

JOINT USE AGREEMENT

Mirage Estates Owners Association — LaMirage Owners Association

This Joint Use and Operation Agreement is entered into by and between Mirage Estates Owners Association, a Utah non-profit corporation (referred to as "PUD Association") established for the administration of *Mirage Estates, a Planned Unit Development*; LaMirage Owners Association, a non-profit corporation (hereafter the "Condominium Association") established for the administration of La Mirage Condominiums, Phase I; and RANCO, Inc., a Utah corporation.

RANCO is the successor in interest to La Mirage Development Company, a Utah corporation, and is Declarant under that certain Record of Survey Map and Declaration of Condominium of La Mirage Condominiums, Phase I, (hereafter "Original Declaration") filed of record on December 23, 1986, as Entry No. 307080, Book 436, Pages 396 - 447 of the Official Washington County Records, State of Utah, as amended.

RECITALS

A. At the date of this Agreement, La Mirage Condominiums, Phase I consists of twenty (20) residential units and related common elements and areas (hereinafter the "Condominium Project") which are governed by LaMirage Owners Association, a non-profit corporation (hereafter the "Condominium Association").

B. RANCO is the owner of the land known as the expandable property of La Mirage Condominiums which was described in Exhibit B to the original Declaration, and additional land in the area, which is anticipated to include a total of 24 acres, to provide for approximately 114 dwelling units.

D. RANCO has determined that establishment of planned unit development (townhome) or subdivision forms of ownership may suit the marketing and administration of its land better than development as a condominium development. RANCO will determine which form of ownership to institute as development proceeds.

E. The legal form of ownership for and requirements for the establishment of condominium projects, PUD projects and subdivisions will not allow for the administration of the subdivisions and PUD Project under the direct administration of the Condominium Association.

F. Any planned unit developments will be organized with a non-profit corporation (hereafter the "PUD Association") for the purpose of maintaining, operating, and governing *Mirage Estates, a Planned Unit Development* and owning all common area therein (hereinafter the "PUD Project"). The planned unit developments may have Class A and Class B membership. One distinction between the membership classes shall be whether the members have automatic or optional rights under this agreement. Class B members will belong to the homeowners' association but will not have common exterior maintenance of dwellings, common insurance or other features of townhome or planned unit developments.

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FOR: SNOW NUFFER ENGSTROM & DRAKE

G. Any subdivisions established may have a homeowners' association but will not have common exterior maintenance of dwellings, common insurance or other features of townhome or planned unit developments.

H. The swimming pool, clubhouse, roadways, and the utility easements in the Common Areas and Facilities in the Condominium Project were developed with the view of their potential service to more than the number of units contained within the present area of the Condominium Project.

I. The financial support of PUD Project owners and subdivision owners for the Common Area and Facilities of the Condominium Project would be beneficial to the Condominium Association and the availability of facilities will be beneficial to the PUD Project owners and subdivision owners.

J. The PUD Project and subdivision areas will be legally separate from the Condominium Project except as provided in this document, so that as segments of the PUD Project and subdivisions are established, the areas included therein will be removed from the Condominium Project expandable area.

NOW, THEREFORE, in consideration of the premises and the mutual promises and covenants of the parties and for other good and valuable consideration, receipt of which is acknowledged by each of the parties, the parties covenant and agree as follows:

ARTICLE I JOINT USE OF FACILITIES

The provisions of this ARTICLE allowing use of the Common Areas and Facilities of the Condominium Project shall apply to members of the PUD Association and residents of such subdivisions as to which RANCO files a notice that the subdivision shall be eligible under this Agreement, provided, however, that the total acreage in the PUD Association and subdivision(s) shall not exceed 24 acres, and the total number of dwelling units which have rights of use under this agreement may not exceed 80. Any subdivision which RANCO declares has rights under this agreement must be within one-half mile of the Condominium Association clubhouse.

The Class A members of the PUD Association and such Class B members of the PUD Association and owners within the eligible subdivision(s) that make the election described in ARTICLE III shall have the use of the swimming pool and clubhouse in the Common Areas and Facilities in the Condominium Project. The Class A members of the PUD Association and such such Class B members of the PUD Association and owners within the eligible subdivision(s) that make the election described in ARTICLE III shall have such rights of use as are possessed by members of the Condominium Association, including any right to accompany guests or any right to delegate the right of use to renters. Such use shall be subject to the rules of the Condominium Association governing the use of the swimming pool and clubhouse which are generally applicable to members of that association.

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Any right of the PUD Association to suspend or limit the rights of its own individual members to use common area and facilities in accordance with its Declaration, Articles, Bylaws and Rules shall extend to any facility provided by the Condominium Association under this Agreement as if that facility were common area in the PUD Project. The Condominium Association shall cooperate in barring individual PUD Association members delinquent in their PUD Association dues from access to the Common Area and Facilities in the Condominium Project.

**ARTICLE II
PAYMENT OF FEE BY PUD ASSOCIATION**

The PUD Association shall pay to the Condominium Association a proportionate share of (i) the expenses of operation of the swimming pool and clubhouse including (without limitation) maintenance costs, replacement reserves, real property taxes, insurance and utility charges arising therefrom, and (ii) the expenses of maintenance of the main roadway within the Condominium Project. The PUD Association's share shall be determined by multiplying such expenses by

(a) the number of Class A lots in the PUD Project which have been sold by the Declarant, or occupied for any purpose, whichever first occurs, plus the number of Class B lots in the PUD Project which have made the election specified in Article III divided by

(b) the sum of the number of such lots in the PUD Project totalled under the prior subparagraph, added to the number of lots in the eligible subdivision(s) which have made the election specified in Article III, and the twenty (20) units in the Condominium Project.

This expense amount for each calendar year shall be determined by October 15th of the previous year by majority vote of the entire Board established in the following paragraph. Until the development of the PUD Project is complete, and all lots in eligible subdivision(s) have been sold, the share of the PUD Association shall be determined on or before the 15th of each month for the next calendar month. After the declaration of all expansion land and sale of all lots in the PUD Project and in the subdivision, the share of the PUD Association for the following year shall be determined on October 15 of the preceding calendar year. The amount determined shall be payable in monthly installments. RANCO and the PUD Association shall give the Condominium Association notice of any transfer of lot of which it becomes aware.

The fee initially effective under this Agreement shall be \$35.00 per lot per month, until changed by the above procedure.

Three persons designated by the Management Committee of the Condominium Association, and the Board of Trustees of the PUD Association consisting of three (3) members (or three designees by the Trustees) shall jointly form the Cost Analysis Board.

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The presence of two members of the Board representing the interests of each Association shall be necessary to constitute a quorum. The majority vote of those present shall constitute the action of the Board.

ARTICLE III ELECTION FOR USE OF FACILITIES BY CLASS B PUD OWNERS AND SUBDIVISION OWNERS

Any owner of a Class B lot in the PUD Project and any owner of a lot in any eligible subdivision(s) who desires to use the Common Areas and Facilities subject to this Agreement shall file an irrevocable recordable written election with Condominium Association that shall be effective until the change of ownership of that lot. Class B members of the PUD Association shall provide a copy of the election to the PUD Association, and shall thereafter pay to the PUD Association an amount equivalent to that per unit or per lot charge as determined by the preceding ARTICLE II.

Owners of lots in the eligible subdivisions who have made the election specified shall thereafter pay to the Condominium Association an amount equivalent to that per unit or per lot charge as determined by the preceding ARTICLE II. The amount shall be paid in advance, for each calendar year or in monthly installments, at the election of the owner. In the event an owner in an eligible subdivision fails to make any payment required under this ARTICLE, the Condominium Association may bar said owner and his family and guests from the swimming pool and clubhouse in the Condominium Project until payment is made, and may institute suit against the owner to recover the amount due, together with reasonable attorney's fees and interest at the legal rate.

ARTICLE V TERM OF AGREEMENT

This Agreement shall become effective on the date signed by the last party executing the Agreement, and shall continue for an initial term of thirty (30) years thereafter, and shall at the expiration of any term be renewed for an additional term of thirty (30) years unless terminated in writing by a party hereto within six (6) months prior to the date of expiration.

ARTICLE VI SPECIAL ASSESSMENT

In the event the Condominium Association makes a special assessment against its members for improvements to the swimming pool and/or clubhouse, the PUD Association shall contribute to the total cost of said improvements in the same proportion as specified in the foregoing ARTICLE II. The PUD Association shall make such an assessment in accordance with its Declaration and Bylaws.

In the event of such an assessment, each subdivision lot owner who has made the election under ARTICLE III shall be required to contribute to such assessment in the same amount as assessed against each PUD lot owner.

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ARTICLE VII
GENERAL PROVISIONS

This Agreement shall inure to the benefit of and be binding upon all parties and their respective successors and assigns.

Any dispute arising in connection with the construction or enforcement of the provisions of this Agreement, or the application or validity thereof, shall be submitted to arbitration, such arbitration proceedings to be held in St. George, Utah, in accordance with the rule of the American Arbitration Association, and this agreement to arbitrate shall be specifically enforceable. Any award rendered in any such arbitration proceeding shall be final and binding on the parties, and judgment may be entered thereon in the appropriate District Court of the State of Utah or any other court of competent jurisdiction. The costs and fees of any such arbitration proceeding shall be borne by the respective parties thereto, but the arbitrators may in their discretion award costs and reasonable attorneys' fees to the prevailing party.

The captions of Articles in this Agreement are for the convenience of the reader only and are not intended to be part of this Agreement. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural as the identification of the person, firm, corporation or other entity referred to may require.

This Agreement, the construction of its terms and the rights and duties of the parties hereunder shall be governed by the laws of the State of Utah.

This instrument contains the entire agreement between the parties hereto, and no representations, warranties or covenants not included in this Agreement may be relied upon by any party hereto. This Agreement may be amended, modified or otherwise changed only by an instrument in writing executed by all of the parties, and no waiver, alteration or modification of any of the provisions hereof shall be binding upon a party unless in writing and signed by the party or its duly authorized representative.

Any provision of this Agreement that in any way contravenes the provisions of applicable law shall, to the extent the law is contravened, be considered severable and not applicable and shall not alter or affect any other provision of this Agreement.

DATED THIS 13th day of April, 1993.

Declarant
RAN CO, Inc.

By Richard A. Nelson
Richard A. Nelson
President

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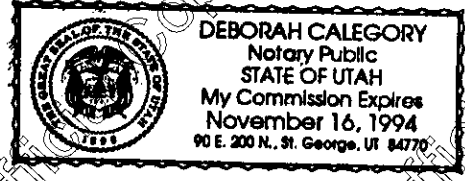
STATE OF UTAH

COUNTY OF WASHINGTON

) ss.

On this 13th day of April, 1993, before me personally appeared Richard A. Nelson, whose identity is personally known to or proved to me on the basis of satisfactory evidence, and who, being by me duly sworn (or affirmed), did say that he is the president of RANCO, Inc., a corporation, and that the foregoing document was signed by him on behalf of that corporation by authority of its bylaws or of a resolution of its board of directors, and he acknowledged before me that the corporation executed the document and the document was the act of the corporation for its stated purpose.

Deborah Caleyory
NOTARY PUBLIC
Address: 90 E. 200 N. St. George
My Commission Expires: 11-14-94



DATED THIS 21 day of April, 1992.3

LaMirage Owners Association

By Milton Jones

STATE OF UTAH

COUNTY OF WASHINGTON

) ss.

On this 21st day of April, 1993 before me personally appeared Milton Jones, whose identity is personally known to or proved to me on the basis of satisfactory evidence, and who, being by me duly sworn (or affirmed), did say that he/she is the president [or other officer as the case may be] of LaMirage Owners Association., a corporation, and that the foregoing document was signed by him/her on behalf of that corporation by authority of its bylaws or of a resolution of its board of directors, and he/she acknowledged before me that the corporation executed the document and the document was the act of the corporation for its stated purpose.

Allina Bishop
NOTARY PUBLIC
Address: St. George, Utah
My Commission Expires: April 17, 1994



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DATED THIS 13th day of April, 1992.

Mirage Estates Home Owners Association

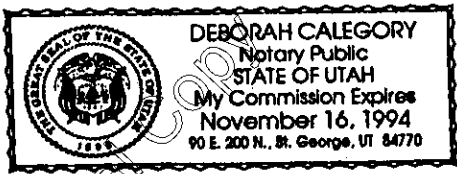
By *[Signature]*

STATE OF UTAH

COUNTY OF WASHINGTON } ss.

On this 13th day of April, 1992, before me personally appeared _____, whose identity is personally known to or proved to me on the basis of satisfactory evidence, and who, being by me duly sworn (or affirmed), did say that he/she is the president [or other officer as the case may be] of Mirage Estates Home Owners Association., a corporation, and that the foregoing document was signed by him/her on behalf of that corporation by authority of its bylaws or of a resolution of its board of directors, and he/she acknowledged before me that the corporation executed the document and the document was the act of the corporation for its stated purpose.

Deborah Category
NOTARY PUBLIC
Address: 90 E. 200 N., St. George, UT
My Commission Expires: 11-16-94



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EXHIBIT A

LEGAL DESCRIPTION OF
LA MIRAGE CONDOMINIUMS, PHASE I

Beginning at a point N 80°00' E 670.72 feet along the South boundary line and South 203.63 feet from the most Southerly and Westerly corner of Tonaquint-Indian Hills, a planned residential development located in Section 1, Township 43 South, Range 16 West, Salt Lake Base and Meridian and recorded in the Washington County Recorder's office and running thence N 21°10' E 11.98 feet; thence N 11°40' E 145.50 feet; thence N 25°10' E 64.36 feet to the South line of 2025 South Circle Street and a point on a curve whose radius is 280.00 feet and bears N 25°10' E; thence left 45.07 feet along the arc of said curve to the point of tangency and a 307.11 foot radius curve; thence left 280.33 feet along the arc of said curve; thence S 47°30' E 222.59 feet; thence West 139.00 feet; thence South 118.13 feet; thence West 243.93 feet; thence N 12°13'40" W 25.00 feet; thence West 145.58 feet to the point of beginning. Containing 2.058 acres.

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