount previously fixed or determined for such year. It may include in the cash requirements for any year, any liabilities or items of expense which accrued or became payable in the previous year, or which might have been included in the cash requirements for a previous year, but were not included therein; and also any sums which the Management Committee may deem necessary or prudent to provide a reserve against liabilities or expenses then accrued or thereafter to accrue although not payable in that year.

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(c) The portion payable with respect to each Unit in and for each year or for a portion of a year shall be a sum equal to the aggregate amount of such Common Expenses for such year, or portion of year, determined as aforesaid, multiplied by the percentage of undivided interest in the Common Areas and Facilities appurtenant to such Unit. Such assessments, together with any additional sums accruing under this Declaration, shall be payable monthly in advance, or in such payments and installments as shall be required by the Management Committee.

(d) The Management Committee shall have discretionary powers to prescribe the manner of maintaining and operating the Project and to determine the cash requirements of the Association to be paid as aforesaid by the Owners under this Declaration. Every such reasonable determination by the Management Committee within the bounds of the Act and this Declaration shall be final and conclusive as to the Owners, and any expenditures made by the Management Committee, within the bounds of the Act and this Declaration shall as against the Owner be deemed necessary and properly made for such purpose.

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

(f) Each monthly assessment and each special assessment shall be separate, distinct and personal obligations of the Owner(s) of the Unit against which the same is assessed at the time the assessment is made and shall be collectible as such. Suit to recover a money judgment for unpaid common expenses may be maintained without foreclosing or waiving the following lien securing the same: the amount of any assessment, whether regular or special, assessed to a Unit plus interest at eighteen percent (18%) per annum plus late fees, and costs, including reasonable attorney's fees, shall become a lien upon such Unit upon recordation of a notice of assessment as provided by the Act. The said lien for nonpayment of common expenses shall have priority over all other liens and encumbrances, recorded or unrecorded, except only:

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(1) Tax and special assessment liens on the Unit in favor of any assessment unit, and special district; and

(2) Encumbrances on the interest of the Unit Owner recorded prior to the date such notice is recorded which by law would be a lien prior to subsequently recorded encumbrances.

(g) A certificate executed and acknowledged by the Manager or Management Committee stating the unpaid common expenses then outstanding with respect to a Unit shall be conclusive upon the Management Committee and the Owners as to the amount of such indebtedness on the date of the certificate, in favor of all persons who rely thereon in good faith, and such certificate shall be furnished to any Owner or encumbrance or prospective Owner or encumbrance of a Condominium Unit upon request at a reasonable fee not to exceed Ten Dollars (\$10.00). Unless the request for a certificate of indebtedness shall be compiled within ten (10) days, all unpaid common expenses which became due prior to the date of making of such request shall be subordinate to the lien or interest held by or obtained by the person making the request. Any encumbrance holding a lien on a Condominium Unit may pay any unpaid Common Expenses payable with respect to such Condominium Unit and upon such payment such encumbrance shall have a lien on such Unit for the amounts paid of the same rank as the lien of his encumbrance.

Subject to the provisions of this subparagraph, a purchaser of a Unit shall be jointly and severally liable with the seller for all unpaid assessments against the Unit up to the time of the grant or conveyance, without prejudice to the purchaser's right to recover from the seller the amount paid by the purchaser for such assessments.

(h) Upon payment of delinquent assessments concerning which a notice of assessment has been recorded or other satisfaction thereof, the Management Committee shall cause to be recorded in the same manner as the notice of assessment a further notice stating the satisfaction and release of the lien thereof. Such lien for nonpayment of assessment may be enforced by sale of the Unit by the Management Committee or by a bank or trust company or title insurance company authorized by the Management Committee, such sale to be conducted in accordance with the provisions of the law applicable to the exercise of powers of sale or foreclosure in deeds of trust or

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mortgages or in any manner permitted by law. In any foreclosure or sale, the Unit Owner shall be required to pay the costs and expenses of such proceedings including reasonable attorney's fees.

(i) In the event of foreclosure, the Unit Owner shall be required to pay a reasonable rental for the Condominium Unit and the plaintiff in the foreclosure action shall be entitled to the appointment of a receiver to collect the rental without regard to the value of the mortgage security. The Management Committee or Manager shall have the power to bid in the Condominium Unit at foreclosure or other sale and to hold, lease, mortgage and convey the Condominium Unit.

20. Mortgage Protection.

(a) The Committee or the Association shall notify each Eligible Mortgagee in writing in the event that the Owner of the Unit encumbered by the Mortgage held by such Mortgagee neglects for a period of sixty (60) or more days to pay assessments or charges on such unit or to cure any failure on his part to perform any material obligations under this Declaration.

(b) The lien or claim against a Unit for unpaid assessments or charges levied by the Management Committee or by the Association of Unit Owners pursuant to this Declaration or the Act shall be subordinate to the Mortgage affecting such Unit recorded prior to the date a notice of lien is recorded, and the Mortgagee thereunder which comes into possession of the Unit shall take the same free of such lien or claim for unpaid assessments or charges, but only to the extent of assessments or charges which accrue prior to foreclosure of the Mortgage, exercise of a power of sale available thereunder, or deed or assignment in lieu of foreclosure (except for claims for a pro rata share of such prior assessments or charges resulting from a pro rata reallocation thereof to all Units including the Unit in which the Mortgagee is interested). No assessment, charge, lien or claim which is described in the preceding sentence as being subordinate to a Mortgage or as not to burden a Mortgagee which comes into possession shall be collected or enforced by either the Management Committee or the Association from or against a Mortgagee, a successor in title to a Mortgagee, or the Unit affected or previously affected by the Mortgage concerned (to the extent any such collection or enforcement would prejudice the interests of the Mortgagee or successor in title to the Mortgagee interested in such Unit).

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(c) Unless fifty-one percent (51%) of the Eligible Mortgagees of the individual Units have given their prior written approval and owners of at least sixty-seven percent (67%) [one hundred percent (100%) in the case of a change in the undivided interest of a Unit Owner, other than in accordance with the provisions of this Declaration for additional Phases] of the undivided interest in the Common Areas and Facilities have approved, neither the Management Committee nor the Association of Unit Owners shall be entitled, by act, omission, or otherwise:

(1) To abandon or terminate the Project or to abandon or terminate the arrangement which is established by this Declaration and the Record of Survey Map (except as otherwise provided in the event of certain destruction or damage);

(2) To partition or subdivide any Unit;

(3) To abandon, partition, subdivide, encumber, sell or transfer all or any part of the Common Areas and Facilities (except for the granting of easements for utilities and similar purposes consistent with the intended use of the Common Areas and except as otherwise provided in the event of certain destruction or damage);

(4) To use hazard insurance proceeds resulting from damage to any part of the Project (whether to Units or to the Common Areas) for purposes other than the repair, replacement, or reconstruction of such improvements, except as otherwise provided in the event of certain destruction or damage;

(5) To change the pro rata interests or obligations of any Unit which apply for (a) purposes of levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards and for (b) determining the pro rata share of ownership of each Unit in the Common Areas and Facilities;

(6) To alter the provisions of this Declaration in such a way as to diminish the protections afforded to the Owners regarding the duration or terminability of agreements for managerial services; or

(7) To alter the provisions of this Declaration hereof in such a way as to diminish the insurance protection required to be afforded to the parties designed to be protected

thereby, or to fail to maintain the insurance coverage described therein.

(8) To terminate the professional management of the Project and assume self management by the Association.

(9) To merge with another Condominium Project (other than subsequent phases of this Project).

(10) To amend this Section so as to diminish the rights, protection or security afforded to Mortgagees.

(d) Any Mortgagee shall have the right, at its request and expense and upon reasonable notice, to examine the books and records of the Management Committee and of the Association of Unit Owners. Any Mortgagee shall have the right to designate a representative to attend all meetings of the Association of Unit Owners. From and after the time a Mortgagee makes written request to the Management Committee or the Association of Unit Owners therefor, the Committee or the Association shall furnish to such Mortgagee (i) copies of such annual operating reports and other reports or writings summarizing or reflecting the financial position or history of the Condominium Project as may be prepared for distribution to or use by the Committee, the Association, or the Unit Owners and (ii) written notice of all meetings of the Association of Unit Owners.

(e) The Management Committee and the Association shall establish a reserve 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 on an installment basis against the Units rather than by special assessments. Declarant makes no representation and assumes no liability for the sufficiency of reserve or surplus funds to pay for major repairs and the replacement of capital items.

(f) The Committee or the Association shall notify each Eligible Mortgagee in writing in the event that there occurs any damage or loss to, or taking or anticipated condemnation of: (1) the Common Areas involving an amount in excess of, or reasonably estimated to be in excess of Twenty Thousand Dollars (\$20,000.00); or (b) any Unit involving an amount in excess of or reasonably estimated to be in excess of, Five Thousand Dollars (\$5,000.00). 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.

(g) 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, 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.

(h) Any amendment to this Section shall be accomplished by an instrument executed by the Management Committee and filed for record in the office of the Salt Lake County Recorder. In any such instrument an officer of the Management Committee shall certify that any prior written approval of Mortgagees required by this Section as a condition to amendment has been obtained.

(i) In the event a proposed amendment or addition to this Declaration does not involve a material change - such as the correction of a technical error or the clarification of a statement - the consent of an Eligible Mortgagee to such amendment or addition may be assumed when the Eligible Mortgagee fails to submit a response to any written proposal for an amendment within thirty (30) days after the proposal is made.

21. Eminent Domain. In the event that eminent domain proceedings are commenced against the Project or any portion thereof, the provisions of Section 57-8-32.5, Utah Code Annotated (1953), as amended from time to time, shall apply.

22. Maintenance.

(a) Each Owner of a Unit at his own expense shall keep the interior of such Unit and its equipment and appurtenances in good order, condition and repair and in a clean and sanitary condition, and shall do all redecorating and painting which may at any time be necessary to maintain the good appearance of such Unit. Except to the extent that the Association is protected by insurance against such injury, the Unit Owner shall repair all injury or damages to the Unit or building or buildings caused by the act, negligence or carelessness of the Unit Owner or that of any tenant or subtenant, or any member of the Unit Owner's family or of the family of any tenant or subtenant and all such repairs, redecorating and painting shall be

of a quality and kind equal to the original work as determined and approved in writing by the Management Committee. In addition to decorating and keeping the interior of the Unit in good repair, the Unit Owner shall be responsible for the maintenance or replacement of any plumbing, fixtures, refrigerators, air conditioning and heating equipment, dishwashers, disposals, ranges, etc., that may be in or connected with the Unit, and the maintenance of limited common patio or balcony except the railings surrounding such areas. Without the written permission of the Management Committee first had and obtained, a Unit Owner shall not make or permit to be made any structural alteration, in or to the Unit, parking stalls or parking stalls, or in or to the exterior of the buildings, and shall not paint, decorate or plant any portion of the exterior of the Unit or of the building in which the Unit is located including any Limited Common area.

(b) Except as hereinafter provided, the Management Committee shall provide for such maintenance and operation of the Common Areas and Facilities and of the Limited Common Areas and Facilities as may be reasonably necessary to keep them clean, functional, attractive and generally in good condition and repair. The Management Committee shall have no obligation regarding maintenance or care of Units.

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

24. Administrative Rules and Regulations. The Management Committee shall have the power to adopt and establish by resolution, such building management and operational rules as it

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may deem necessary for the maintenance, operation, management and control of the Project. The Committee may, from time to time by resolution, alter, amend and repeal such rules. When a copy of any amendment or alteration or provision for repeal of any rule or rules has been furnished to the Unit Owners, such amendment, alteration or provision shall be taken to be a part of such rules. Unit Owners shall at all times obey such rules and see that they are faithfully observed by those persons over whom they have or may exercise control and supervision, it being understood that such rules shall apply and be binding upon all Unit Owners, tenants, subtenants or other occupants of the Units.

25. Obligation to Comply with Declaration, Bylaws, Articles, Rules and Regulations. Each Unit Owner, tenant, subtenant or other occupant of a Unit shall comply with the provisions of the Act, this Declaration, the Bylaws, and the rules and regulations, all agreements and determinations lawfully made and/or entered into by the Management Committee or the Unit Owners, when acting in accordance with their authority, and any failure to comply with any of the provisions thereof shall be grounds for an action by the Management Committee or other aggrieved party for injunctive relief or to recover any loss or damage resulting therefrom. If successful, the Management Committee shall be entitled to attorneys' fees and costs incurred in bringing such action.

26. Indemnification of Management Committee. Each member of the Management Committee shall be indemnified and held harmless by the Association of Unit Owners against all costs, expenses and liabilities whatsoever, including, without limitation, attorney's fees, reasonably incurred by him in connection with any proceeding to which he may become involved by reason of his being or having been a member of said Committee; provided, however, the foregoing indemnification shall not apply if the loss, expense of liability involved resulted from the willful misconduct, gross negligence or other intentional act of the member.

27. Amendment. In addition to the amendment provisions contained in Sections 6 and 36 above, but subject to the terms of Section 20, this Declaration and/or the Map may be amended upon the affirmative vote or approval and consent of not less than sixty-seven percent (67%) [one hundred percent (100%) to change the undivided interest of a Unit Owner in Common Areas and Facilities] 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 has occurred. Notwithstanding any other provision contained herein, until occurrence of the "Event" referred to in Section 12 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 accorded to Declarant (in his 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 other than a reduction of percentage interest in common areas as provided in Section 36.

So long as Declarant shall own at least five units of the entire Project as expanded and six (6) years from the date of the recording of the original Declaration have not expired, Declarant shall have, and is hereby vested with the right to unilaterally amend this Declaration or the Map. Such right shall obtain without regard to the subject matter of amendment, so long as the amendment involved is consistent with law and does not attempt to divest any vested property rights of any Owner or Mortgagee.

No amendment may be made to the Declaration without the written consent of Declarant so long as Declarant retains the ownership of five units in the Project; provided, however, that the obligation to acquire said written consent of Declarant shall cease on a date six (6) years from the date of recording of the original Declaration.

28. Consent in Lieu of Vote. In any case in which the Act or this Declaration requires the vote of a stated percentage of the Project's undivided ownership interest for authorization or approval of a transaction, such requirement may be fully satisfied by obtaining, with or without a meeting, consents in writing to such transaction from Unit Owners who collectively hold at least such stated percentage of undivided ownership interest. The following additional provisions shall govern any application of this section:

(a) All necessary consents must be obtained prior to the expiration of ninety (90) days after the first consent is given by any Owner;

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(b) Any change in ownership of a Unit which occurs after consent has been obtained from the Owner having an interest therein shall not be considered or taken into account for any purpose; and

(c) Unless the consent of all Owners having an interest in the same Unit are secured, the consent of none of such Owners shall be effective.

29. Declarant's Sales Program. Notwithstanding any other provision in this Declaration, until Declarant has sold all the Units in each Phase or the expiration of a reasonable sales period following six (6) years after the date on which this Declaration is filed for record in the office of the County Recorder of Salt Lake County, Utah, whichever first occurs (hereinafter referred to as the "Occurrence"), neither the Unit Owners, the Association nor the Committee shall interfere with the completion of improvements and sale of all remaining Units, and 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:

(a) Declarant shall have the right to maintain up to five (5) sales offices and/or model Units at any one time. Such office and/or model Unit may be one or more of the Units owned by them, one or more separate structures or facilities placed on the Property for the purpose of aiding Declarant's sales effort, or any combination of the foregoing.

(b) Declarant shall have the right to maintain a reasonable number of promotional, advertising, and/or directional signs, banners or similar devices at any place or places on the Property.

(c) Declarant shall have the right to use the Common Areas and Facilities of the Project including the Community Center to facilitate Unit sales.

Declarant shall have the right from time to time to locate or relocate any of their sales office, model Unit and/or signs, banners or similar devices, but in connection with each such location or relocation shall observe the limitations imposed by the preceding portion of this Section. Within a reasonable period of time after the happening of the Occurrence, Declarant shall have the right to remove from the Project any signs, banners or similar devices and any separate

structure or facility which was placed on the Property for the purpose of aiding Declarant's sales effort.

30. Limitation on Improvements by Association. Until the Occurrence described in Section 29, neither the Association nor the Management Committee shall, without the written consent of Declarant, make any improvement to or alteration in any of the Common Areas and Facilities, other than such repairs, replacements, or similar matters as may be necessary to properly maintain the Common Areas as originally created or constructed by Declarant.

31. Completion Obligation. Declarant hereby covenants in favor of each Owner that within two (2) years from date of contract of sale:

(a) The Unit which such Owner has contracted to purchase, the Common Areas of the building within which such Unit is contained or is to be contained, and each Limited Common Area appurtenant to such Unit shall be fully constructed and ready for use or occupancy (as the case may be); and

(b) There shall be substantially completed and usable as part of the Common Areas all planned landscaping, sidewalks, parking facilities, roads, fences, outdoor lighting, and utility lines and conduits adjacent to the Unit concerned and necessary for its use.

32. Severability. The invalidity of any one or more phrases, sentences, subparagraphs, paragraphs, subsections or sections hereof shall not affect the remaining portions of this instrument or any part thereof, and in the event that any portion or portions of this instrument should be invalid or should operate to render this instrument invalid, this instrument shall be construed as if such invalid phrase or phrases, sentence or sentences, subparagraph or subparagraphs, paragraph or paragraphs, subsection or subsections or section or sections had not been inserted.

33. Declarant's Rights Assignable. All of the rights of Declarant under this Declaration may be assigned or transferred either by operation of law or through a voluntary conveyance, transfer or assignment. Any Mortgage covering all Units in the Project title to which is vested in the declarant shall, at any given point in time and whether or not such Mortgage does so by its terms, automatically cover, encumber, and include all of the then unexercised or then unused rights, powers, authority,

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privileges, protections and controls which are accorded to Declarant (in its capacity as Declarant) herein.

34. Lease of Units. With the exception of a lender in possession of a Unit following a default in a first mortgage, a foreclosure proceeding or any deed or other arrangement in lieu of foreclosure, no Unit Owner shall be permitted to lease his unit for transient or hotel purposes which means the initial term of any lease shall be at least six (6) months. No Unit Owner may lease less than the entire Unit except a parking stall may be leased to another Unit Owner. Any lease agreement shall be required to provide that the terms of the lease shall be subject in all respects to the provisions of this Declaration and the Bylaws attached as Exhibit "D", and that any failure by the lessee to comply with the terms of such documents shall be a default under the lease. All leases shall be required to be in writing and a copy of such lease shall be delivered to the Management Committee five (5) days prior to occupancy by the tenant. Other than the foregoing, there shall be no restriction on the right of any Unit Owner to lease his Unit. The Unit Owner shall notify the Management Committee of the names of the lessee of the Unit. In the event of a lease of a Unit, only the tenant and not the Unit Owner shall have the right to the use of the Common Areas and Facilities while the Unit is leased.

35. Legal Description of a Unit. Every conveyance or contract for the sale of a Unit and every other instrument affecting title to a Unit may describe that Unit by the number shown on the Map with the appropriate reference to the Map and to this Declaration, as each shall appear in the official records of Salt Lake County, Utah, and in substantially the following form:

Unit _____ in Building _____ as shown in the Record of Survey Map for Daybreak Hill, a Condominium Project appearing in the Records of the County Recorder of Salt Lake County, Utah, in Book _____ Page _____ of Plats, and as defined and described in the Declaration of Condominium, appearing in such records in Book _____, Page _____ of Records.

This conveyance is subject to the provisions of the aforesaid Declaration of Condominium.

Such description will be construed to describe the Unit, together with the appurtenant undivided interest in the Common

Areas, and to incorporate all the rights incident to Ownership of a Unit and all the limitations on such ownership as described in this Declaration.

36. Expansion of the Project.

(a) Reservation of Option to Expand. Declarant hereby reserves the option to expand the Project to include additional Units in the Project. This option to expand may be exercised from time to time, at different times and in any order, without limitation, provided however, the option shall expire seven (7) years from the effective date of the Declaration unless sooner terminated by Declarant's recorded Waiver of such option, there being no other circumstances which will cause the option to expire prior to said seven (7) years. Such right may be exercised without first obtaining the consent or vote of Unit Owners and shall be limited only as herein specifically provided. Such Units shall be constructed on any or all portions of the Additional Property. The total number of Units in the Project, as expanded, shall not exceed seventy (70) units and the maximum number of units per acre of Additional Property shall be twenty (20).

(b) Supplemental Declarations and Supplemental Maps. Such expansion may be accomplished by the filing for record by Declarant in the office of the County Recorder of Salt Lake County, Utah, no later than seven (7) years from the date this Declaration is recorded, a Supplement or Supplement~~r~~ to this Declaration containing a legal description of the site or sites for new Units, together with supplemental Map or Maps containing the same information with respect to the new Units as was required on the Map with respect to the Phase One Units. The expansion may be accomplished in phases by successive supplements or in one supplemental expansion.

(c) Expansion of Definitions. In the event of such expansion the definitions used in this Declaration automatically shall be expanded to encompass and refer to the Project as so expanded. E.g., "Property" shall mean the real property initially submitted under the Declaration, plus any Additional Property added to the Project by a Supplemental Declaration or by Supplemental Declarations, and reference to this Declaration shall mean this Declaration as so supplemented. All conveyances of Units after such expansion shall be effective to transfer rights in the Project, as expanded by use of the form of description set forth in Section 35, with additional references to the Supplemental Declaration and the Supplemental

Map. The recordation in the office of the Salt Lake County Recorder of a Supplemental Map incident to any expansion shall operate automatically to grant, transfer, and convey to then Owners of Units in the Project as it existed before such expansion the respective undivided interests in the new Common Areas added to the Project as a result of such expansion. Such recordation shall also operate to vest in any then mortgagee of any Unit in the Project as it existed, interest so acquired by the Owner of the Unit encumbering the new Common Areas added to the Project as a result of such expansion.

(d) Declaration Operative on New Units. The new Units shall be subject to all the terms and conditions of this Declaration and of a Supplemental Declaration, and the Units therein shall be subject to condominium ownership with all the incidents pertaining thereto as specified herein, upon recording the Supplemental Map and Supplemental Declaration in the said office of the Salt Lake County Recorder.

(e) Right of Declarant to Adjust Ownership Interest in Common Areas. Each deed of a Unit shall be deemed to irrevocably reserve to the Declarant the power to appoint to Unit Owners, from time to time, the percentages in the Common Areas set forth in Supplemental or Amended Declaration. The proportionate interest of each Unit Owner in the Common Areas after any expansion of the Project shall be an undivided interest of the Project as expanded. A power coupled with an interest is hereby granted to the Declarant, its successors and assigns, as attorney in fact to shift percentages of the Common Areas in accordance with Supplemental or Amended Declarations recorded pursuant hereto and each deed of a Unit in the Project shall be deemed a grant of such power to the Declarant. Various provisions of this Declaration and deeds and mortgages of the Units may contain clauses designed to accomplish a shifting of the Common Areas. None of said provisions shall invalidate the other, but each shall be deemed supplementary to the other toward the end that a valid shifting of the Common Areas can be accomplished. Notwithstanding anything to the contrary herein, no change in the percentage of undivided interest in the Common Areas may be effected more than six (6) years after the effective date of the Phase One Declaration except pursuant to Amendment as provided in Paragraph 27.

Accordingly, upon the recordation of a Supplemental Declaration and Supplemental Map incident to any expansion, the revised schedule of undivided interests in the Common Areas contained therein shall automatically become effective for all

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purposes and shall fully supersede any similar schedule which was contained in any declaration associated with any prior phase. In the event the provisions of the separate instruments relating to the Project conflict irreconcilably, the terms of that instrument which was recorded most recently shall control.

(f) Other Provisions Concerning Expansion. If the Project is expanded as hereinbefore contained, then it is further provided that:

(1) All or any part of the Additional Land may be added to the Project without any limitations whatsoever save and except that all additional Units created must be restricted to multi family residential housing limited to one family per dwelling unit.

(2) Portions of the Additional Land may be added to the Project at different times without any limitations.

(3) Declarant shall have the right without further conveyance or documentation to build roads and access ways to the Additional Property through the easement areas as shown on the Map. The Association of Unit Owners shall not allow anything to be built upon or interfere with said easement areas.

(4) No assurances are made concerning:

(a) The locations of any improvements that may be made on any portion of the Additional Land that may be added to the Project.

(b) Type, kind or nature of improvements which may be created on any portion of the Additional Land, except that the common facilities other than swimming pool, community center building and recreational areas will be comparable to the Phase One facilities on a per Unit basis and will be of a similar quality of materials and construction to Phase One and will be substantially completed prior to annexation.

(c) Whether any Units created on any portion of the Additional Land will be substantially identical to those within the initial Project except that Units will be of a similar quality of materials and construction as the Units in Phase One.

(d) Type, size, or maximum number of Limited Common Areas which may be created within any portion of the Additional Land added to the Project.

(5) Notwithstanding anything to the contrary which may be contained herein, this Declaration is not intended, and shall not be construed so as to impose upon Declarant any obligation respecting, or to restrict Declarant in any way with regard to: (i) the submission of any portion of the Additional Land to the provisions of the Act as Land under this Declaration; (ii) the creation, construction, or addition to the Project of any additional property; (iii) the carrying out in any particular way or within any particular time of any development which may be undertaken except as herein mentioned; or (iv) the taking of any particular action with respect to the Additional Land, the Project, or any Land.

(6) Assuming that only Phase One of the original Declaration is completed the minimum number of Units would be sixteen (16) and the maximum Percentage Interest of each Unit would be 6.25% percent. Assuming all Phases are completed and all Additional Land is added to the Project the maximum number of Units shall be sixty-four (64) and the minimum Percentage Interest of each Unit would be 1.56%. Provided, however, the number of Units actually constructed and the actual Percentage Interest of each Unit may actually be somewhere in between.

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

38. Invalidity. The invalidity of any provisions of this Declaration, or any portion thereof, shall not be deemed to impair or affect in any manner the validity, enforceability, or effect of the remainder of this Declaration and, in such event, all of the other provisions of this Declaration shall continue in full force and effect as if such invalid provision had never been included herein.

39. Waivers. No provision contained in the Declaration shall be deemed to have been waived by reason of any failure to enforce it, irrespective of the number of violations which may occur.

40. Topical Headings. The topical headings contained in this Declaration are for convenience only and do not define, limit or construe the contents of the Declaration.

41. Effective Date. This Declaration shall take effect upon recording.

IN WITNESS WHEREOF, the Declarant has executed this Declaration this 17th day of January, 1986.

THE ERVIN GROUP, a Utah corporation

ATTEST:

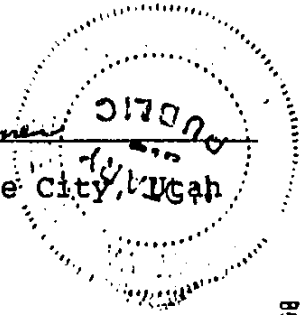
Robert F Babcock
Secretary

By Rodney K Erickson
Vice President

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

On the 17th day of January, 1986, personally appeared before me Rodney K Erickson and Robert F Babcock, who being by me duly sworn, did say that they are the Vice President and Secretary respectively of The Ervin Group, a Utah corporation and the foregoing instrument was signed on behalf of said corporation by authority of a resolution of its Board of Directors and they duly acknowledged to me that said corporation executed the same.

Beverly Van Wagenen
NOTARY PUBLIC
Residing at: Salt Lake City, Utah



My Commission Expires:

12-27-86

SCM1243F

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EXHIBIT "A"

PARCEL I - Beginning at a Point which is SOUTH 498.00 feet and SOUTH 86°50'40" WEST 33.05 feet from the East Quarter Corner of Section 22, Township 2 South, Range 1 West, Salt Lake Base and Meridian; and running thence SOUTH 260.00 feet; thence SOUTH 86°50'40" WEST 223.95 feet; thence NORTH 3°09'20" WEST 126.00 feet; thence NORTH 86°50'40" EAST 42.00 feet; thence NORTH 3°09'20" WEST 133.61 feet; thence NORTH 86°50'40" EAST 196.26 feet to the Point of Beginning.

EXHIBIT "B"

DESCRIPTION OF ADDITIONAL LAND

PARCEL II - Beginning at a Point which is SOUTH 498.00 feet and SOUTH 86°50'40" WEST 229.31 feet from the East Quarter Corner of Section 22, Township 2 South, Range 1 West, Salt Lake Base and Meridian; and running thence SOUTH 3°09'20" EAST 133.61 feet; thence SOUTH 86°50'40" WEST 42.00 feet; thence SOUTH 3°09'20" EAST 126.00 feet; thence SOUTH 86°50'40" WEST 109.00 feet; thence NORTH 3°09'20" WEST 126.00 feet; thence NORTH 86°50'40" EAST 42.00 feet; thence NORTH 3°09'20" WEST 133.61 feet; thence NORTH 86°50'40" EAST 113.00 feet to the Point of Beginning. Contains 28,832 Square Feet.

PARCEL III - Beginning at a Point which is SOUTH 758.00 feet and SOUTH 86°50'40" WEST 366.00 feet from the East Quarter Corner of Section 22, Township 2 South, Range 1 West, Salt Lake Base and Meridian; and running thence SOUTH 86°50'40" WEST 132.00 feet; thence NORTH 3°09'20" WEST 126.00 feet; thence NORTH 86°50'40" EAST 132.00 feet; thence SOUTH 3°09'20" EAST 126.00 feet to the Point of Beginning. Contains 16,632 Square Feet.

PARCEL IV - Beginning at a Point which is SOUTH 498.00 feet and SOUTH 86°50'40" WEST 342.31 feet from the East Quarter Corner of Section 22, Township 2 South, Range 1 West, Salt Lake Base and Meridian; and running thence SOUTH 3°09'20" EAST 133.61 feet; thence SOUTH 86°50'40" WEST 215.00 feet; thence NORTH 58°56'55" west 38.44 feet; thence NORTH 3°09'20" WEST 112.00 feet; thence NORTH 86°50'40" EAST 246.79 feet to the Point of Beginning. Contains 32,630 Square Feet.

PARCEL V - Beginning at a Point which is SOUTH 498.00 feet and SOUTH 86°50'40" WEST 589.10 feet from the East Quarter Corner of Section 22, Township 2 South, Range 1 West, Salt Lake Base and Meridian; and running thence SOUTH 3°09'20" EAST 112.00 feet; thence SOUTH 58°56'55" EAST 38.44 feet; thence NORTH 86°50'40" EAST 45.00 feet; thence SOUTH 3°09'20" EAST 126.00 feet; thence SOUTH 86°50'40" WEST 229.10 feet; thence NORTH 260.00 feet; thence NORTH 86°50'40" EAST 138.00 feet to the Point of Beginning. Contains 47,702 Square Feet.

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EXHIBIT "C"

DAYBREAK HILL, A CONDOMINIUM PROJECT

<u>Unit #</u>	<u>Type of Unit</u>	<u>Limited Common Areas and Facilities Appurtenant To Unit</u>		<u>Square Footage of Unit</u>	<u>Appurtenant % of Ownership in Common Areas and Facilities</u>
		<u>Parking Stall</u>	<u>Storage</u>		
<u>Bldg. B</u>					
B101	A	B	B	970	.0625
B102	B	A	A	970	.0625
B103	B	H	H	970	.0625
B104	A	G	G	970	.0625
B201	A	D	D	970	.0625
B202	B	C	C	970	.0625
B203	B	F	F	970	.0625
B204	A	E	E	970	.0625
<u>Bldg. C</u>					
C101	A	B	B	970	.0625
C102	B	A	A	970	.0625
C103	B	H	H	970	.0625
C104	A	G	G	970	.0625
C201	A	D	D	970	.0625
C202	B	C	C	970	.0625
C203	B	F	F	970	.0625
C204	A	E	E	970	.0625

EXHIBIT D

BYLAWS OF DAYBREAK HILL OWNERS ASSOCIATION

I. IDENTITY

These are the Bylaws of Daybreak Hill, a Condominium Community, duly made and provided for in accordance with the Utah Condominium Ownership Act (the "Act"). Any term used herein which is defined in the Declaration to which these Bylaws are appended shall have the meaning ascribed therein.

II. OFFICE

The office of the Association shall be located at the Condominium Community or at such other place as may be designated by the Management Committee.

III. APPLICATION

All present or future owners, tenants, or any other persons who might use the facilities of Daybreak Hill in any manner are subject to the regulations set forth in these Bylaws. The mere acquisition or rental of any of the Units or parts thereof, or the mere act of occupancy or use of any of said Units or parts thereof or the Common Areas and Facilities will signify that these Bylaws are accepted, ratified, and will be complied with by said persons.

IV. ASSOCIATION

1. Members. The members of the Association shall consist of all persons owning a Unit of Daybreak Hill, a Condominium Community, in fee simple as shown in the records of the County Recorder of Salt Lake County, Utah. No mortgagee or a beneficiary or trustee under a deed of trust shall be a member unless and until such a party has acquired title pursuant to foreclosure or any arrangement or proceeding in lieu thereof.

The interest of a member in the funds and assets of the Association cannot be assigned, hypothecated, or transferred in any manner except as an appurtenance to the member's Unit.

2. Place of Meetings. Meetings of the Association shall be held at such place within the State of Utah as the Management Committee may specify in the notice, except as herein otherwise specified.

3. Annual Meetings. The first annual meeting of the Association shall be within one hundred twenty (120) days after control of the Management Committee shall have been transferred by the Declarant to the Association as set forth in the Declaration. The annual meeting of the Association thereafter shall be held at 7:30 p.m. on the first Tuesday in the next February. Thereafter, the annual meetings shall be held on such day of each succeeding year; provided, however, that whenever such date falls on a legal holiday, the meeting shall be held on the next succeeding business day, and further provided that the Management Committee may by resolution fix the date of the annual meeting on such date or at such other place as the Management Committee may deem appropriate.

4. Special Meetings. Special meetings of the Association may be called at any time by the Management Committee or by Unit Owners who collectively hold at least thirty (30) percent of the total vote. Such meeting shall be held at such place as the Management Committee may specify and the notice thereof shall state the date, time and matters to be considered.

5. Notices. Written or printed notice stating the place, day and hour of all meetings of the Association and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) days before the date of the meeting, either personally or by mail to each Unit Owner. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the member at his address as it appears on the records of the Association, with postage thereon prepaid.

6. Quorum. At the meeting of the Association, the Owners of more than fifty (50) percent in the aggregate of interest in the undivided ownership of the Common Areas and Facilities shall constitute a quorum for any and all purposes, except where express provisions of these Bylaws or the Declaration of Condominium require a vote of more than fifty (50) percent of the Association, in which event a quorum shall be the percentage of interest required for such vote. In the absence of a quorum, the chairman of the meeting may adjourn the meeting and reschedule the meeting for a time no earlier than 48 hours and no later than thirty (30) days after the time set for the

original meeting. No notice of the rescheduled meeting other than by announcement at the meeting shall be required. A quorum for the transaction of business at the rescheduled meeting shall be thirty percent (30%) of the percentage interest. At any such adjourned meeting at which a quorum shall be present any business may be transacted which might have been transacted at the meeting as originally notified.

7. Voting. When a quorum is present at any meeting, the vote of the Unit Owners representing more than fifty (50) percent of the undivided interest present at the meeting either in person or represented by proxy, shall decide any question of business brought before such meeting, including the election of the Management Committee, unless the question is one upon which, by express provision of the Declaration or these Bylaws, a greater vote is required, in which case such express provision shall govern and control the decision of such question. All votes may be cast either in person or by proxy. All proxies shall be in writing, and in the case of proxies for the annual meeting, they shall be delivered to the secretary at least five (5) days prior to said annual meeting. Proxies for special Unit Owners' meetings must be of record with the secretary at least two days prior to said special meeting.

An Owner shall be deemed to be in good standing and entitled to vote at any annual meeting or at any special meeting of the Association if, and only if, he shall have fully paid all due installments of assessments made or levied against him and his Unit by the Committee as hereinafter provided, together with all interest, costs, attorney's fees, penalties and other expenses, if any, properly chargeable to him and against his Unit, at least three (3) days prior to the date fixed for such annual or special meeting.

8. Proxies. The votes appertaining to any Unit may be cast pursuant to a proxy or proxies duly executed by or on behalf of the Unit Owner, or, in cases where the Unit Owner is more than one person, by or on behalf of all such persons. No such proxy shall be revocable except by actual notice to the person presiding over the meeting, by the Unit Owner or by any of such persons, that it be revoked. Any proxy shall be void if it is not dated, or if it purports to be revocable without notice as aforesaid. The proxy of any person shall be void if not signed by a person having authority, at the time of the execution thereof, to execute deeds on behalf of that person. Any proxy shall terminate automatically upon the adjournment of the first meeting held on or after the date of that proxy, and

must be filed with the Secretary not less than three (3) days before the meeting.

9. Waivers of Notice. Any Unit Owner may at any time waive any notice required to be given under these Bylaws, or by statute or otherwise. The presence of a Unit Owner in person at any meeting of the Unit Owners shall be deemed such waiver.

10. Conduct of Meeting. The Chairman, or in his absence the Vice-Chairman shall preside over all meetings of the Association and the Secretary shall keep the minutes of the meeting and record in a Minute Book all resolutions adopted by the meeting as well as a record of all transactions occurring thereat.

V. MANAGEMENT COMMITTEE

1. Purposes and Powers. The business, property and affairs of the Condominium Community shall be managed and governed by the Management Committee consisting of the number of members as shall be determined by the Bylaws and Declaration, but not less than five (5) members. The Committee shall have all of the powers and duties necessary for the administration of the affairs of the Association in accordance with the provisions of the Declaration and may do all such acts and things as are not by the Act or by these Bylaws directed to be exercised and done by the Association. The Committee shall have the power from time to time to adopt any rules and regulations deemed necessary for the enjoyment of the Condominium Community provided such rules and regulations shall not be in conflict with the Act, the Declaration or these Bylaws. The President shall have the authority to act on behalf of the Committee on all matters relating to the duties of the Manager, if any, which might arise between meetings of the Committee. Subject to any limitations or provisions contained in the Declaration, the Committee shall be responsible for the following:

(a) Preparation of an annual budget, in which there shall be established the contribution of each Owner to the Common Expenses;

(b) Making assessments against Owners to defray the costs and expenses of the Condominium, establishing the means and methods of collecting such assessments from the Owners, and establishing the period of the installment payment of the

annual assessment for Common Expenses. Unless otherwise determined by the Committee, the annual assessment against each Owner for his proportionate share of the Common Expenses shall be payable in equal monthly installments, each such installment to be due and payable in advance on the first day of each month for said month.

(c) Providing for the operation, care, upkeep, replacement, maintenance and surveillance of all of the Common Areas and services of the Condominium Community.

(d) Designating, hiring and dismissing the personnel necessary for the maintenance, operation, repair and replacement of the Common Areas, and providing services for the Property, and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies and material to be used by such personnel in the performance of their duties, which supplies and equipment shall be deemed the common property of the Owners.

(e) Collecting the assessments against the Owners, depositing the proceeds thereof in a bank depository which it shall approve, and using the proceeds to carry out the administration of the Property.

(f) Making and amending rules and regulations respecting the use of the Property.

(g) Opening of bank accounts on behalf of the Association and designating the signatories required therefor.

(h) Making, or contracting for the making of, repairs, additions, and improvements to, or alterations of, the Property and repairs to, and restoration of, the Property, in accordance with the Declaration and other provisions of these Bylaws, after damage or destruction by fire or other casualty.

(i) Enforcing by legal means the provisions of the Declaration, the Bylaws and rules and regulations for the use of the Property adopted by it, and bringing any proceedings which may be instituted on behalf of the Owners.

(j) Obtaining and carrying insurance against casualties and liabilities, as provided in the Declaration, and paying the premium cost thereof.

(k) Paying the cost of all services rendered to the Condominium Community and not billed to Owners of individual Units.

(l) Keeping books with detailed accounts of the receipts and expenditures affecting the Property, and the administration of the Condominium Community, specifying the maintenance and repair expenses of the Common Areas and any other expenses incurred. The said books and vouchers accrediting the entries thereupon shall be available for examination by the Owners, their duly authorized agents or attorneys, during general business hours on working days at the times and in the manner that shall be set and announced by the Committee for the general knowledge of the Owners. All books and records shall be kept in accordance with generally accepted accounting practices, and the same, upon resolution of the Association, shall be audited at least once a year by an outside auditor employed by the Committee who shall not be a resident of the Condominium Community, or an Owner therein. The cost of such audit shall be a Common Expense. A copy of the annual audit report shall be supplied to any first mortgagee of any Unit in the Condominium Community who requests the same in writing from the Secretary.

(m) To do such other things and acts not inconsistent with the Act, the Declaration or the Bylaws or by a resolution of the Association.

2. Composition of Committee. Committee members of the Association shall be elected and removed, and vacancies shall be filled in the manner provided by the Declaration and Bylaws. The names and addresses of persons who are to serve as Committee Members until the first annual meeting of Unit Owners or until their successors are elected and qualify, are:

B. J. Hardy	President
Rodney K. Ericson	Vice President
Robert F. Babcock	Secretary
James Jeffery Miller	Treasurer

3. Election. The Management Committee shall be elected as provided in the Declaration.

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4. Vacancies. Vacancies on the Management Committee shall be filled as provided in the Declaration.

5. Regular Meetings. A regular annual meeting of the Management Committee shall be held immediately after the adjournment of each annual meeting of the Unit Owners. Regular meetings, other than the annual meeting, shall or may be held at regular intervals at such places and at such times as either the President or the Management Committee may from time to time designate.

6. Special Meetings. Special meetings of the Management Committee shall be held whenever called by the President, Vice President, or by two or more members. By unanimous consent of the Management Committee, special meetings may be held without call or notice at any time or place.

7. Quorum. A quorum for the transaction of business at any meeting of the Management Committee shall consist of a majority of the members of the Management Committee then in office.

8. Compensation. No compensation shall be paid to the members of the Management Committee for their service as a member of the Committee; provided that nothing herein contained shall be construed to preclude any member of the Management Committee from serving the Condominium Community in any other capacity and receiving compensation therefor.

9. Waiver of Notice. Before or at any meeting of the Management Committee, any member thereof, may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the Management Committee at any meeting thereof shall be a waiver of notice by him of the time and place thereof.

10. Action Without Meeting. Any action which may be taken at a meeting of the Committee may be taken without a meeting if authorized by a writing signed by all of the persons who would be entitled to vote upon such action at a meeting, and filed with the secretary.

11. Adjournments. The Management Committee may adjourn any meeting from day to day or for such other time as may be prudent or necessary, provided that no meeting may be adjourned for longer than thirty days.

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12. Indemnification. Every Committee Member and every officer of the Association shall be indemnified by the Association against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon him in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being or having been a Committee Member or officer of the Association, or any settlement thereof, whether or not he is a Committee Member or officer at the time such expenses are incurred, except in such cases wherein the Committee Member or officer is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided that in the event of a settlement the indemnification herein shall apply only when the Management Committee approves such settlement and reimbursement as being for the best interests of the Association. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such Committee Member or officer may be entitled.

13. Report of Committee. The Committee shall present at each annual meeting, and when called for by vote of the Association at any special meeting of the Association, a full and clear statement of the business and condition of the Condominium.

VI. OFFICERS

1. Designation and Election. The principal officers of the Management Committee shall be a president, a vice president, a secretary, and a treasurer, all of whom shall be elected by and from the Management Committee. The Management Committee may appoint an assistant secretary and an assistant treasurer and such other officers as in their judgment may be necessary or desirable. Such election or appointment shall regularly take place at the first meeting of the Management Committee immediately following the annual meeting of the Unit Owners; provided, however, that elections of officers may be held at any other meeting of the Management Committee.

2. Other Officers. The Management Committee may appoint such other officers, in addition to the officers hereinabove expressly named, as they shall deem necessary, who shall have authority to perform such duties as may be prescribed from time to time by the Management Committee.

3. Removal of Officers and Agents. All officers and agents shall be subject to removal, with or without cause, at any time by the affirmative vote of the majority of the then members of the Management Committee.

4. President. The President shall be the chief executive of the Management Committee, and shall exercise general supervision over its property and affairs. He shall sign on behalf of the Condominium all conveyances, mortgages and contracts of material importance to its business, and shall do and perform all acts and things which the Management Committee may require of him. He shall preside at all meetings of the Unit Owners and the Management Committee. He shall have all of the general powers and duties which are normally vested in the office of the president of a corporation, including, but not limited to, the power to appoint committees from among the members (or otherwise) from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Condominium Community.

5. Vice President. The Vice President shall take the place of the President and perform his duties whenever the president shall be absent or unable to act. If neither the president nor the vice president is able to act, the Management Committee shall appoint some other member thereof to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be prescribed by the Management Committee.

6. Secretary. The Secretary shall keep the minutes of all meetings of the Management Committee and of the Unit Owners; he shall have charge of the books and papers as the Management Committee may direct; and he shall in general, perform all the duties incident to the office of secretary.

7. Treasurer. The Treasurer shall have the responsibility for the funds and securities of the Management Committee and shall be responsible for keeping full and accurate accounts of all receipts of all disbursements in books belonging to the Management Committee. He shall be responsible for the deposit of all monies and all other valuable effects in the name, and to the credit of, the Management Committee in such depositories as may from time to time be designated by the Management Committee.

8. Compensation. No compensation shall be paid to the officers for their services as officers. No remuneration shall

be paid to an officer for services performed by him for the Management Committee in any other capacity, unless a resolution authorizing such remuneration shall have been unanimously adopted by the affirmative vote of seventy percent (70%) of the Owners Association before the services are undertaken.

9. Agreement, Contracts, Deeds, Checks, etc. All agreements, contracts, deeds, leases, checks and other instruments of the Condominium Community for expenditures or obligations shall be executed by any two officers of the Committee or by such other person or persons as may be designated by the Committee except that the President shall be one of the signatories on all conveyances, mortgages and contracts of material importance.

VII. ACCOUNTING

1. Books and Accounts. The books and accounts of the Management Committee shall be kept under the direction of the treasurer and in accordance with the reasonable standards of accounting procedures.

2. Report. At the close of each accounting year, the books and records of the Management Committee shall be reviewed by a person or firm approved by the Unit Owners. Report of such review shall be prepared and submitted to the Unit Owners at or before the annual meeting of the Unit Owners. Provided, however, that a certified audit by a certified public accountant approved by the Unit Owners shall be made if Owners representing at least seventy-five (75) percent of the undivided interest in the Common Areas and Facilities determine to require the same.

3. Inspection of Books. All books and records at the Association shall be available at the principal office of the Management Committee and may be inspected by any Unit Owner, or his agent or attorney, for any proper purpose during reasonable business hours.

4. Fiscal Year. The fiscal year of the Association shall consist of the twelve month period commencing on January 1 of each year and terminating on December 31 of the same year, except that the first fiscal year shall begin at the date of organization and terminate on December 31. The fiscal year herein established shall be subject to change by the Committee

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should it be deemed advisable or in the best interests of the Association.

VIII. BUILDING RULES

The Management Committee shall have the power to adopt and establish, by resolution, such building, management and operational rules and regulations as it may deem necessary for the maintenance, operation, management and control of the Condominium and the Management Committee may from time to time, by resolution, alter, amend, and repeal such rules and regulations. Unit Owners shall at all times obey such rules and regulations and use their best efforts to see that they are faithfully observed by their lessees and the persons over whom they have or may exercise control or supervision, it being clearly understood that such rules and regulations shall apply and be binding upon all Unit Owners of the Condominium Community. Provisions of the Act pertaining to rules and regulations are incorporated herein by reference and shall be deemed a part hereof.

IX. AMENDMENT OF THE BYLAWS

These Bylaws may be altered or amended in the same manner and subject to the same conditions as apply with respect to amendment of the Declaration.

X. OPERATION AND MAINTENANCE OF CONDOMINIUM PROJECT

The Management Committee shall be responsible for the maintenance, control, operation and management of the Condominium in accordance with the provisions of the Act, the Declaration under which the Condominium was established and submitted to the provisions of the Act, these Bylaws and such rules and regulations as the Association of Unit Owners may adopt from time to time as herein provided, and all agreements and determinations lawfully made and entered into by the Association of Unit Owners.

XI. NOTICE

1. Manner of Notice. All notices, demands, bills, statements or other communications provided for or required under

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these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by U.S. Mail, first class postage prepaid, (i) if to an Owner, at the address of his Unit and at such other address as the Owner may have designated by notice in writing to the Secretary, or (ii) if to the Committee or the Manager, at the principal office of the Manager or at such other address as shall be designated by notice in writing to the Owners pursuant to this Section.

2. Waiver of Notice. Whenever any notice is required to be given under the provisions of the statutes, the Declaration or of these Bylaws, a waiver thereof, in writing, signed by the person or persons entitled to such notice, whether signed before or after the time stated therein, shall be deemed equivalent thereto, unless such waiver is ineffective under the provisions of the Act.

XII. COMPLIANCE, CONFLICT, AND MISCELLANEOUS PROVISIONS

1. Compliance. These Bylaws are set forth in compliance with the requirements of the Act.

2. Conflict. These Bylaws are subordinate and subject to all provisions of the Declaration and to the provisions of the Act. All of the terms hereof, except where clearly repugnant to the context, shall have the same meaning as they are defined to have in the Declaration or the Act. In the event of any conflict between these Bylaws and the Declaration, the provisions of the Declaration shall control; and in the event of any conflict between the Declaration and the Act, the provisions of the Act shall control.

3. Severability. These Bylaws are set forth to comply with the requirements of the State of Utah. In case any of the Bylaws are in conflict with the provisions of any of its statutes, the provisions of the statutes will apply. If any provisions of these Bylaws or any section, sentence, clause phrase, or word, or the application thereof in any circumstance is held invalid, the validity of the remainder of these Bylaws, shall not be affected thereby and to this end, the provisions hereof are declared to be severable.

4. Waiver. No restriction, condition, obligation or provision of these Bylaws shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same.

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5. Captions. The captions contained in these Bylaws are for convenience only and are not part of these Bylaws and are not intended in any way to limit or enlarge the terms and provisions of these Bylaws.

6. Miscellaneous. Whenever in these Bylaws the context so requires, the singular number shall include the plural and the converse; and the use of any gender shall be deemed to include all genders.

Adopted and executed by Declarant as of the same date the Declaration was executed.

THE ERVIN GROUP, a Utah corporation

By 

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