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AMENDED DECLARATION OF CONDOMINIUM

OF

SPRING LANE CONDOMINIUM

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SPRING LANE CONDOMINIUM

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AMENDED DECLARATION OF CONDOMINIUM

FOR

SPRING LANE CONDOMINIUMS  
(A Utah Condominium Project)

THIS AMENDED DECLARATION OF CONDOMINIUM OF SPRING LANE is made and executed this 31st day of May, 1988, by "SPRING LANE" CONDOMINIUM HOMEOWNER'S ASSOCIATION, hereinafter referred to as "Declarant" or "Association."

RECITALS

A. The Declarant herein is the incorporated association of all Unit and Fee Owners (the "Association") of that certain real property more particularly described in Article II hereof (the "Land").

B. Various improvements have been made to the Land so as to permit its use and operation as a Condominium Project. The construction of all such improvements has been completed in accordance with the information contained in the Map heretofore filed and in this Declaration, as amended.

C. On 24th day of January, 1985, Spring Lane Partnership caused to be recorded the Declaration of Condominium of Spring Lane in the office of the Recorder of Salt Lake County, State of Utah as Entry No. 4042761, in Book 5264, at Page 2441 (the "Declaration").

D. Under Article III, Section 42 of the Declaration, Declarant, its successors and assigns, reserved the right and created the means to amend the Declaration.

E. The Association has now approved the amendment to the Declaration for Spring Lane (the "Amended Declaration") in accordance with the Utah Condominium Ownership Act (the "Act") and Article III, Section 12 of the Declaration.

F. The Association intends by recording this Amended Declaration to continue to submit the Land, the Buildings, and all other improvements situated in or upon the Land to the provisions of the Act as a Condominium Project and to impose upon the Land mutually beneficial restrictions under a general plan of improvement for the benefit of all Units within said Project and the Owners thereof as set forth in this instrument.

G. This Project will provide a means for ownership in fee simple of individual Units and for co-ownership with others as tenants in common the Common Areas as herein defined.

H. The Association has been delegated and assigned the powers of maintaining the Common Areas, administering and enforcing the covenants, conditions, and restrictions, and collecting and disbursing the assessments and charges hereinafter created.

I. The Association shall manage all of the Common Areas and Units contained in Spring Lane pursuant to a general plan and subject to certain protective covenants, conditions, restrictions, reservations, easements, equitable servitude, liens, and charges, all running with the land, and as set forth in the Amended Declaration.

J. The Association hereby declares that all of the Units shall be held, sold, conveyed, encumbered, hypothecated, leased, used, occupied, and improved subject to the following easements, restrictions, covenants, conditions, and equitable servitude, all of which are for the purpose of uniformly enhancing and protecting the value, attractiveness, and desirability of all Units in the Spring Lane, in furtherance of a general plan for the protection, maintenance, subdivision, improvement, and sale of the Development, or any portion thereof. The covenants, conditions, restrictions, reservations, easements, and equitable servitude set forth herein shall run with the Units and shall be binding upon all persons having any right, title or interest in any Unit or Units, in their heirs, successors and assigns; shall inure to the benefit of and be binding upon Association, its successors-in-interest and each Owner and his respective successors in interest; and may be enforced by any Owner and his successors in interest, and by the Association.

K. The Association desires hereby to satisfy all of the requirements for V.A., F.H.A., and other federal financing of the condominium Project and condominium Units within this Project.

NOW THEREFORE, for the foregoing purposes, the Association hereby makes the following Amended Declaration, hereinafter referred to as the "Declaration."

#### I. DEFINITIONS

When used in this Declaration (including in those portions hereof headed "Recitals," Exhibit "A," Exhibit "B," and Exhibit "C," respectively) each of the following words or terms shall have the meaning indicated. Any term used herein which is defined by the Act, shall, to the extent permitted by the context hereof, have the meaning ascribed by the Act.

1.1 Act shall mean and refer to the Utah Condominium Ownership Act (Sections 57-8-1 through 57-8-36, Utah Code Annotated, 1953), as amended and expanded by the laws of Utah 1975, Chapter 173, Sections 1 through 20.

1.2 Association shall mean Spring Lane Homeowner's Association, an incorporated association of Unit owners of the Spring Lane Project, organized to be the Association referred to herein, taken as or acting as a group in accordance with this Declaration.

1.3 Board of Trustees, Board of Directors, the Board, Also Sometimes Known as the Homeowner's Committee, Management Committee, or Committee shall mean the governing board of the Association, appointed or elected in accordance with this Declaration.

1.4 Building or Buildings shall mean and refer to the structures containing or to contain Units, the principal materials of construction being brick, concrete, steel and glass as shown on the Map.

1.5 Building Number shall mean and refer to the number, letter, or combination thereof (if any) which designates a building in the attached Exhibit "A" and on the Map.

1.6 By-Laws shall mean and refer to the By-Laws of the Association. The initial applicable By-Laws shall be in the form set forth in Exhibit "C" and made a part thereof.

1.7 Capital Improvements shall mean and refer to all costs for additions made or to be made to the Common Areas and all costs incurred for an amelioration of existing Common Areas amounting to more than the cost of mere repairs or the cost of replacement of normal wear and tear, and costs intended to enhance the value, beauty and/or utility of such Common Areas and/or to adapt it for new or other purposes.

1.8 Capital Improvement Assessment shall mean a charge against each Unit Owner and his Unit, representing a portion of the costs of the Association for the installation or construction of any improvements of the Common Area pursuant to the provisions of this Declaration.

1.9 Common Areas and Facilities or Common Areas or Amenities shall mean, refer to, and include all of the land, excluding the Units. Without limiting the generality of the foregoing, the Common Areas and Facilities shall include the following, whether located within a unit or otherwise:

(a) The real property and interests in real property which this Declaration submits to the provisions of the Act, but excluding individual Units.

(b) All Common Areas designated as such on the Map.

(c) All Limited Common Areas and Facilities designated as such on the Map, including but not limited to the patios, balconies,

carports or storage units designated for the exclusive use of owners or occupants of a particular Unit.

(d) All foundations, columns, girders, beams, supports, perimeter walls, roofs constituting a portion of or included in the improvements which comprise a part of the Project, any halls, corridors, stairs, hallways, entrances, exits, restrooms, lounge, building office and equipment rooms.

(e) All installations for and all equipment connected with the furnishing of Project utility services such as electricity, heating, air conditioning, water, and sewer.

(f) All tanks, pumps, motors, fans, compressors, ducts, and in general all apparatus, installations, and facilities included within the Project and existing for common use.

(g) The swimming pool, tennis court, laundry rooms, outdoor lighting, fences, landscaping, walkways, open parking spaces or carports, and roads.

(h) All portions of the Project not specifically included within the individual Units.

(i) All Common Areas and Facilities as defined in the Act, whether or not enumerated herein.

(j) Any utility pipe or line or system servicing more than a single unit together with all ducts, wires, conduits, and other accessories used therewith.

(k) All other parts of the Project normally in common use or necessary or convenient to its use, existence, maintenance, safety, or management.

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

1.10 Common Assessment shall mean the charge against each Owner and his Unit, representing a portion of the total cost of the Association of maintaining, improving, repairing, replacing, managing, and operating the Common Area, which is to be paid uniformly and equally by each Owner to the Association, as provided herein.

1.11 Common Expenses shall mean and refer to all sums which are expended on behalf of all the Owners and all sums which are required by the Association to perform or exercise its functions, duties, or rights under the Act, this Declaration, the management agreement for the operation of the Project, and such Rules and Regulations as the Association may from time to time make and adopt. By way of illustration, but not in limitation, Common Expenses shall include (i) all charges for power and light, heating and air conditioning,

subject however, to the right and power of the Association to vary the charges assessed for electric power or gas as provided in of this Declaration; (ii) expenses of administration, maintenance, operation, repair, and replacement of those elements of the Common Areas that must be maintained and/or replaced on a periodic basis and reserves as may be from time to time established by the Association; (iii) expenses agreed upon by the Association, or the Owners and lawfully assessed against the Owners in accordance with the Declaration; (iv) expenses declared to be Common Expenses by the Act, by this Declaration, or the By-Laws; and (v) any valid charge against the Project as a whole.

1.12 Condominium Project or Project shall mean the Spring Lane Community -- the Land, the Buildings, and all improvements submitted by this Declaration and the Map to the provisions of the Act.

1.13 Condominium Unit or Unit shall mean and refer to a separate physical part of the Property intended for independent use, consisting of rooms or spaces shown on the Map. Mechanical equipment and appurtenances located within any one Unit or located without said Unit but designated and designed to serve only the Unit shall be considered part of the Unit, as shall all decorated interiors, all surfaces of interior structural walls, floors, and ceilings, windows, window frames, doors and door frames, and trim, consisting of among others, 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 Units and serving only the Unit, and any structural members or 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 a Unit is situated shall be considered part of the Unit. A Unit shall not include pipes, wires, conduits, or other utility lines running through it which are used for or which serve more than one Unit, and shall not include any load-bearing walls or floors comprising a part of the building in which the Unit is located. Each Unit includes its appurtenant Percentage Interest. The horizontal boundary of each Unit shall extend to its intersection with the vertical boundaries, each Unit's lower boundary shall be a plane coinciding with the top of the concrete slab below the Unit's floor and each Unit's upper boundary shall be a plane coinciding with the top of the Unit's ceiling. The vertical boundary shall section with each other and with the horizontal boundaries, each Unit's vertical boundaries shall be its parametric walls.

1.14 Declarant shall mean and refer to the Association or any successor or assign who by way of voluntary conveyance or transfer comes to stand in the same relation to the Project as did its predecessor.

1.15 Declaration shall mean and refer to this instrument as the same may hereafter be modified, amended, supplemented, or expanded in accordance with law and the provisions hereof.

1.16 Improvement shall mean all structures and appurtenances thereto of every type and kind, including but not limited to buildings, out buildings, walkways, sprinkler pipes, carports, roads, driveways, parking areas, fences, screening walls, retaining walls, stairs, decks, landscaping, hedges, windbreaks, planting, planted trees and shrubs, poles, signs, exterior air conditioning and water softener fixtures or equipment.

1.17 Land shall mean the land upon which the Project is situated, as particularly described in Article II of this Declaration.

1.18 Limited Common Areas shall mean and refer to those Common Areas designated herein (or in any Supplement hereto) or on the Map (or any supplement thereto) as reserved for the use of a certain Unit or Units to the exclusion of the other Units.

1.19 Manager shall mean and refer to the person, firm, or company, if any, designated from time to time by the Association to manage, in whole or in part, the business and affairs of the Association and the Project.

1.20 Member shall mean any person or entity holding a membership in the Association as provided herein.

1.21 Mortgage shall mean and include both a first mortgage and a first deed of trust or other security instrument by which a Unit or any part thereof is encumbered.

1.22 Mortgagee shall mean and include both a mortgage under a first mortgage on any Unit and a beneficiary under a first deed of trust on any Unit.

1.23 Notice and Hearing shall mean written notice and a public hearing before a tribunal appointed by the Board, at which the Owner concerned shall have an opportunity to be heard in person or by counsel at Owner's expense, in the manner further provided in the By-Laws.

1.24 Owner or Unit Owner shall mean the person or persons, including the Declarant, owning in the fee simple a Unit of the Project, as such ownership is shown by the records of the County Recorder of Salt Lake County, State of Utah. However, the term "Owner" shall not refer to any Mortgagee (unless such Mortgagee has acquired title for other than security purposes) but shall apply jointly and severally to any person or persons purchasing or selling a Unit under contract provided that an executed copy of such contract is furnished to the Secretary of the Association.

1.25 Percentage Interest shall mean and refer to the undivided percentage interest of each Unit Owner in the Common Areas of the Project. The percentage interest which is appurtenant to a Unit

shall be equal to the ratio between the Size of such Unit and the aggregate Size of all Units in the Project.

1.26 Person shall mean a natural individual or any other entity with the legal right to hold title to real property.

1.27 Property shall mean and refer to the Land, the Buildings, all improvements, and structures on the Land, all easements, rights, and appurtenances belonging thereto, and all articles of personal property intended for use in connection therewith.

1.28 Reconstruction Assessment shall mean a charge against each Owner and his Unit, representing a portion of the costs of the Association for the reconstruction of any portion or portions of the improvements of the Common Area pursuant to the provisions of this Declaration.

1.29 Record of Survey Map or Map shall mean and refer to the Record of Map or Record of Survey Map heretofore executed, acknowledged, and recorded.

1.30 Record, Recorded, Filed and Recordation shall mean, with respect to any document, the recordation of such document in the office of the County Recorder of County Recorder of the County of Salt Lake, State of Utah.

1.31 Size shall mean and refer to the area of floor space within a Unit, in square feet. Declarant's determination of the Size of a Unit, as set forth in this Declaration or in any amendment or supplement hereto pursuant to Article VI hereof shall be conclusive.

1.32 Special Assessments shall mean a charge against a particular Owner and his Unit, directly attributable to the Owner, equal to the costs incurred by the Association for corrective action performed pursuant to the provisions of this Declaration, plus interest thereon as provided for in this Declaration.

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

## II. SUBMISSION TO THE ACT

There is hereby submitted to the provisions of the Act, subject to the covenants, conditions, and restrictions herein contained, the following described real property situated in Salt Lake County, State of Utah and known as Spring Lane:

See Exhibit "A" attached hereto and incorporated herein by this reference.

TOGETHER WITH all easements, rights-of-way, and other appurtenances and rights incident to, appurtenant to, or accompanying the above-described real property (the 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 real property 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; any easements, rights-of-way, encroachments, or discrepancies shown on or revealed by the 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 real property 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.

RESERVING UNTO THE ASSOCIATION, however, such easements and rights of ingress and egress over, across, through, and under the real property and any improvements now or thereafter 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 Units in the Building 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 improve portions of the real property with such other or additional improvements, facilities, or landscaping designed for the use and enjoyment of all the Owners as Association or as such assignee or successor may reasonably determine to be appropriate. If pursuant to the foregoing reservations, the real property 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 years after the date on which this Association is filed for record in the office of the County Recorder of Salt Lake County, State of Utah.

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### III. IMPROVEMENTS ON LAND

3.1 Description of Improvements. The improvements included in the Project are now or will be located upon the Tract. The significant improvements contained in the Project include twenty five (25) Buildings; eighty (80) Units; a swimming pool and related facilities; a club-house containing a recreational area, kitchen, office, changing rooms and restrooms for men and women, and storage area for pool equipment; common parking areas; garages and asphalt or concrete driveways; and designated parking stalls. The location and configuration of the improvements referred to in the foregoing sentence are depicted on the Survey Map. The Project also contains other improvements of a less significant nature, such as outdoor lighting, fencing, landscaping and concrete sidewalks and walkways. There may also be located within the Common Areas certain man-made ponds or small streams. The water and water rights for such ponds or streams is to be provided, if at all, by and at the expense of the Association, and the Declarant has not conveyed to the Association or the Owners any water rights or water stock for such purposes. The Survey Map shows the number of stories and the number of Units which are contained in the Buildings included in the Project. Each of said Buildings is composed of the following materials: all load bearing and non-load bearing walls are wooden frame and studded with wood; the foundation walls are of concrete; the ground floor and second floor are of wooden joists covered with plywood; the roof is of wooden trusses, joists, or laminated beams surfaced with plywood and asphalt shingles; interior walls are surfaced with sheetrock or gypsum board; and exterior walls are surfaced with masonite siding and/or stone, and brick.

3.2 Description of Legal Status of Units. The Map shows the Unit designation, its location, dimensions from which size may be determined and the Common Areas to which it has immediate access.

3.3 Contents of Exhibit "B". Exhibit "B" to this Declaration contains the following information with respect to each Unit contained in the Project; (i) the Unit Designation; (ii) its size; and (iii) the Percentage Interest which is appurtenant to the Unit.

### IV. NATURE AND INCIDENTS OF CONDOMINIUM OWNERSHIP

4.1 Estates of Owner. The Project is hereby divided into Units, each consisting of a fee simple interest in a Unit and a Percentage Interest as set forth in the attached Exhibit "B." Such Percentage Interests are hereby declared to be appurtenant to the respective Units.

4.2 Title. Title to a Unit may be held or owned by any entity and in any manner in which title to any other real property may be held or owned in the State of Utah, including, without limitation, joint tenants or tenancy in common.

4.3 Inseparability. No part of a Unit or of the legal rights comprising ownership of a Unit may be separated from any other part thereof during the period of ownership prescribed herein, so that each Unit and the Percentage Interest appurtenant to such Unit shall always be conveyed, devised, encumbered, or otherwise affected only as a complete Unit. Every gift, devise, bequest, transfer, encumbrance, conveyance, or other disposition of a Unit shall be presumed to be a gift, devise, bequest, transfer, encumbrance, or conveyance, respectively, of the entire Unit, together with all appurtenant right created by law or by this Declaration.

4.4 Computation of Percentage Interests. Each Unit Owner shall own that percentage of undivided interest set forth on Exhibit "B," in the Common Area as a tenant in common with all other Unit Owners. This Percentage Interest, which is appurtenant to each Unit, is equal to the ratio between the size of such Unit and the aggregate size of all Units in the Project. Percentage Interests shall be for all purposes, including without limitation, voting and participation in Common Expenses.

4.5 Partition Not Permitted. The Common Area shall be owned in common by all the Owners of Units, and no Owner may bring any action for partition thereof.

4.6 Owner's Rights to Common Areas. Subject to the limitations contained in this Declaration, any Owner shall have the non-exclusive right to use and enjoy the Common Areas and shall have the exclusive right to use and enjoy the Limited Common Areas designated herein for exclusive use by such Owner.

4.7 Owner's Rights with Respect to Interiors. Each Owner shall have the exclusive right at his sole cost and expense to maintain, repair, paint, replace, tile, paper, or otherwise refinish and decorate the interior surfaces of the walls, ceilings, floors, and doors forming the boundaries of his Unit and all walls, ceilings, floors, and doors within such boundaries.

4.8 Easement for Access to Units. Each Owner shall have the right to ingress and egress over, upon, and across the Common Areas necessary for access to his Unit, and to the Limited Common Areas, if any, designated for use in connection with his Unit, and such rights shall be appurtenant to and pass with title to each Unit.

4.9 Easement for Encroachments. If any part of the Common Areas encroaches or shall hereafter encroach upon a Unit or Units, an easement for such encroachment and for the maintenance of the same shall and does exist. If any part of a Unit encroaches or shall hereafter encroach upon the Common Areas, or upon an adjoining Unit or Units, an easement for such encroachment and for the maintenance of the same shall and does exist. Encroachments referred to herein include, but are not limited to, encroachments caused by error in the original construction of the

Building, by error in the Map, by settling, rising, or shifting of the earth, or by change in position caused by repair or reconstruction of the Project or any part thereof.

4.10 Easements for Utilities. There is hereby reserved to the Association blanket easements upon, across, above, and under all property within the Community for access, ingress, egress, installation, repairing, replacing, and maintaining all Common Areas and utilities serving the Community or any portion thereof, including but not limited to, emergencies, gas, water, sanitary sewer, telephone, and electricity, as well as storm drainage and any other service or system. It shall be expressly permissible for the Association or its designee, as the case may be, to install, repair, replace, and maintain or to authorize the installation, repairing, replacing, and maintaining of such wires, conduits, cables, and other equipment or property related to the providing of any such system, utility or service. Should any party furnishing any such utility or service request a specific license or easement by separate recordable document, the Board shall have the right to grant such easement.

4.11 Owner's Right to Support. Each Owner shall have the right to the horizontal and lateral support of his Unit, and such rights shall be appurtenant to and pass with the title to each Unit.

4.12 Association's Right to Use of Common Areas. The Association shall have a non-exclusive easement to make such use of the Common Areas as may be necessary or appropriate to perform the duties and the functions which it is obligated or permitted to perform pursuant to this Declaration.

4.13 Easements Deemed Created. All conveyances of Units hereafter made, whether by the Declarant or otherwise, shall be construed to grant or reserve such reciprocal easements as shall give effect hereby, including but not limited to Sections 4.7, 4.8, 4.9, 4.10, and 4.11 above, even though no specific references to such easements or to those Sections appears in any such conveyance.

## V. UNITS, COMMON AREAS, AND LIMITED COMMON AREAS

5.1 Conveyancing. Any deed, lease, mortgage, deed of trust, sales contract, or other instrument conveying or encumbering a Unit shall describe the interest or estate involved substantially as follows:

Unit No. \_\_\_\_\_ contained within the Spring Lane Project as the same is identified in the Map recorded in Salt Lake County, State of Utah, as Entry No. \_\_\_\_\_ (as said Record of Survey Map may have heretofore been amended or supplemented) and in the Amended Declaration of Condominium of

the Spring Lane Project recorded in Salt Lake County, State of Utah, as Entry No. \_\_\_\_\_ in Book \_\_\_\_\_ at Page \_\_\_\_\_ (as said Declaration may have heretofore been amended or supplemented). TOGETHER WITH the undivided ownership interest in said Project's Common Areas and Facilities which is appurtenant to said Unit.

Such description will be construed to describe the Unit, together with the appurtenant Percentage 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 the Declaration, including all appurtenant Percentage Interests.

5.2 Maintenance of Units. Each Owner shall keep the interior of his Unit, including without limitation, interior walls, doors, windows, ceilings, floors, and permanent fixtures and appurtenances thereto, in a clean and sanitary condition and in good state of repair. In the event that any such Unit shall develop an unclean or unsanitary condition or fall into a state of disrepair, and in the event that the Owner of such Unit shall fail to correct such condition or state of disrepair promptly following written notice from the Association, the Association shall have the right, at the expense of the Owner and without liability to the Owner for trespass or otherwise, to enter said Unit and correct or eliminate said unsanitary or unclean condition or state of disrepair; provided, however, that the Association shall in no event have the obligation to correct or eliminate any such condition or state of disrepair.

5.3 Separate Mortgages by Owner. Each Owner shall have the right separately to mortgage or otherwise encumber his Unit. No Owner shall attempt to or shall have the right to mortgage or otherwise encumber the Common Areas or any part thereof, except in the Percentage Interest therein appurtenant to his Unit. Any Mortgage or other encumbrances of any Unit within the Project shall be subordinate to all of the provisions of this Declaration, and in the event of foreclosure the provisions of this Declaration shall be binding upon any Owners whose title is derived through foreclosure by private power of sale, judicial foreclosure, or otherwise.

5.4 Taxation of Units. Each Unit within the Project, including each Unit and appurtenant Percentage Interest, shall be deemed to be a parcel and shall be assessed separately for all taxes, assessments, and other charges of any political subdivision or of any special improvement district or of any other taxing or assessing authority. For purposes of such assessment, the valuation of the Common Area shall be apportioned among the Units in proportion to the Percentage Interests appurtenant to such Units. All such taxes, assessments, and other charges of each respective Unit shall be separately levied against the Owner thereof. No forfeiture or sale of any Unit for delinquent taxes, assessments, or other governmental charges shall divest or in any way affect the title to any other Unit.

5.5 Common Areas; Limited Common Areas.

(a) The Common Areas contained in the Project are described and identified in Article I of this Declaration. Neither the Percentage Interest nor the right of exclusive use of a Limited Common Area shall be separated from the Unit to which it appertains; and, even though not specifically mentioned in the instrument of transfer, the Percentage Interest and such right of exclusive use shall automatically accompany the transfer of the Unit to which they relate. The Limited Common Areas consist of, at least, the following: (i) all patios, porches, balconies, decks, private yard areas and storage shed, if any, attached or adjacent to a Unit; and (ii) the garage and parking stall designated for the use of an individual Unit on the Survey Map. The exclusive use of each patio, porch, balcony, deck, private yard area, storage shed, designated parking stall or garage is reserved to the Unit which it adjoins, with which it is associated, or as designated on the Survey Map.

(b) The Use Of The Common Areas shall be limited to the Owners and residents and to their tenants and residents, and to their guests, invitees, and licensees. The use of the Limited Common Area shall be restricted to the Owner of the Unit to which it is appurtenant, to his tenants and residents, and to his guests, invitees, and licensees. The use of the Common Areas and Limited Common Areas shall be governed by the Declaration, By-Laws, and the Rules and Regulations as initially established by the Association and as adopted and amended from time to time by the Homeowner Committee.

(c) The Association Shall Provide For Such Maintenance and Operation of the Common Areas and Limited Common Areas as may be reasonably required to make them appropriately usable in connection with the Units and to keep them clean, functional, attractive, and in good condition and repair (hereinafter collectively called the "Maintenance"), except as herein expressly otherwise provided. While Owners or occupants do not have a duty to maintain the Limited Common Areas, they do have an obligation to keep them clean and attractive.

(d) The Owners shall not be permitted to modify, alter, add on to, build on to, or otherwise change any of the Limited Common Areas without the prior written consent of the Board.

(e) Limited Common Areas may only be converted to Common Areas and Common Areas converted to Limited Common Areas upon the vote and unanimous consent of all Unit Owners.

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5.6 Mechanic's Liens. No labor performed or material furnished for use in connection with any Unit with the consent or at the request of an Owner or his agent or sub-contractor shall create any right to file a notice of mechanic's lien against the Unit of any other Owner not expressly consenting to or requesting the same or against any interest in the Common Areas, except the Percentage Interest therein appurtenant to the Unit of the Owner for whom such labor shall have been performed and such materials shall have been furnished. Further, liens for money judgments against the Association are to be indexed in the public records under the name of the Association and the name of the Community. A Unit Owner may pay the pro rata share of the amount of any lien against the Association and this shall release the lien of his or her unit. Such liens will not constitute a lien on the Common Elements of the Community, but rather on each unit within the Community. If the Association has mortgaged the Common Elements and thereafter defaults, the mortgagee must exercise its rights against the Common Elements before it may proceed against the units.

## VI. THE ASSOCIATION

6.1 Membership. Every Owner shall be entitled and required to be a member of the Association. If title to a Unit is held by more than one person, the membership related to this Unit shall be shared by all such persons in the same proportionate interests and by the same type of tenancy in which the title to the Unit is held. An Owner shall be entitled to one membership for each Unit owned by him. Each such membership shall be appurtenant to the Unit upon which it is based and shall be transferred automatically by conveyance of that Unit. No person or entity other than an Owner may be a member of the Association, and the Articles of Incorporation or By-Laws of the Association shall so state and shall in addition state that the membership in the Association may not be transferred except in connection with the transfer of a Unit; provided however, that the rights of membership may be assigned to a mortgagee as further security for a loan secured by a lien on a Unit or by a deed of trust.

6.2 Board of Trustees. The Board of Trustees of the Association, also known sometimes as the Board of Directors, Homeowner's Committee, Management Committee, or Committee shall consist of five (5) members. In addition to individual Unit Owners, partners of partnerships owning Units and officers of corporations owning Units shall be eligible for membership on the Board. The Board shall manage the Project, directly or by delegation. Professional management is recommended but not required.

6.3 Votes/Attendance at Meetings. At each 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. Any Committee member

who fails on three (3) successive occasions to attend Committee meetings (whether regular or special) or who has failed to attend at least twenty-five percent (25%) of all Committee meetings (whether regular or special) held during any twelve (12) month period shall automatically forfeit his seat. In all 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 he forfeits or otherwise loses his seat as herein provided, a member shall serve on the Committee until his successor is elected and qualifies. Committee members shall be reimbursed for all expenses reasonably incurred in connection with Committee business. The Committee may fix such compensation for any member as may be reasonable in light of the Committee duties which that member is required to perform.

A member may be removed for cause by the Association upon the vote of at least sixty seven percent (67%) of the total percentage of ownership interest.

## VII. RIGHTS AND OBLIGATIONS OF THE ASSOCIATION

7.1 Common Areas. The Association, subject to the rights of the Owners set forth in Article IV hereof, shall be responsible for the exclusive management and control of the Common Areas and all improvements thereon (including furnishings and equipment related thereto) and shall keep the same in good, clean, attractive, sanitary condition, order and repair; provided, however, that each Owner of a Unit shall keep the Limited Common Areas, including the patios, balconies, decks, storage sheds, garages and parking stalls designated for use in connection with his Unit, in a good, clean, sanitary, and attractive condition. Provided, however, that the Limited Common Areas must be maintained in such a manner as their appearance remains uniform in style, type, color and construction. The Association shall be responsible for the maintenance and repair of all Common Areas. The cost of such management, operation, maintenance, and repair by the Association shall be borne as provided in Article IX.

7.2 Miscellaneous Services. The Association may obtain and pay for the services of any person or entity to manage its affairs, or any part thereof, to the extent it deems advisable, as well as such other personnel of the Association as it shall be determined to be necessary or desirable for the proper operation of the Project, whether such personnel are furnished or employed directly by the Association or by any person or entity with whom or which it contracts. The Association may obtain and pay for legal and accounting services necessary or desirable in connection with the operation of the Project or the enforcement of this Declaration. The Association may arrange with others to furnish trash collection, snow removal, ground maintenance, and other common services to each Unit. The cost of such services shall be borne as provided by

Article IX.

7.3 Personal Property for Common Use. The Association may acquire and hold for the use and benefit of all of the Owners tangible and intangible personal property and may dispose of the same by sale or otherwise, and the beneficial interest in any such property shall be deemed to be owned by the Owners in the same proportion as the respective Percentage Interests. Such interest shall not be transferable except with the transfer of a Unit. A transfer of a Unit shall transfer to the transferee ownership of the transferrer's beneficial interest in such property without any reference thereto. Each Owner may use such property in accordance with the purpose for which it was intended, without hindering or encroaching upon the lawful rights of other Owners. The transfer of title to a Unit under foreclosure shall entitle purchaser to the interest in such personal property associated with the foreclosure Unit.

7.4 By-Laws. The Association shall have those rights, powers, duties, and obligations set forth in the By-Laws.

7.5 Rules and Regulations. The Association may make reasonable Rules and Regulations governing the use of the Units and of the Common Areas, which Rules and Regulations shall be consistent with the rights and duties established in this Declaration. The Rules and Regulations may include, but shall not be limited to the following: Aesthetic standards and guidelines, to be determined by the Board, regarding uniformity of appearance of draperies, shades, or other interior window coverings; the procedures to issue and enforce traffic and parking citations, to levy and collect fines, and to tow away vehicles parked in unauthorized zones or an unauthorized manner; the procedure to enforce owner and non-owner occupant use violations, and to evict offending non-owner occupants; and the procedure to enforce remedies for non-payment of assessments. The Association may suspend any Owner's voting rights in the Association or the Owner's (or his residents, tenants, guests or invitees) right to use the amenities in any period or periods during which such Owner fails to comply with such Rules and Regulations, or with any other obligations under this Declaration. The Association may also take judicial action against the Owner to enforce compliance with such Rules and Regulations or other obligations or to obtain damages (including reasonable attorney fees) for non-compliance, all to the extent permitted by law.

7.6 Granting Easements. The Association may, without a vote or consent of the Owners, or of any other person, grant or create on such terms as it deems advisable, utility and similar easements and rights-of-way over, under, across, and through the Common Areas.

7.7 Right of Entry. The Association shall have the right, in addition to and not in limitation of all the rights it may have, to enter into Units for emergency, security, or safety purposes, which



right may be exercised by the Association's Board of Directors, Officers, Agents, Employees, Managers, and all police officers, fire fighters, ambulance personnel, and similar emergency personnel in the performance of their respective duties. Except in an emergency situation, entry shall only be during reasonable hours and after reasonable notice to the Owner or Occupant of the Unit.

7.8 Implied Rights. The Association may exercise any other right or privilege given to it expressly by this Declaration or the By-Laws, by law, and every other right or privilege reasonably to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege.

7.9 Board Authority. The Board of Directors is specifically authorized to exercise the powers and duties of the Association in all instances as fiduciaries of the Unit Owners, except that the Board may not amend the Declaration, terminate the common interest community, elect its own members, or determine the qualifications, powers, or terms of the members of the Board. The Board is also authorized to prepare the association's annual budget, except that a meeting of the members is required prior to approval of the budget. The budget is deemed approved unless disapproved at the meeting by a majority of all unit owners, regardless of whether a quorum is present. The Board is authorized on behalf of the association to impose sanctions for violation of the Declaration or By-Laws, but is required to give basic due process rights to violating owners before instituting fines.

#### VIII. ASSESSMENTS

8.1 Agreement to Pay Assessment. Each Unit Owner by consenting to this Declaration or by the acceptance of a deed to any Unit, whether or not it be so expressed in the deed, shall be deemed to covenant and agree with all other Owners and with the Association to pay to the Association all assessments, including but not limited to annual Common Area Assessments or Common Expenses, Capital Improvement Assessments, Special Assessments, and Reconstruction Assessments. Subject to provisions of this Declaration protecting first mortgagees, the personal obligation for delinquent assessments shall pass automatically to the successors in interest of such Owner. The Board of Trustees shall establish a federally insured bank account or accounts (the "Spring Lane Homeowners Association Fund") into which shall be deposited all monies paid to the Association hereby, and from which disbursement shall be made, as provided herein, by the Board in the performance of its duties under the provisions of this Declaration. The Spring Lane Homeowners Association Fund may include an Operating Fund for current expenses of the Association, and a Common Area Reserve Fund for major replacements, painting, and repairs (which would not reasonably be expected to recur on an annual or less frequent basis) of the Common

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Areas to the extent necessary under the provisions of this Declaration. Such assessments shall be fixed, established and collected from time to time in the manner provided in this Article.

8.2 Purpose of Common Assessments. The assessments levied by the Association shall be used to promote the common health, safety, benefit, recreation, and welfare of the Owners and for the improvement and maintenance of the Common Areas. The Assessment shall also be used to create an adequate reserve to be spent as appropriate for maintenance and repairs of the Common Areas and replacement of those elements of the Common Areas that must be replaced on a periodic basis and are payable in regular installments rather than by special assessments. Nothing in the Declaration shall be construed in such a way as to permit the Association to use any assessments to abate any nuisance or annoyance emanating from outside the boundaries of the Spring Lane. Nothing contained herein shall limit, preclude, or impair the establishment of additional Spring Lane Homeowners Association Funds by the Association so long as the amounts deposited into any such Fund are earmarked for specified purposes authorized by the Declaration.

8.3 Annual Common Area Assessments. The total annual Common Area Assessments against all Units shall be based upon advance estimates of cash requirements by the Association to provide for the payment of all estimated expenses growing out of or connected with the maintenance and operation of the Common Areas or furnishing utility services (including power and light, heating and air conditioning) to the Units, which estimates may include, among other things, expenses of management, grounds maintenance, taxes and special assessments, until the Units are separately assessed as provided herein; premiums for all insurance which the Association is required or permitted to maintain pursuant hereto; common lighting and heating; water charges; and trash collection. If the estimated sums prove inadequate for any reason, the Board of Trustees may, at any time, levy supplemental Common Assessments which shall be assessed equally, base upon the respective Percentages of Ownership Interest, against the Owner of each Unit.

8.4 Capital Improvement and Reconstruction Assessments. In addition to the Common Assessments authorized above, the Board of Trustees of the Association may levy, in any assessment year, a Special Assessment, Capital Improvement Assessment or Reconstruction Assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair, or replacement of a Capital Improvement or other such addition upon the Common Area, including fixtures and personal property related thereto. Additions or capital improvements to the Project which cost no more than Five Thousand Dollars (\$5,000.00) may be authorized by the Management Committee alone. Additions or capital improvements the cost of which will exceed such amount must, prior to being constructed or accomplished, be authorized by at least a majority of the undivided

ownership interest in the Project. Any addition or capital improvement which would materially alter the nature of the Project must, regardless of its cost and prior to being constructed or accomplished, be authorized by at least sixty-seven percent (67%) of the Project's undivided ownership interest.

8.5 Rate of Assessment. Anything to the contrary notwithstanding, all Common or Special Assessments, Capital Improvement Assessments, and Reconstruction Assessments provided for in this Article shall be apportioned among all owners in proportion to their respective Percentage Interest in the common areas.

8.6 Date of Commencement of Common Assessments: Due Date. The Annual Common Assessments provided for the Owner shall commence as to all Units on the first day of the month following the closing on the purchase of the Unit. The first annual Common Assessment shall be adjusted according to the number of months remaining in the fiscal year as set forth in the By-Laws. The Board of Trustees shall fix the amount of the annual Common Assessment against each Unit at least thirty (30) days in advance of each Common Assessment period. Written notice of any change in the amount of the annual Common Assessment shall be sent to every Owner subject thereto, at least thirty (30) days prior to the effective date of such change. The due date shall be established by the Board of Trustees, who also have the power and authority to determine if the payment of the assessment shall be in a single payment or in monthly installments. Anything the Board decides notwithstanding, a missed installment automatically makes the entire annual assessment immediately due and payable without the requirement of any additional notice. The Association shall, upon demand, and on a reasonable charge, furnish a certificate signed by an officer or agent of the Association, setting forth whether the assessments on a specified Unit have been paid.

8.7 Lien for Assessments. The following applies to all Units and to each owner without exception:

(a) All sums assessed to any Unit pursuant to this Declaration in general and this Article in particular, together with interest thereon, as provided herein, shall be automatically secured by a lien on such unit in favor of the Association, even if no notice of lien is filed with the County Recorder. Such lien shall be superior to all other liens and encumbrances on such Unit, except for: (i) valid tax and special assessment liens on the Unit in favor of any governmental assessing authority; and (ii) a lien for all sums unpaid on a first Mortgage on any Unit, or on any Mortgage to the Association duly recorded in the official records of Salt Lake County, State of Utah, including all unpaid obligatory advances to be made pursuant to such Mortgage and all accounts advanced pursuant to such Mortgage and secured by the lien thereof in accordance with the terms of such instrument. All

other mortgages or lienors acquiring liens on any Unit after this Declaration shall have been recorded in said records, including all second, third, and subsequent mortgages, shall be deemed to consent that such liens shall be inferior to future liens for unpaid assessments, as provided herein, whether or not such consent be specifically set forth in the instruments creating such mortgages or liens.

(b) As set forth with more particularity below, to evidence a lien for sums assessed pursuant to this Article, the Association may also prepare a written Notice of Lien setting forth:

- (1) the amount of the assessment;
- (2) the date due;
- (3) the amount remaining unpaid;
- (4) the name of the reputed Owner of the Unit; and
- (5) a description of the Unit.

Such Notice shall be signed by the Association, or its designee, and may be recorded in the office of the County Recorder of Salt Lake County, State of Utah. No Notice of Lien shall be recorded until there is a delinquency in payment of the assessment. Such lien may be enforced by judicial or non-judicial foreclosure by the Association in the same manner in which Mortgages or Trust Deeds on real property may be foreclosed in Utah.

In the event of foreclosure, the Owner shall be obligated to pay, and the automatic assessment lien shall cover, all costs and expenses including but not limited to all recording costs, mailing fees, foreclosure report costs, attorney fees and trustee's fees.

The Owner shall also be required to pay, and the lien shall also cover, all assessments accruing during the foreclosure process.

If the lien is foreclosed non-judicially as a trust deed, then each Owner hereby appoints the Attorney for the Association as Trustee, or such other person as the Board may designate.

(c) A Release of Notice of Lien shall be executed by the Association and recorded in the official records of the County Recorder of Salt Lake County, State of Utah, upon payment of all sums secured by a lien, including all recordation costs and attorney fees made necessary by the filing, which has been made the subject of a recorded Notice of Lien.

(d) Any encumbrancer holding a lien on a Unit may pay, but shall not be required to pay, any amounts secured by the lien created by this Section, and upon such payment such encumbrancer shall be subrogated to all rights of the Association, including priority, with respect to such lien.

(e) As additional security, Owner hereby assigns to the Association, automatically if Owner shall default in his obligation to pay common area expenses, all of his right, title and interest in and to all rents, issues, royalties, and profits of his Unit and to any of Owner's personal property located thereon. Until Owner shall default in the payment of said obligation or in the performance of any agreement hereunder, Owner shall have the right to collect all such rents, issues, royalties, and profits earned prior to default as they become due and payable. If Owner shall default as aforesaid, Owner's right to collect any of such moneys shall cease and the Association shall have the right, with or without possession of the property affected hereby, to collect all such rents, royalties, issues, and profits. Failure or discontinuance of the Association at any time or from time to time to collect any such moneys shall not in any manner affect the subsequent enforcement by the Association of the right, power, and authority to collect the same. Nothing contained herein, nor the exercise of the right by the Association to collect, shall be, or be construed to be, an affirmation by the Association of any tenancy, lease or option, nor an assumption of liability under, nor a subordination of any lien or charge to any such tenancy, lease or option, nor a waiver of any claim against Owner and shall be deemed exclusively to be an attempt by the Association to mitigate damages. This Assignment shall be prior and superior to any Trust Deeds with Assignment of Rents except that of the First Mortgage Holder.

#### 8.8 Collection of Unpaid Assessments; Procedure.

(a) Effect. Any Common Assessment, Capital Improvement Assessment, Special Assessment or a Reconstruction Assessment, or installment thereof, not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of eighteen percent (18%) per annum. If any assessment is not paid within thirty (30) days after it is due, the Owner responsible therefor, may be required further by the Board of Trustees to pay a late charge of Five Dollars (\$5.00) or five percent (5%) of the delinquent amount, whichever is greater. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the Unit, or pursue both remedies. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Unit. If any assessment is not paid within thirty (30) days after its due date, the Board shall mail notice to the Owner and to each First Mortgagee of a Unit which has requested a copy of the notice. The Notice shall specify:

- (1) the fact that the installment is delinquent;
- (2) the action required to cure the default; and
- (3) a date, not less than thirty (30) days from the date the notice is mailed to the Owner, by which such default must be cured.

If the delinquent installments of Common Assessments and any charges thereon are not paid in full on or before the date specified on the notice, the Board may, at its option, enforce the collection of the assessment and all charges thereon in any manner authorized by law and this Declaration.

(b) Notice of Assessment. No judicial action shall be brought to enforce any assessment lien herein, unless at least thirty (30) days has expired following the date a Notice of Lien is deposited in the United States Mail, postage pre-paid, to the Owner of the Unit, and a copy thereof has been recorded by the Association in the Office of the County Recorder in which the Property is located; said Notice of Lien must recite a good and sufficient legal description of any such Unit, the name of the record Owner or reputed Owner thereof, the amount claimed (which may at the Association's option include interest on the unpaid assessment at eighteen percent (18%) per annum, plus reasonable attorney's fees and expenses of collection in connection with the debt secured by said lien), and the name and address of the claimant. Such Notice of Lien shall be signed and acknowledged by an officer or agent of the Association, and said lien shall be prior to any Declaration of Homestead recorded after the date on which this Declaration is recorded. The lien shall continue until fully paid or otherwise satisfied.

(c) Foreclosure Sale. Any such sale provided for above may be conducted by the Board of Trustees, its attorneys, or other persons authorized by the Board in accordance with the provisions of Utah Code Annotated, 1953 as amended, applicable to the exercise of powers of sale in Mortgages and Deeds of Trust, or in any other manner permitted by law. The Association, through duly authorized agents, shall have the power to bid on the Unit at a foreclosure sale, and to acquire and hold, lease, mortgage, and convey at the same time.

(d) Lawsuit for Money Judgment. If a Common Assessment remains unpaid for ninety (90) days after its due date, the Board should commence a civil action to obtain a money judgment against the defaulting Owner.

(e) Suspension of Rights. In addition, the Board has the right and power to suspend the right of any Owner, occupant or guest to use the amenities if the Owner or occupant has breached the Declaration or is otherwise in default.

(f) Curing of Default. Upon the timely curing of any default for which a Notice of Lien was filed by the Association, the Association or its agent or representative shall record an appropriate Release of Lien, upon payment by the defaulting Owner of a Notice of Release of Lien preparation fee, to be determined by the Association but not to exceed the sum of Two Hundred Dollars (\$200.00), to cover the cost of preparing and recording such

Release. A certificate executed and acknowledged by any two (2) members of the Board stating the indebtedness secured by the liens upon any Unit created hereunder shall be conclusive upon the Association and the Owners as to the amount of such indebtedness as of the date of the certificate, in favor of all persons who rely thereon in good faith. Such certificate shall be furnished to any Owner upon request at a reasonable fee, not to exceed Ten Dollars (\$10.00).

(g) Cumulative Remedies. The liens and foreclosure rights of the Association shall be in addition to and not in substitution for all other rights and remedies which the Association and its assigns may have hereunder and by law, including the right to file a suit to recover a money judgment against the Owner for unpaid assessments, as above-provided.

(h) Subordination of the Lien to Mortgages. The assessment lien provided for herein shall be subordinate and junior to the lien of any first mortgage (meaning any recorded mortgage with first priority over all other mortgages encumbering the Property), on any Unit on which the assessment came due. Sale or transfer of any Unit shall not affect the assessment lien. However, the sale or transfer of any Unit pursuant to mortgage foreclosure, trustee sale, ordered in lieu thereof, shall extinguish the lien of such assessments as to installments which came due prior to such sale or transfer. However, no sale or transfer shall relieve such Unit from liability for any installments of assessments thereafter becoming due or from the lien thereof.

(i) Bankruptcy. Post Bankruptcy Petition Common Area Assessments shall be the obligation of the Owner of the Unit to pay even though the first or a subsequent mortgage may thereafter foreclose on the Unit and the Trustee may have abandoned his interest in the same. Of course, the Owner is not liable for said fees after foreclosure.

(j) Procedural Discretion of Board. The Board shall have the right and power to establish a different procedure for payment and collection of assessments. This includes the ability to modify the due dates, grace periods, and drop-dead dates where required.

8.9 Personal Obligation of Owner. The amount of any annual or special assessment against any Unit shall be the personal obligation of the Owner thereof to the Association. Suit to recover a money judgment for such personal obligation shall be maintainable by the Association without foreclosing or waiving the lien securing the same. No Owner may avoid or diminish any personal obligation by waiver of the use and enjoyment of any of the Common Areas or by abandonment of his Unit.

8.10 Statement of Account. Upon payment of a reasonable fee not

to exceed Ten Dollars (\$10.00), or such other amount as the Act may allow, and upon written request of any Owner or any Mortgagee, prospective Mortgagee or prospective purchaser of a Unit, the Association shall issue a written statement setting forth the amount of the unpaid assessments, if any, with respect to such Unit; the amount of the current yearly assessment and the date that such assessment becomes or became due; credit for advanced payments or pre-paid insurance premiums; and such statement shall be conclusive upon the Association in favor of persons who rely thereon in good faith. Unless such request for a statement of account shall be complied with within twenty (20) days, all unpaid assessments which became due prior to the date of making such request shall be subordinate to the lien of a Mortgagee which acquires its interest subsequent to requesting such statement. Where a prospective purchaser makes such request, both the lien for such unpaid assessments and the personal obligations of the purchaser shall be released automatically if the statement is not furnished within the twenty (20) day period provided herein and thereafter an additional written request is made by such purchaser, the request is not complied with within ten (10) days, and the purchaser subsequently acquires the Unit.

8.11 Land Sale Contracts: Personal Liability of Legal Title Holder and Equitable Title Holder. Subject to the provisions of Section 8.8 above, where the Owner of a Unit transfers, assigns, leases, sells, or otherwise conveys his Unit to another by means of a Uniform Real Estate Contract, Land Installment Contract, or other contractual device, both Seller and Purchaser, and both legal-title-holder and equitable-title-holder, shall be jointly and severally liable to the Association for all assessments which accrue during the term of the contract.

8.12 Personal Liability of Purchaser for Assessments. Subject to the provisions of Section 8.8 above, 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.

8.13 Exempt Property. The following property subject to this Declaration shall be exempt from the assessments herein:

- (a) All properties dedicated to and accepted by a local authority; and
- (b) All Common Areas.

#### IX. INSURANCE

9.1 The Association shall secure and at all times maintain at least the following insurance coverages where reasonably available:



(a) Hazard Coverage. All risk coverage has become difficult, if not impossible, to obtain. A multi-peril or All-risk policy or policies, if reasonably available, or if not fire and extended coverage in the kinds and amounts commonly required by private institutional mortgage investors for projects similar in construction, location, and use on a replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value (based upon replacement cost). Each such policy shall contain the standard mortgagee clause which must be endorsed to provide that any proceeds shall be paid to the Association for the use and benefit of mortgagors as their interests may appear. The assured shall be the Association as a trustee for the Unit Owners, or their authorized representative. Such insurance must provide protection against at least the following: loss by fire and other hazards covered by the standard extended coverage.

(b) Public Liability. A comprehensive policy of public liability insurance covering all of the Common Areas insuring the Association, the Board of Trustees, the Manager, and the Unit Owners against any liability incident to the ownership, use, or operation of the Common Areas and public ways of the Project or any of the Units which may arise among themselves, to the public, or to any invitees, or tenants of the Project, or of the Unit Owners. Limits of liability under such insurance shall not be less than One Million Dollars (\$1,000,000.00) covering all claims for personal property, injury, and/or property damage arising out of a single non-owned and hired automobile and liability for property of others. Such insurance policy shall contain a "severability of interest" endorsement which shall preclude the insurer from denying the claim of a Unit Owner because of negligent acts of the Association or other Unit Owners. The scope of coverage must include all other coverage in the kinds and amounts required by private and institutional mortgage investors for similar projects in location, construction, and use.

(c) Workmen's Compensation Insurance. The Association shall obtain and maintain workmen's compensation and employer's liability insurance and all other similar insurance with respect to employees of the Association in the amounts and in the forms now or hereafter required by law.

(d) Fidelity Insurance or Bond. A blanket fidelity bond shall be maintained by the Association for all officers, directors, and employees of the Association and all persons handling, or responsible for, funds of or administered by the Association. When a management agent has the responsibility for handling or administering funds of the Association, the management agent shall be required to maintain such fidelity

bond coverage. The fidelity bond shall name the Association as a obligee and shall not be less than the estimated maximum of funds, including reserve funds, in the custody of the Association or the management agent, as the case may be, at any given time during the term of each bond. However, in no event may the aggregate amount of such bonds be less than a sum equal to three (3) months aggregate assessments on all Units plus reserve funds. The bond shall contain waivers by the issuers of the bonds of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees" or similar terms or expressions. The premiums on all bonds required herein, except those maintained by the management agent, shall be pa'd by the Association as a Common Expense. The bond shall provide that they may not be cancelled or subsequently modified (including cancellation for non-payment of premium) without at least ten (10) days' prior written notice to the Association. The bonds shall provide that first mortgagees, upon request, shall receive notice of cancellation or modification.

(e) Flood, Mud Slide, and Soil Erosion Insurance. The Association shall purchase and maintain flood, mud slide, and soil erosion insurance if (1) it is located in an identified special flood hazard area, including an area of mud slides and flood-related soil erosion, designated by the Federal Emergency Management Administration; and if (2) such insurance is available. The amount of such insurance required shall be the maximum amount available under the National Flood Insurance Act of 1968, as amended, but not to exceed the insurable value of the property.

9.2 The following additional provisions shall apply with respect to insurance:

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

(b) All insurance policies shall be written by a company holding a financial rating of Class VI or better as designated in Best's Insurance Reports. Each insurer must be specifically licensed to transact business within the State of Utah. Policies are unacceptable where (i) under the terms of the carrier's charter, by-laws or policy contributions or assessments may be made against the Borrower or the Mortgagees; or (ii) by the terms of the carrier's charter, by-laws or policy, loss payments are contingent upon action by the carrier's board of directors, policy holders, or members;

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or (iii) the policy includes any limiting clauses (other than insurance conditions) which could prevent the Mortgagee or the Borrower from collecting insurance proceeds.

(c) The Association shall have the authority to adjust losses.

(d) Insurance secured and maintained by the Association shall not be brought into contribution with insurance held by the individual Unit Owners or their Mortgagees.

(e) Each policy of insurance obtained by the Association shall provide: a standard mortgagee clause commonly accepted by private institutional mortgage investors in the Area in which the Project is located; a waiver (if available) of the insurer's subrogation rights with respect to the Association, the Manager, the Trustees, 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 Association or of the Manager without a prior written demand that the defect be cured; that no "no other insurance" clause therein shall not apply with respect to insurance held individually by the Unit Owners; and that a mortgagee clause endorsement which must provide that the insurance carrier shall notify in writing any

and all insureds, including the services on behalf of Mortgagees thereof at least thirty (30) days in advance of the effective date of any substantial modification or cancellation of the policy.

(f) 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 Association. Any Unit Owner who individually obtained 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.

(g) Insurance coverage required by this Article X must not be prejudiced by (i) any act or neglect of the Unit Owners when such act or neglect is not within the control of the Association, or (ii) any failure of the Association to comply with any warranty or condition regarding any portion of the Project over which the Association has no control.

(h) All policies of property insurance must provide that notwithstanding any provision affording the insurer the right to elect to restore damage in lieu of a cash settlement, that option shall not be exercisable by the insurer without the prior written

approval of the Association (or any insurance trustee) or if it is in conflict with the provisions of any insurance trust agreement to which the insurance may be a party, or any requirement of law.

(i) All policies shall include an "Agreed Amount Endorsement" and, if available, an "Inflation Guard Endorsement."

(j) There may be named, as insured, on behalf of the Association, the Association's authorized representative, including any Trustee with whom the Association may enter into any Insurance Trust Agreement or any successor to such Trustee (each of whom shall be referred to herein as the "Insurance Trustee"), who shall have exclusive authority to negotiate losses under any policy provision such property or liability insurance, and to perform such other functions as are necessary to accomplish this purpose. Where permitted by law, each Unit Owner hereby appoints the Association, or any Insurance Trustee, or substitute Insurance Trustee designated by the Association as his Attorney-in-fact, for the purpose of purchasing and maintaining such insurance, including but not limited to: the collection and appropriate disposition of the proceeds thereof, the negotiation of losses and execution of releases of liability; the execution of all documents; and the performance of all other acts necessary to accomplish such purpose.

(k) The foregoing provisions of Article X shall not be construed to limit the power or authority of the Association to obtain and maintain insurance coverage. In addition to any minimum insurance coverage required hereunder, the Association may purchase additional insurance in such amounts and in such forms as the Association may deem proper from time to time.

(l) The Association shall have no responsibility regarding insurance on the personal property of Unit Owners.

#### X. DAMAGE OR DESTRUCTION

10.1 In the event of damage of or destruction of part or all of the improvements in the Project, the following procedures shall apply:

(a) Insurance Proceeds Sufficient to Repair or Reconstruct. If proceeds of the insurance maintained by the Association are alone sufficient to repair or reconstruct the damage or destroyed improvement, such repair or reconstruction shall be carried out.

(b) Damage and Destruction Less Than 75%. If less than 75% of the Project's improvements are destroyed or

substantially damaged, and if proceeds of the insurance maintained by the Association are not alone sufficient to accomplish repair or reconstruction, restoration shall be carried out and all Unit Owners shall be assessed for any deficiency on the basis of their Percentage Interest.

(c) Damage or Destruction Exceeds 75%. If 75% or more of the Project's improvements are destroyed or substantially damaged, if proceeds of the insurance maintained by the Association 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% elect to repair or reconstruct the affected improvements, restoration shall be accomplished in the manner directed under sub-section (b) above.

(d) Substantial Damage or Destruction but Owners Do Not Elect to Repair or Reconstruct. If 75% or more of the Project's improvements are destroyed or substantially damaged, and if proceeds of the insurance maintained by the Association are insufficient to accomplish restoration and the Unit Owners do not, within 100 days after the destruction or damage, and by a vote of at least 75%, elect to repair or reconstruct the affected improvements, the Association shall promptly record with the Utah County Recorder a notice setting forth such facts. After the recording of such notice the provisions of the Act shall apply and shall govern the rights of all parties having an interest in the Project or any of the Units.

11.2 Determination of Extent of Damage or Destruction. Any reconstruction or repair which is required to be carried out by this Article XI regarding the extent of damage to or destruction of Project Improvements shall be made by three (3) MAI appraisers selected by the Association. The decision of any two such appraisers shall be conclusive.

## XI. OBSOLESCENCE

11.1 Adoption of a Plan. The Owners representing an aggregate voting interest of eighty percent (80%) or more of the Project may agree that the Project is obsolete and adopt a written plan for the renewal and reconstruction. The plan must have the unanimous approval of all first Mortgagees of record at the time of the adoption of such plan. Written notice of adoption of such a plan shall be given to all Owners. Such plan shall be recorded in the official records of Utah County, State of Utah.

11.2 Payment for Renewal and Reconstruction. The expenses of renewal or reconstruction shall be payable by all of the Owners as assessments against their respective Units. These assessments shall be levied in advance pursuant to Article IX hereof and shall be

allocated and collected as provided in that Article. Further levies may be made in like manner if the amounts collected prove insufficient to complete the renewal and reconstruction.

11.3 Dissents from the Plan. An Owner not a party to such a plan for renewal or reconstruction may give written notice of dissent to the Association within fifteen (15) days after the recordation of such plan. The Association shall then give written advice of such dissents to all the Owners within five (5) days after the expiration of such fifteen (15) day period. Within fifteen (15) days of receipt of such notice from the Association the Owners representing an aggregate voting interest of more than twenty percent (20%) of the Project may cancel the plan by written instrument recorded in the official records of Utah County, State of Utah. If the plan is not cancelled then, the Units of each dissenter shall be purchased according to the following procedures. If the Owner and the Association can agree on the fair market value thereof, then such sale and conveyance shall be completed within sixty (60) days thereafter. If the parties are unable to agree, then until such time as they do agree or the value is determined, from the date when either party notifies the other of his or her disagreement, the proceeds of that Owner, which shall be determined by calculating his or her undivided interest in proportion to the respective total undivided interest in the Common Areas, and such apportioned proceeds shall be paid into separate account or accounts, each such account representing one Unit. Each such account shall remain in the name of the Association, and shall be further identified by the Unit designation and the name of the Owner. From each separate account the Association, as attorney in fact, shall use and disburse the total amount of such accounts without contribution from one account to the other, first to encumbrancers (including the Association) in order of the priority of their liens and the balance remaining to each respective Owner.

11.4 Distribution of Excess. In the event amounts collected pursuant to Section 12.2 are in excess of the amounts required for renewal and reconstruction, the excess shall be returned to the Owners by the Association by a distribution to each Owner in an amount proportionate to the respective amount collected from each such owner.

## XII. CONDEMNATION

12.1 Consequences of Condemnation. If at any time or times during the continuance of the condominium ownership pursuant to this Declaration, all or any part of the Project shall be taken or condemned by any public authority or sold or otherwise disposed in lieu or in avoidance thereof, the following provisions shall apply.

12.2 Proceeds. All compensation, damages, or other proceeds therefrom, the sum of which is hereinafter called the "Condemnation

Award," shall be payable to the Association.

12.3 Complete Taking. In the event that the entire Project is taken or condemned, or sold or otherwise disposed of in lieu of or in avoidance thereof, the condominium ownership pursuant thereto shall terminate. The Condemnation Award shall be apportioned among the Owners in proportion to the respective Percentage Interest in the Common Areas, provided that if a standard different from the value of the Project as a whole is employed to measure the Condemnation Award in the negotiation judicial decree, or otherwise, then in determining such shares the same standard shall be employed to the extent it is relevant and applicable.

On the basis of the principle set forth in the last preceding paragraph, the Association shall soon as practicable determine the share of the Condemnation Award to which each Owner is entitled. Such shares shall be paid into separate accounts and disbursed as soon as practicable in the same manner provided in Section 13.4 of this Declaration.

12.4 Partial Taking. In the event that less than the entire Project is taken or condemned, or sold or otherwise disposed of in lieu of or in avoidance thereof, the condominium ownership hereunder shall not terminate. Each owner shall be entitled to a share of the Condemnation Award to be determined in the following manner: (a) as soon as practicable the Association shall, reasonably and in good faith, allocate the Condemnation Award between compensation, damages, or other proceeds, and the amounts so allocated to taking of or injury to the Common Areas shall be apportioned among Owners in proportion to their respective Percentage Interests in the Common Areas, (b) the total amount allocated to severance damages shall be apportioned to those Units which were not taken or condemned, (c) the respective amounts allocated to the taking of or injury to a particular Unit and/or improvement Units an Owner has made within his own Unit shall be apportioned to the particular Unit involved, and (d) the total amount allocated to consequential damages and any other takings or injuries shall be apportioned as the Association determines to be equitable in the circumstances. If an allocation of the Association of the Condemnation Award is already established in negotiation, judicial decree, or otherwise, then in allocating the Condemnation Award the Association shall employ such allocation to the extent it is relevant and applicable. Distribution of apportioned proceeds shall be made by checks made payable jointly to the respective Owners and their respective Mortgagees.

12.5 Reorganization. In the event a partial taking results in the taking of a complete Unit, the Owner thereof automatically shall cease to be a member of the Association. Thereafter, the Association shall reallocate the ownership, voting rights, and assessment ratio determined in accordance with this Declaration according to the same principles employed in this Declaration at its inception and shall submit such re-allocation to the Owners of

remaining Units for amendment of this Declaration as provided.

12.6 Reconstruction and Repair. Any reconstruction and repair necessitated by condemnation shall be governed by the procedures specified in Article XI, above.

### XIII. USE OF UNITS AND COMMON AREAS

13.1 Unit Use Restrictions. Each of the Units in the Project is intended to be used for single family residential housing and is restricted to such use. For purposes of this Section, "family" shall mean a group of natural persons related to each other by blood or legally related to each other by marriage or adoption, or up to two (2) unrelated persons, who maintain a common household in a Unit.

13.2 Occupancy and Residence. For purposes of this and the preceding Paragraph, anyone who resides at the condominium for more than four (4) consecutive weeks, or for more than eight (8) weeks in any calendar year, shall be deemed a permanent resident.

13.3 No Inconsistent Uses Permitted. Neither the Property nor any part of thereof shall be used in any manner or for any purpose inconsistent with the purpose stated in Section 13.1 above.

13.4 Lease of Units. No Unit Owner shall be permitted to rent or lease his Unit for transient, hotel, or time share purposes. All leases shall be in writing. A Unit Owner may not lease less than the entire Unit (except a parking space may be leased to another Unit Owner) nor lease the Unit for less than thirty (30) days. All lease agreements shall be required to provide, and to the extent they do not, shall be deemed hereby to contain the following, anything to the contrary notwithstanding: (a) that the terms of the lease shall be subject in all respects to the provisions and requirements of this Declaration and the By-Laws attached hereto; (b) that any failure by the occupant, lessee or tenant to comply with the terms, covenants, or conditions hereof, shall constitute a material default under the rental agreement or lease; and (c) notice that the Owner has granted and conveyed to the Association a special power of attorney to evict those occupants, renters, tenants, or lessees who refuse to abide by the Condominium Declaration and By-Laws or Rules and Regulations (Owner hereby appoints the Association as his attorney in-fact to enforce the same. Owner also hereby appoints the Association as his attorney in-fact for the purpose of collecting all unpaid Common Area Assessments directly from the tenant, renter, or lessee, which moneys may be deducted by said-tenant, renter, or lessee from rent due to Owner); and that the Association is third party beneficiary of any lease agreements. Other than the foregoing, while there shall be no other restrictions on the right of any Unit Owner to lease his Unit, the Unit Owner shall notify the Association of the dates of the leases and names of each lessee.

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13.5 Use of Common Areas. There shall be no obstruction of the Common Areas by the Owners and/or their renters, guests, invitees without the prior consent of the Association. The Association may by Rules and Regulations prohibit or limit the use of the Common Areas as may be reasonably necessary for the purpose of protecting the interests of all of the Owners or protecting the Units or the Common Areas. Nothing shall be kept or stored on any part of the Common Areas without the prior written consent of the Association, except as specifically provided herein. Nothing shall be altered on, construed in, or removed from, the Common Areas except upon the prior written consent of the Association.

13.6 Violation of Insurance. Without the prior written consent of the Association nothing shall be done or kept in any Unit or in or upon the Common Areas, or in any part thereof, which would result in the cancellation or threatened cancellation of any of the insurance on the Project, or any part thereof, or increase or threaten to increase the rate of insurance on the Project, or any part thereof, over what the Association, but for such activity would pay.

13.7 Violation of Statute, Rule, or Ordinance. Nothing shall be done or kept in any Unit or in or upon the Common Areas, or in any part thereof, which would be a violation of any statute, rule, ordinance, regulation, permit, or other validly imposed requirement of any governmental body.

13.8 Damage or Waste. No damage to, or waste of, the Common Areas, or any part thereof shall be committed by any Owner or any invitee of any Owner, and each Owner shall indemnify and hold the Association and other Owners harmless against all loss resulting from such damage or waste caused by him or his invitees; provided, however, that any invitee of the Association shall not be under any circumstances deemed to be an invitee of any other Owner.

13.9 Noxious, Destructive, Offensive Activity, or Nuisance. No noxious, destructive or offensive activity shall be carried on in any Unit or in the Common Areas or any part thereof, nor shall anything be done therein which may become an annoyance or nuisance to any other Owner or to any person at any time lawfully occupying a Unit in the Project. This includes but is not limited to motor vehicles with or without defective mufflers, or with modified exhaust systems, noise from televisions or stereos, late parties, loud or noisy parties, and the use of frisbees, golf balls, or other projectiles on the Common Areas, and anything else that would violate the Community standards of common decency and quiet enjoyment.

13.10 Structural Integrity. Nothing shall be done in any Unit or in the Common Areas, or any part thereof, which will impair the structural integrity of the building or which would structurally

change the building except as otherwise provided herein.

13.11 Laundry and Garbage. No clothes, sheets, blankets, laundry of any kind, or other articles shall be hung out or exposed on any part of the Common Areas. The Common Areas shall be kept free and clear of rubbish, garbage, debris, and other unsightly materials, equipment, or disabled motor vehicles.

13.12 Toys and Child Care Equipment. There shall be no parking of baby carriages, or play pens, bicycles, wagons, toys, vehicles, benches, chairs, other child care equipment, or personal property on the Common Areas, or any part thereof, except in accordance with the Rules and Regulations of the Association.

13.13 Parking Stalls/Parking. Parking stalls appurtenant to each Unit, and assigned to Unit Owners, shall constitute Limited Common Areas. Use of such Parking Stalls shall be limited to the Unit Owners to whom they belong; Owners may, however, lease their Parking Stalls to other Spring Lane Owners or residents.

The Board shall have absolute discretion to, in its best judgment, permit, in whole or in part, the use of "visitor" or "guest" parking spaces by Spring Lane Owners or residents.

No parking on the street shall be permitted.

There shall be no outside storage or parking upon any Parking Stall, upon the street, or upon any Common Area of any commercial vehicle, trailer, tractor, motor home, mobile home, camper, boat, boat trailer, water-craft or other large motor vehicle of any kind.

No motor vehicle may be parked or stored in such a manner as to create a safety hazard or so as to impair pedestrian or vehicular access to or within the Community.

13.14 Rules and Regulations. The Board has the power and authority to adopt reasonable Rules and Regulations, including but not limited to the power to levy and collect fines, issue and enforce citations and tow vehicles. No Owner shall violate the Rules and Regulations as adopted from time to time by the Association.

13.15 Structural Alterations. Without the prior consent of the Board, no structural alterations of any kind or nature to any Unit, Limited Common Areas, or Common Areas shall be made, and no plumbing, electrical or similar work within the Limited Common Areas or the Common Areas shall be done; nor shall any Unit Owner cause or permit anything to be hung or displayed on the outside of windows or placed on the outside walls of the building and no awnings, canopies, trellises, shutters, cables, radio or television antennas, or satellite discs shall be affixed to or placed upon the Limited

Common Areas, Common Areas, or Units including but not limited to the exterior walls or roof, or any part thereof. The Board shall have the authority to establish standards and mandatory guidelines for the foregoing and for all exterior door colors, window coverings, levelors, shades and blinds as necessary to maintain the aesthetics and uniformity in the Community.

13.16 Restriction on Signs. No signs, flags, or advertising devices of any nature shall be erected or maintained on any part of the Project without the prior written approval of the Association, except for as may be necessary temporarily to caution or warn of danger. If the Association consents to the erection of any such signs or devices, the same shall be removed promptly at the request of the Association.

13.17 Animals and Pets. No dangerous pets shall be permitted. Dangerous pets are defined as those which, in the sole and absolute discretion of the Board have the propensity to threaten the health, safety or welfare of the Community. No pets other than small dogs, cats, birds or other domestic animals allowed by the Management Committee in reasonable numbers, shall be kept or allowed in any part of the Project. No Pet weighing more than twenty (20) pounds will be permitted. An Owner or occupant may not keep in any Unit more than two (2) pets (e.g. two dogs, two cats, two birds, or any combination) at any time. In no event shall dogs be permitted in any of the Common Areas or Facilities of the Project unless carried on a leash. Each pet Owner agrees to and shall indemnify the Committee and hold it harmless against any loss or liability of any kind or character whatsoever arising from or growing out of that Owner or Occupant having an animal or pet in the Project. The Committee, for reasonable cause shall, however, have the right to revoke any permit or consent previously given to any Unit Owner for keeping or harboring any animal within the limits of the Project. Each Owner expressly agrees hereby to abide by and be bound by any Rules and Regulations promulgated by the Association for the management and control of animals and pets in the Project.

13.18 No Overloading. No Owner shall bring anything into his Unit or permit anything to be done in his Unit that will cause damage to the Building or Common Areas, or any part thereof. No Owner shall overload a floor of his Unit, nor overload the electric wiring in the Building or operate machines, appliances, accessories, or equipment in such a manner as to cause, in the sole judgment of the Association, an unreasonable disturbance to others, or connect any machines, appliances, accessories, or equipment to the heating or plumbing systems without the prior written consent of the Association.

13.19 Commercial Uses. No commerce, industry, business, trade, occupation, or profession of any kind shall be conducted, maintained, or permitted on the Property, or any part thereof. Nothing in this Section shall be construed to prevent or prohibit a

Unit Owner from maintaining his professional personal library, or keeping his personal business or professional records or accounts, or handling his personal business or professional telephone calls, or conferring with business or professional associates, clients, or customers in his Unit.

13.20 Unauthorized Leases or Rental Agreements. No Owner shall lease or rent his Unit in violation of this Declaration.

13.21 Hotel, Corporate or Rental Pools. No hotel or corporate use, or any transient use in the nature of a hotel, or time sharing, or rental pools shall be permitted.

13.22 Self-Help. In addition to any other remedies provided for herein, the Association or its duly authorized agent shall have the power to enter upon a Unit or any portion of the Common Area to abate or remove, using such force as may be reasonably necessary, any erection, thing, or condition which violates this Declaration, the By-Laws, the Rules and Regulations, or the Use Restrictions. Unless an emergency situation exists, the Board shall give the violating Unit Owner ten (10) days written notice of its intent to exercise self-help. All costs of self-help, including reasonable attorney's fees actually incurred, shall be assessed against the violating Unit Owner and shall be collected as provided for herein for the collection of assessments.

#### XIV. MORTGAGE PROTECTION

14.1 Notice of Delinquent Owner. From and after the time a Mortgagee makes written request to the Association therefor, the Association shall notify such 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 thirty (30) or more days to cure any failure on his part to perform any of his obligations under this Declaration.

14.2 Assessment Lien Subordinate. The lien or claim against a Unit for unpaid assessments or charges levied by the Association pursuant to this Declaration or the Act shall be subordinate to the Mortgage affecting such Unit, and the Mortgagee thereunder which comes into possession of or which obtains title to 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

or which obtains title shall be collected or enforced by 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.

14.3 Prohibited or Restricted Actions. Unless at least seventy-five percent (75%) of the Mortgagees (based upon one vote for each Mortgage) or Owners (other than Declarant) of the individual Units have given their prior written approval, the Association shall not be entitled, by act, omission, or otherwise:

(a) To abandon or terminate the Project or to abandon or terminate the arrangement which is established by this Declaration and the Map.

(b) To partition or subdivide any Unit.

(c) To abandon, partition, subdivide, encumber, sell, or transfer all or any part of the Common Areas (except for the granting of easements for utilities and similar purposes) consistent with the intended use of the Common Areas.

(d) To sue 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 provided in Article XI.

(e) To change the pro rata interests or obligations of any Unit which apply for (i) purposes of levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards, and for (ii) determining the pro rata share of ownership for each Unit in the Common Areas.

The Association shall not: (i) alter the provisions of Article IX in such a way as to diminish the insurance protection required to be afforded to the parties designed to be protected thereby; or (ii) fail to maintain the insurance coverage described in said Article.

14.4 Examination of Books and Records/Reserve Account. Any Mortgagee shall have the right, at its request and expense and upon reasonable notice, to examine the books and records of the Association. The Association shall establish an adequate reserve to cover the cost of reasonably predictable and necessary repairs, maintenance, and replacements of the Common Areas and shall cause such reserve to be funded by regular monthly or other periodic assessments against the Units rather than by special assessments.

14.5 Condemnation. From and after the time a Mortgagee makes written request to the Association therefor, the Committee or the Association shall notify such Mortgagee in writing in the event that there occurs any damage or loss to, or taking or anticipated

condemnation of: (i) the Common Areas involving an amount in excess of, or reasonably estimated to be in excess of, Ten Thousand Dollars (\$10,000.00); or (ii) Any Unit encumbered the Mortgage held by such Mortgagee, if the amount involved in such damage, loss, or taking is in excess of, or reasonably estimated to be in excess of, One Thousand Dollars (\$1,000.00). Said notice shall be given within ten (10) days after the Association learns of such damage, loss, taking, or anticipated condemnation.

No provision of this Declaration gives or may give a Unit Owner or any other party priority over any rights of Mortgagees pursuant to their respective Mortgages in the case of a distribution to Unit Owners of insurance proceeds or condemnation awards for loss or taking of Units and/or the Common Areas.

14.6 No Right of First Refusal May Apply. Any Mortgagee which obtains title to the Unit encumbered by its Mortgage pursuant to the remedies provided for in said Mortgage, pursuant to foreclosure of said Mortgage, pursuant to exercise of a power of sale available under said Mortgage, or pursuant to deed or assignment in lieu of foreclosure, shall be exempt from and shall in no way be governed by or subject to any "right of first refusal" which may be contained in or provided for in this Declaration.

14.7 Conflict. 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 Article XV 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 Association with respect to the subject concerned.

14.8 Amendments/Maximum Protection to Mortgagee. No amendment to this Declaration which has the effect of diminishing the rights, protection or security afforded to the Mortgagees shall be accomplished or effected unless all of the Mortgagees of the individual Units have given their prior written approval to such amendment. Any amendment to this Article XIV shall be accomplished by an instrument executed by the Association and filed for record in the office of the Utah County Recorder. In any such instrument, an officer of the Association shall certify that any prior written approval of Mortgagees required by this Article XIV as a condition to amendment has been obtained.

14.9 Reviewed Financial Statements/Audits. The Association shall provide a compilation, a review, summary or an audited statement, where appropriate, for the preceding fiscal year if the holder, insurer, or guarantor of any first mortgage on a Unit submits a written request for it.

#### XV. AMENDMENT

15.1 Procedure. Except as otherwise provided herein, the provisions of this Declaration may be amended, changed, or modified by the vote of at least sixty-seven percent (67%) of the Percentage Interest in the Common Areas. Any amendment so authorized shall be accomplished through the recordation of an instrument in writing executed by the Association. In such instrument, the Board of Trustees shall certify that the vote required by this Article for Amendment has occurred. The Amendment shall be effective upon the recordation in the office of the County Recorder of Salt Lake County, State of Utah.

#### XVI. GENERAL PROVISIONS

16.1 Covenants to Run with Land. This Declaration and all the provisions hereof shall constitute covenants to run with the land or equitable servitudes, as the case may be, and shall be binding upon and shall inure to the benefit of Declarant, all other signatories hereto, all parties who hereafter acquire any interest in a Unit or in the Project, and their respective grantees, transferees, heirs, devisees, personal representatives, successors, and assigns. Each Owner or occupant of a Unit shall comply with, and all interests in all Units shall be subject to, the terms of this Declaration and the provisions of any rules, regulations, agreements, instruments, supplements, amendments, and determinations contemplated by this Declaration. Failure to comply with any of the same shall be grounds for an action to recover sums due and for damages or injunctive relief or both, maintainable by the Association on behalf of the Owners, or, in a proper case, by an aggrieved Owner. By acquiring any interest in a Unit or in the Project, the party acquiring such interest consents to, and agrees to be bound by, each and every provision of this Declaration.

16.2 Limitation on Association's Liability. The Association shall not be liable for failure of water service or other utility services to be obtained and paid for by the Association hereunder, or for personal injury or property damage caused by the elements, another Owner or person in or upon the Project, or resulting from electricity, or water, rain, snow, or ice which may have originated, leaked, or flowed from outside any Building or from any parts thereof, Building or its drains, pipes, conduits, appliances, or equipment or from any other place, unless caused by the grossly negligent or willful misconduct of the Association.

No diminution or abatement of any assessments under the Declaration shall be claimed or allowed for inconvenience or discomfort arising from the making of any repairs or improvements to or maintaining the Project or any part thereof, or from any action taken to comply with the provisions of this Declaration or with the laws, ordinances, regulations, rules, or orders of any governmental authority.

Each Unit Owner or occupant hereby waives, releases, and forever discharges any and all claims which he may have against the Board of Trustees, the Association, and their respective employees or agents, for damage to the Common Areas and facilities, any Unit, or to any personal property located in the Unit or on the Common Areas caused by fire or other casualty to the extent that such damage is not covered by fire or other form of casualty insurance.

16.3 Owner's Obligations Continue. All obligations of the Owner under and by virtue of the provisions contained in this Declaration shall continue, notwithstanding that he may have leased or rented said interest, but the Owner of a Unit shall have no obligation for expenses or other obligations accruing after he conveys the Unit.

16.4 Interpretation. To the extent the provisions of the Act are consistent with this Declaration, such provisions shall supplement the terms hereof and are incorporated herein. The captions which precede the Articles and Sections of the Declaration are for convenience only and shall in no way affect the manner in which any provision hereof is construed. Whenever the context so requires, the singular shall include the plural, the plural shall include the singular, and the plural shall include both genders. The invalidity or unenforceability of any portion of this Declaration shall not affect the validity or enforceability of the remainder hereof.

16.5 Agent for Service of Process. The President of the Association is the person to receive service of process in the cases authorized by the Act. The Association shall, however, have the right to appoint a successor or substitute process agent. Such successor or substitute agent and his address shall be specified by an appropriate instrument filed in the office of the County Recorder of Salt Lake County, State of Utah.

16.6 Effective Date. This Declaration, any amendment or supplement hereto, and any amendment or supplement to the Map shall take effect upon its being filed for record in the office of the County Recorder of Salt Lake County, State of Utah.

16.7 Utilities. All expenses incurred in the operation, maintenance, and improvement of the utilities servicing the Community, including but not limited to gas, water, power, sewer, and waste removal, are hereby declared to be Common Expenses and shall be apportioned among the Unit Owners in accordance with their Percentage Interest. Any expense incurred in the maintenance and repair of any interior utility system shall be the expense of the individual Unit Owner and shall not be included in the common expenses described above.

The Association shall have the power, without risk of liability, to shut off utilities to any Owner or Occupant whose Common Area fees have not been paid, after no less than ten (10) days prior



notice has been given to the defaulting party. The Association also has the right and power, at its option, to separately meter any utility service when an Owner or Occupant is in default of a payment of a Common Area assessment, and the cost of the metering shall be charged to the Owner. Further, the Board may shut off any utility service to any Owner or occupant who has not paid his proportionate share of the Common Area utility bills. The cost of any shut off valves, both labor and material, shall be the obligation of the defaulting Owner or occupant. The Association may file a lien for this charge, and foreclose thereon or sue for a personal judgment at its option.

16.8 Separate Real Estate Taxes. It is understood that real estate taxes are to be separately taxed to each Unit Owner for his Unit and his corresponding percentage of ownership interest in the Common Areas. However, in the event that for any year such taxes are not separately taxed to each Unit Owner, but are taxed on the Property as a whole, then each Unit Owner shall pay his proportionate share of the whole in accordance with his respective percentage of ownership interest in the Common Areas.

16.9 Entry by Board of Trustees. The Board of Trustees or its agents or employees may enter any Unit when necessary in connection with any painting, maintenance, repair, improvement, or reconstruction for which the Board is responsible or which the Board has the right or duty to do. Such entry shall be made with as little inconvenience to the Unit Owner as practicable, and any damage caused thereby shall be repaired by the Board at the expense of the Association.

16.10 Failure to Enforce. No terms, obligations, covenants, conditions, restrictions, or provisions imposed hereby or contained herein shall be abrogated or waived by any failure of the Association to enforce the same, no matter how many violations or breaches may occur.

16.11 Notices. Notice required or permitted to be given hereby to the Board of Trustees, the Association, or any Unit Owner may be delivered either personally or by mail, postage pre-paid, addressed to a member of the Board, the Board, the Association, or the Unit Owner. Notice required to be given to any devisee or personal representative of a deceased Unit Owner may be delivered either personally or by mail, postage pre-paid, addressed to such party at his address appearing in the records of the Association, or the Court wherein the estate of such deceased person is being administered.

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

16.13 Violation of Declaration. The violation of any covenant, condition, restriction, limitation, rule or regulation adopted by the Association, or the breach of any provision herein contained, shall give the Association the power and right, in addition to any other powers and rights heretofore stated, to enter upon the Unit, or any portion thereof, upon which such violation or breach exists and to similarly abate and remove, at the expense of the violating or defaulting Unit Owner, any structure, article, item, object, thing, or condition, that may exist thereon contrary to the intent and meaning of the provisions hereof, and the Association, or its employees or agents, shall not thereby be deemed guilty in any manner of trespass; or to enjoin, abate, or remedy by appropriate legal proceedings, either at law or equity, the continuance of any violation or breach.

16.14 Attorney Fees. In the event the Board of Trustees refers the Declaration, By-Laws, or Rules and Regulations to an attorney for enforcement, whether or not a suit is filed, the Association shall be entitled to recover all costs, including reasonable attorney's fees, incurred from the defaulting Owner and/or occupant. All sums assessed to Owner pursuant to this Section shall be secured by an automatic lien against his Unit in favor the Association.

16.15 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 an act or 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 the stated percentage of undivided ownership interest.

EXECUTED by the Association on the day and year first above written.

SPRING LANE CONDOMINIUM  
HOMEOWNER'S ASSOCIATION


  
By: FRANK D. MURPHY  
Title: President

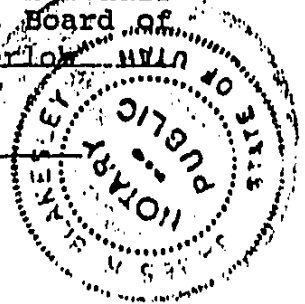
  
By: MARLENE D. ORLOB  
Title: Secretary

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

On this ~~21st~~ <sup>MAY</sup> day of ~~April~~, 1988, personally appeared before me, Frank D. Murphy and Marlene D. Orlob, who duly acknowledged to me that they are the President and Secretary of Spring Lane Condominiums Homeowner's Association and that the foregoing instrument was signed on behalf of said Association by authority of its resolution of its Board of Directors, and said Frank D. Murphy and Marlene D. Orlob acknowledged to me that said Association executed the same.

  
Notary Public  
Residing at: Salt Lake, Utah

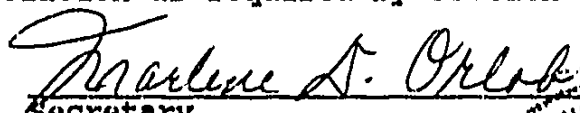


My Commission Expires:  
5-4-89

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

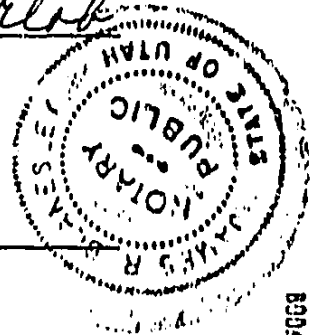
**CERTIFICATION**

Comes now Marlene D. Orlob, the Secretary of the Association, and under oath, acknowledges and certifies that the foregoing Amended Declaration was approved by sixty-seven (67%) or more of the members of the Association as required by Section 26 of the original Declaration.

  
Secretary

Subscribed and sworn to before me this 31st day of May, 1988.

  
Notary Public  
Residing at: Salt Lake, Utah



My Commission Expires:  
5-4-89

8904 6061 751 2848

EXHIBIT "A."

BEGINNING at a point North 1045.018 feet and West 461.798 feet and South 189.70 feet and North  $89^{\circ}55'49''$  West 527.29 feet from the South Quarter Corner of Section 9, Township 2 South, Range 1 East, Salt Lake Base and Meridian; and running North  $89^{\circ}55'49''$  West 538.33 feet; thence North  $1^{\circ}34'32''$  West 918.64 feet to the south line of Spring Lane; thence Southeasterly on a curve to the left (the radius point of which is North  $45^{\circ}10'59''$  East 443.27 feet) along the south line of Spring Lane a distance of 287.26 feet; thence South  $81^{\circ}56'50''$  East 139.51 feet along said street, said point being South  $8^{\circ}03'10''$  West 33.00 feet and North  $81^{\circ}56'50''$  West 90.16 feet from a Salt Lake County Surveyors Monument in the intersection of Tarooma Drive and Spring Lane; thence South 209.63 feet; thence East 86.07 feet; thence South  $8^{\circ}47'$  East 570.00 feet to the point of BEGINNING.

LESS THE FOLLOWING PARCEL:

BEGINNING at a point North 855.32 feet and West 461.80 feet and North  $89^{\circ}55'49''$  West 1065.62 feet and North  $1^{\circ}34'32''$  West 561.54 feet from the South Quarter Corner of Section 9, Township 2 South, Range 1 East, Salt Lake Base and Meridian; and running thence North  $1^{\circ}34'32''$  West 357.10 feet to the Southerly line of Spring Lane, said point being due North 125.96 feet and due West 484.37 feet from a County Surveyors Monument in the intersection of Tarooma Drive and Spring Lane; thence Southeasterly along Spring Lane on a curve to the left (the radius point of which is North  $45^{\circ}10'59''$  East 443.27 feet) a distance of 178.62 feet; thence South  $1^{\circ}34'32''$  East 258.78 feet; thence West 145.00 feet to the point of BEGINNING.

ALSO EXCEPTING THEREFROM THE FOLLOWING PARCEL:

BEGINNING at a point on the south right-of-way line of Spring Lane, said point being North 1045.018 feet and West 461.798 feet and South 189.70 feet and North  $89^{\circ}55'49''$  West 527.29 feet and North  $8^{\circ}47'00''$  West 570.00 feet and West 86.07 feet and North 209.63 feet from the South quarter corner of Section 9, Township 2 South, Range 1 East, Salt Lake Base and Meridian; said point also being South  $8^{\circ}03'10''$  West 33.00 feet and North  $81^{\circ}56'50''$  West 90.16 feet from a Salt Lake County surveyors monument in the intersection of Tarooma Drive and Spring Lane, and running thence South 209.63 feet; thence West 18.66 feet; thence South 109.82 feet; thence West 50.00 feet; thence South 115.00 feet; thence West 95.00 feet; thence North 115.00 feet; thence West 87.00 feet; thence North 108.50 feet; thence West 15.00 feet; thence North  $1^{\circ}34'32''$  West 258.78 feet to a point on the south right-of-way line of said Spring Lane, said point being on a curve, to the left, the radius point bears North

22°05'43" East 443.27 feet; thence Easterly along the arc of said curve and along said South right-of-way 108.64 feet; (long chord bears South 74°55'34" East 108.37 feet); thence South 81°56'50" East along said South right-of-way line 139.51 feet to the point of BEGINNING.

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EXHIBIT "B"

<u>Unit Number</u>	<u>Building Number</u>	<u>Ownership Percentage</u>
1	A	1.250
2	A	1.250
3	A	1.250
4	A	1.250
5	B	1.250
6	B	1.250
7	B	1.250
8	C	1.250
9	C	1.250
10	C	1.250
11	C	1.250
12	D	1.250
13	D	1.250
14	D	1.250
15	E	1.250
16	E	1.250
17	E	1.250
18	E	1.250
19	F	1.250
20	F	1.250
21	F	1.250
22	F	1.250
23	G	1.250
24	G	1.250
25	G	1.250
26	G	1.250
27	H	1.250
28	H	1.250
29	H	1.250
30	I	1.250
31	I	1.250
32	I	1.250
33	J	1.250
34	J	1.250
35	J	1.250
36	K	1.250
37	K	1.250
38	K	1.250
39	K	1.250
40	L	1.250
41	L	1.250
42	L	1.250
43	L	1.250
44	M	1.250
45	M	1.250
46	M	1.250
47	N	1.250
48	N	1.250

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EXHIBIT "C"

AMENDED BY-LAWS

OF

SPRING LANE CONDOMINIUMS

\* \* \*

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AMENDED BY-LAWS OF SPRING LANE CONDOMINIUMS

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EXHIBIT "C"

AMENDED BY-LAWS

OF

SPRING LANE CONDOMINIUM

ARTICLE I

PLAN OF UNIT OWNERSHIP AND INCORPORATION

1. Condominium Submission. The Land described with particularity in the Amended Declaration of Condominium (hereinafter called the "Declaration"), which is located in Salt Lake County, State of Utah, has been submitted to the provisions of the Act. The Declaration recorded in the Office of the County Recorder of Salt Lake County, State of Utah, and these Amended By-Laws (hereinafter called the "By-Laws") are annexed thereto.

2. Incorporation. In the event the Spring Lane Homeowner's Association elects to or has elected to incorporate under and pursuant to the Laws of the State of Utah, these By-Laws shall also function and operate as the By-Laws of the incorporated Association.

3. Office and Registered Agent. The Registered Agent of the Association is the President of the Association. The President at this time is Frank Murphy, and the address of the Registered Agent is 5238 South Springleaf Drive, Salt Lake City, Utah. This is also the registered address of the incorporated Association and shall remain so unless otherwise designated by the Board of Trustees.

4. By-Laws Applicability. All present and future Owners, tenants, renters, lessees, their guests, licensees, invitees, servants, agents, employecs, and any other person or persons who shall be permitted to use the facilities of the Project, shall be subject to these By-Laws. Acquisition, rental, or occupancy of any of the Units in the Project shall constitute an acknowledgment not only that such Owner, tenant, or occupant has accepted these By-Laws, the provisions of the Declaration and the Rules and Regulations promulgated from time to time by the Homeowner's Committee, but also that they will comply with them.

ARTICLE II

ASSOCIATION

1. Composition. All of the Unit Owners, acting as a group in accordance with the Act, the Declaration, and these By-Laws, shall constitute the Association. Except as to those matters which the Act or the Declaration specifically requires to be performed by the vote of the Unit Owners, the administration of the Project shall be performed by the Association through the Homeowner's Committee.

2. Voting. The total percentage of the number of votes in the Association shall be 100% and each unit shall be entitled to the number of votes proportionate to the Percentage Interest assigned to such Unit. Since a Unit Owner may be more than one person, if only one of such persons is present at a meeting of the Association that person shall be entitled to cast the votes appertaining to that Unit. But, if more than one of such persons is present, the vote appertaining to that Unit shall be cast only in accordance with the agreement of a majority of them, and such consent shall be conclusively presumed if anyone of them purports to cast the vote appertaining to that Unit without protest being made forthwith by any of the others to the person presiding over the meeting. Since a person need not be a natural person, the word "person" shall be deemed for the purposes of this Section to include, without limitation, any natural person having the authority to execute deeds on behalf of any entity, excluding natural persons, which are, either alone or in conjunction with another person or persons, a Unit Owner. Except where a greater number is required by the Act, the Declaration, or these By-Laws, where a quorum exists a majority of the votes of Unit Owners present in person or represented by proxy in good standing and entitled to vote is required to adopt decisions at any meeting of the Association. If the Declarant owns or holds title to one or more Units, the Declarant shall have the right at any meeting of the Association to cast the votes to which such Unit is entitled.

3. Place of Meeting. Meetings of the Association shall be held at the principal office of the Project or at such other suitable place as may be designated by the Committee from time to time and stated in the notice of meeting.

4. Annual Meeting. Unless otherwise designated by the Committee, the annual meeting of the Association shall be held at 7:00 p.m. on the second Monday in April of each year, or at such other suitable date as may be designated by the Committee from time to time. When such day is a legal holiday, the meeting shall occur on the first business day thereafter. The place of meeting shall be at a location in Salt Lake County, State of Utah, specified in the notice of meeting.

5. Special Meetings. It shall be the duty of the President to call a special meeting of the Association if so directed by resolution of the Committee or, after all of the Committee has been elected by Unit owners other than Declarant, upon a petition signed and presented to the Secretary by Owners having not less than twenty-five percent (25%) of the Percentage Interest of all Owners. The notice of any special meeting shall state the date, time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

6. Notice of Meeting. It shall be the duty of the Secretary to mail, by United States mail, postage pre-paid, a notice of (a) each annual meeting of the Owners not less than two (2) and not more than thirty (30) days in advance of such meeting; and (b) each special meeting of the Owners at least five (5) days in advance of such meeting, stating the purpose thereof as well as the time and place where it is to be held, to each Owner of record, at the address of their respective Units and at such other address as each Owner may have designated by notice in writing to the Secretary. The mailing of a notice of meeting in the manner provided in this Section shall be considered service of notice.

7. Voting Requirements. 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 be in full compliance with all of the terms, covenants, and conditions of the Act, the Declaration, these By-Laws, and the Rules and Regulations, and 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, 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. Quorum Voting. Except as may otherwise be provided herein or by the Declaration, or by statute, fifty-one percent (51%) of the Percentage Interest shall constitute a quorum for the adoption of decisions. If, however, such quorum shall not be present or represented at any meeting, the Owners entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting and reschedule for a time no earlier than forty-eight (48) hours and no later than thirty (30) days after the set time for the original meeting. No notice of such rescheduled meeting shall be required except an announcement thereof at the original meeting. The Owners present at the rescheduled meeting shall constitute a quorum for the adoption of decisions. When a quorum is present at any meeting, the vote of the Unit Owners representing more than fifty percent (50%) of the Percentage Interest in person or by proxy, shall decide any question brought before the meeting.

10. Order of Business. The order of business at all meetings of the Association shall be as follows:

- (a) roll call;
- (b) proof of notice of meeting;
- (c) reading of minutes or preceding meeting;
- (d) reports of officers;
- (e) report of special committees, if any;
- (f) election of inspectors of election, if applicable;
- (g) election of Committee Members, if applicable;
- (h) unfinished business; and
- (i) new business.

11. Conduct of Meeting. The President shall, or in his absence the Vice-President, 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 record of all transactions occurring thereat.

### ARTICLE III

#### BOARD OF TRUSTEES aka BOARD OF DIRECTORS, HOMEOWNER'S COMMITTEE, MANAGEMENT COMMITTEE, OR COMMITTEE

1. Powers and Duties. The affairs and business of the Association shall be managed by the Board of Trustees, also sometimes known in this and other related documents as the Board of Directors, Board, Homeowner's Committee, Management Committee, or Committee, which 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 By-Laws 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 Project provided such Rules and Regulations shall not be in conflict with the Act, the Declaration, or these By-Laws. The Committee shall delegate to one of its members 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 and method of the installment payment of the annual assessment for Common Expenses subject to these guidelines. Unless otherwise determined by the Committee, the annual assessment against each Owner for his proportionate share of the Common Expenses may 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. However, in the event a Unit Owner fails to make an installment payment in a timely manner, then the entire annual assessment shall automatically be due and payable without further notice.

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

(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 the compensation of 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, amending, and enforcing Rules and Regulations respecting the Declaration, these By-Laws, and 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 By-Laws, after damage or destruction by fire or other casualty.

(i) Enforcing by legal means the provisions of the Declaration, these By-Laws, 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 the risks, casualties and liabilities, as provided in the Declaration and paying the premium cost thereof.

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

(l) Keeping books and records with detailed accounts of the receipts and expenditures affecting the Property, and the administration of the Project, 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 Project, 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 Project who requests the same in writing from the Secretary.

(m) Water, waste removal, electricity, telephone, cable t.v., and other necessary utility services for the Common Areas and such services to the Units, including but not limited to heating, as are not separately metered or charged to the Unit Owners thereof.

(n) Landscaping, gardening, snow removal, painting, cleaning, maintenance, decorating, repair and replacement of the Common Areas, but not including the interior

surfaces, windows, doors, patios, or balconies, of the Units.

(o) To pay any amount necessary to discharge any mechanic's or materialmen's lien or other encumbrance levied against the Property, or any part thereof, which may in the opinion of the Committee constitute a lien against the Property or against the Common Areas, rather than merely against the particular Unit. When one or more Unit Owners are responsible for the existence of such a lien, they shall be jointly and severally liable for the cost of discharging it and any costs incurred by the Committee by reason of said lien or liens shall be specially assessed to said Unit Owners and shall, until paid by said Unit Owners, constitute a lien on the interest of said Unit Owners in the Property which lien may be perfected and foreclosed in the manner provided in the Declaration.

(p) To issue citations for violations of the Declaration, By-Laws, or Rules and Regulations.

(q) After due notice and hearing, to make rulings on alleged violations of the Declaration, By-Laws, or Rules and Regulations.

(r) To levy, collect, and otherwise enforce fines, penalties, or assessments for citations for violations of the Declaration, By-Laws, or Rules and Regulations.

(s) At the expense of the Owner, or Occupant, to tow away or otherwise remove any motor vehicle parked or standing in an unauthorized area.

(t) To evict non-owner Occupants in material violation of the Declaration, By-Laws, or Rules and Regulations.

(u) To do such other things and acts necessary to accomplish the foregoing and not inconsistent with the Act, the Declaration, the By-Laws, or to do anything required by a proper resolution of the Board or Association.

2. Composition of Board. The Board shall be composed of the same five (5) persons, the same referred to in Article VI of the Declaration. Only Unit Owners and officers or agents of Owners other than individuals shall be eligible for Committee Membership.

3. Election and Term of Office of the Committee. The term of office of membership on the Committee shall be two (2) years. At the expiration of the member's term, a successor shall be elected.

4. Organization Meeting. The first meeting of the members of the Committee shall be immediately following the annual meeting of the Association.

5. Regular Meetings. Regular meetings of the Committee shall be held from time to time and at such time and place as shall be determined by a majority of the members of the Committee.

6. Special Meetings. Special meetings of the Committee may be called by the President, Vice-President or a majority of the members on at least twenty-four (24) hours notice to each member. Such notice shall be given personally, by mail or by telephone, and such notice shall state the time, place and purpose of the meeting. Any meeting attended by all members of the Committee shall be valid for any and all purposes.

7. Waiver of Notice. Before or at any meeting of the Committee, any member 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 at any meeting of the Committee shall be a waiver of notice by him of the time and place thereof. If all the members are present at any meeting of the Committee, no notice shall be required and any business may be transacted at such meeting.

8. Committee's Quorum. At all meetings of the Committee, a majority of the members then in office shall constitute a quorum for the transaction of business, and the acts of the majority of all the Committeemen present at a meeting at which a quorum is present shall be deemed to be the acts of the Committee. If, at any meeting of the Committee, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time but for no longer than thirty (30) days. At any such rescheduled meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

9. Vacancies. Vacancies in the Committee caused by any reason other than removal of a member by a vote of the Association shall be filled by vote of the majority of the remaining members of the Committee at a special meeting of the Committee held for that purpose promptly after the occurrence of any such vacancy, even though the total members remaining may constitute less than a quorum of the committee; and each person so elected shall be a member for the remainder of the term of the member so replaced and until a successor is elected at the next annual meeting of the Association.

10. Removal of Committee Member. A member may be removed with or without cause, and his successor elected, at any duly called regular or special meeting of the Association at which a

quorum of the Association is present, by an affirmative vote of sixty-seven percent (67%) of the votes represented and voting. Any member whose removal has been proposed by the Owners shall be given at least ten (10) days notice of the calling of the meeting and the purpose thereof and an opportunity to be heard at the meeting. Any Committee Member who misses twenty-five percent (25%) or more of the Committee Meetings or who misses three (3) consecutive meetings, in any calendar year, shall be automatically removed from the Committee.

11. Independent Contracts. The Association may contract to employ any member for services outside the scope of committee membership.

12. Conduct of Meetings. The President shall preside over all meetings of the Committee and the Secretary shall keep a Minute Book of the Committee recording therein all resolutions adopted by the Committee and a record of all transactions and proceedings occurring at such meetings.

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.

14. Fidelity Bonds. The Committee shall require that all officers, agents (including professional Manager and its employees) and employees of the Association handling or responsible for funds, furnish adequate fidelity bonds. The premiums on such bonds shall constitute a Common Expense. The Committee shall provide fidelity insurance coverage as required by the Declaration.

15. Liability Insurance. If possible, and if approved by the Association, the Committee shall purchase and maintain liability insurance for all officers, agents, and employees (including professional manager and its employees) of the Association. The premiums on such insurance shall constitute a Common Expense.

#### ARTICLE IV

##### OFFICERS

1. Designation. The principal officers of the Association shall be a President, a Vice-President, a Secretary and a Treasurer, all of whom shall be elected by the Committee. The Committee may appoint assistant secretaries and such other officers as in its judgment may be necessary. All officers shall also be members of the Committee. Two or more offices may be held by the same person, except that the President shall not hold any other office.

2. Election of Officers. The officers of the Association shall be elected annually by the Committee at the organization meeting of each Committee and shall hold office at the pleasure of the Committee. Any vacancy in an office shall be filled by the Committee at a regular meeting or special meeting called for such purpose.

3. Removal of Officers. The officers shall hold office until their respective successors are chosen and qualify in their stead. Any officer elected or appointed by the Committee may be removed at any time by the affirmative vote of a majority of the whole Committee, and his successor may be elected at any regular meeting of the Committee, or at any special meeting of the Committee called for such purposes.

4. President or Chairman. The President shall be the chief executive officer; he shall preside at meetings of the Association and the Committee and shall be an ex officio member of all committees; he shall have general and active management of the business of the Committee and shall see that all orders and resolutions of the Committee are carried into effect. He shall have all of the general powers and duties which are usually vested in or incident to the use of president of a stock corporation organized under the laws of the State of Utah.

5. Vice-President or Vice-Chairman. The Vice-President shall, in the absence or disability of the President, perform the duties and exercise the powers of the President, and shall perform such other duties as the Committee or the President shall prescribe. If neither the President nor the Vice-President is able to act, the Committee shall appoint a member of the Committee to do so on an interim basis.

6. Secretary. The Secretary shall attend all meetings of the Committee and all meetings of the Association and record all votes and the minutes of all proceedings in a book to be kept by him for that purpose and shall perform like duties for committees when required. He shall give, or cause to be given, notices for all meetings of the Association and the Committee and shall perform such other duties as may be prescribed by the Committee. The Secretary shall compile and keep current at the principal office of the Association, a complete list of the Owners and their last known post office addresses. This list shall be open to inspection by all Owners and other persons lawfully entitled to inspect the same, at reasonable hours during regular business days. The Secretary shall also keep current and retain custody of the Minute Book of the Association, containing the minutes of all annual and special meetings of the Association and all sessions of the Committee including resolutions.

7. Treasurer. The Treasurer shall have custody of all funds and securities that are not under the control of the Managing Agent, and with the Assistance of the Managing Agent, shall keep full and accurate records of receipts and disbursements, shall prepare all required financial data, and shall deposit all monies and other valuable effects in such depositories as may be designated by the Committee. He shall disburse funds as ordered by the Committee, taking proper vouchers for such disbursements, and shall render to the President and members, at the regular meetings of the Committee, or whenever they may require it, an account of all his transactions as Treasurer and of the financial condition of the Project.

8. Professional Management/Agreement, Contracts, Deeds, Checks, etc. If the Community is self-managed, all agreements, contracts, deeds, leases, checks, and other instruments of the Project 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, provided, however, one of the signatures shall always be that of the President or Secretary. This procedure shall not be required if the Community is managed by a properly bonded and insured Professional Management Company. The Association may but need not be professionally managed.

#### ARTICLE V

##### FISCAL YEAR

The fiscal year of the Association shall be the calendar year consisting of the twelve month period commencing on January 1st of each year terminating on December 31st of the same year. The fiscal year herein established shall be subject to change by the Committee should it be deemed advisable or in the best interests of the Association.

#### ARTICLE VI

##### AMENDMENT TO BY-LAWS

1. Amendments. Except as otherwise provided in this Section or the Declaration or Articles, these By-Laws may be modified or amended either (i) by a vote of Owners representing at least fifty-one percent (51%) of the Percentage Interest at any regular or special meeting at which a quorum is present, provided that Notice of the proposed amendment shall have been given to each Owner simultaneously with the notice of the meeting, or (ii) pursuant to a written instrument duly executed by Owners representing at least fifty-one percent (51%) of the Percentage Interest.

2. Recording. A modification or amendment of these By-Laws shall become effective only if such modification or amendment is

recorded in the Office of the County Recorder of Utah County, State of Utah.

3. Conflicts. No modification or amendment of these By-Laws may be adopted which shall be inconsistent with the provisions of the Act or Declaration. A modification or amendment once adopted and recorded as provided for herein shall then constitute part of the official By-Laws of the Project and all Owners shall be bound by and shall be obligated to abide by such modification or amendment.

#### ARTICLE VII

##### NOTICE

1. Manner of Notice. All notices, demands, bills, statements, or other communications provided for or required under these By-Laws shall be in writing and shall be deemed to have been duly given if delivered personally or sent by U.S. Mail, first class postage pre-paid, (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 By-Laws, 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.

#### ARTICLE VIII

##### COMPLIANCE, CONFLICT, AND MISCELLANEOUS PROVISIONS

1. Compliance. These By-Laws are set forth in compliance with the requirements of the Act.

2. Conflict. These By-Laws 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 By-Laws 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. In the event of any conflict between the provision of these By-Laws and the corporate By-Laws dated 6/15/87, these By-Laws shall govern and control.

3. Severability. If any provisions of these By-Laws or any section, sentence, clause, phrase, or work, or the application thereof in any circumstance is held invalid, the validity of the remainder of these By-Laws 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 By-Laws shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same.

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

6. Gender, etc. Whenever in these By-Laws the context so requires, the singular number shall refer to the plural and the converse; and the use of any gender shall be deemed to include both masculine and feminine.

7. Committee Liability and Indemnity. The members of the Committee and the officers thereof shall not be liable to any Unit Owner, occupant or visitor for any damages, loss or liability arising out of or caused by any mistake of judgment, or for any acts or omissions made in good faith. To the extent any loss is not covered by insurance, Unit Owners, occupants and visitors hereby agree to and shall indemnify and hold harmless the Association, the Committee, their members or officers against all tort liability and all contractual liability arising out of contracts entered into on behalf of the Association, unless such contracts shall have been made in bad faith or contrary to the provisions of the Declaration, or for any damages for any injury which may occur during the course of work for the Association. Each agreement or contract made by the Association shall be executed by a committee member or officer, as an agent for the Association.

8. Damage not Covered by Insurance. Each Unit Owner hereby waives and releases any and all claims, demands, and choses in action he may have against the Association or any officer or member of the Committee, and their respective employees, agents, and representatives for damage or losses to his property or person to the extent the damage or loss is not covered by insurance.

9. Negligence. If due to an act or omission of a Unit Owner, or a member of his family, or a guest, or other authorized occupant, visitor, or invitee, damage is caused to person or property, including but not limited to the Common Areas, or to a



Unit owned by another, the loss or damage including but not limited to the cost of repair, replacement, or restoration required, which would otherwise be at the common expense of the Association, shall be paid for by said Owner to the extent it is not covered by insurance. Payment shall be in the manner determined by the Committee.

10. Incorporation. The Committee may, without further notice, at any time hereafter, cause the formation of a non-profit corporation for the purpose of facilitating the administration, management, and operation of this Project, and in such event: (a) each Unit Owner shall be a member of such corporation, which membership shall terminate upon the sale or other disposition by such member of his Unit ownership, at which time the new Unit Owner shall automatically become a member; (b) the provisions of these By-Laws shall be adopted as the By-Laws of such corporation; and (c) the Articles of Incorporation and By-Laws shall not contain any terms or provisions inconsistent with the Act or Declaration.

11. Prior Documents Superseded. These Amended By-Laws supersede and replace in their entirety all other By-Laws governing Spring Lane or Spring Lane Homeowners Association, Inc.

12. Attorney's Fees and Costs. If an Owner, occupant or guest shall, at any time, be in default under the provisions of these By-Laws, or the Declaration, or Act, and the Committee shall be required to take action to enforce the same, the Owner shall reimburse the Committee for all costs and expenses, including but not limited to a reasonable attorney's fee necessitated thereby. The Committee shall have the right and power to file a lien therefore and to collect the same as if it were an unpaid assessment. In the event of a breach or anticipated breach by an Owner of any of the terms, covenants, or conditions of these By-Laws or Declaration, the Committee shall have the right to injunctive relief, damages, and to invoke any remedy permitted by law or equity.

13. Persons Bound. All references herein to an Owner, Occupant, Tenant, Renter, Lessee, Guest, or Invitee shall be deemed to include their respective executors, administrators, representatives, legatees, distributees, and assigns; and the terms, covenants, and conditions herein contained shall apply to and bind them.

14. Conclusive Decisions of Committee. In the event of any dispute or disagreement between any Unit Owners relating to the Property, or any question or interpretation or application of the provisions or the Act, the Declaration, these By-Laws, or the Rules and Regulations, the determination thereof by the Committee shall be complete, final and binding upon each said Unit Owner.

