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DECLARATION OF CONDOMINIUM
OF
HERITAGE COVE TOWNHOUSES

THIS DECLARATION, containing covenants, conditions and restrictions relating to the Heritage Cove Townhouses, a Utah Condominium Project, is made on the date set forth at the end hereof by Heritage Cove, L. C., a Utah limited liability company (hereinafter referred to as the "Declarant"), for itself, its successors, grantees and assigns, pursuant to the Condominium Ownership Act of the State of Utah.

RECITALS

Declarant is the owner of real property located in Sandy City, Salt Lake County, State of Utah and more particularly described as follows:

LOT 1, KENWOOD VILLA, according to the plat thereof, as recorded in the office of the County Recorder of Salt Lake County.

The above described property also known by the street address of: 8724 through 8770 South 620 East, Sandy, Utah 84070.

Declarant intends to create twenty-eight residential condominium units and other improvements on the Property in accordance with the plans and drawings set forth in the Record of Survey Map filed concurrently herewith, consisting of two (2) sheets, prepared and certified by a registered Utah land surveyor.

Declarant desires by filing this Declaration and the aforesaid Record of Survey Map to submit the above described real property and buildings to the provisions of the Utah Condominium Ownership Act as a Condominium Project known as Heritage Cove Townhouses.

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

DECLARATION

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

1. Name of the Condominium Project. The name by which the Condominium Project shall be known is Heritage Cove Townhouses.

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2. **Definitions.** The terms used herein shall have the meaning stated in the Utah Condominium Ownership Act and as given in this Section 2 unless the context otherwise requires.

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

b. The words "Association of Units Owners" or "Association" shall mean and refer to Heritage Cove Townhouses Association, a Utah nonprofit corporation, the members of which are all of the Unit Owners.

c. The term "Common Areas and Facilities" shall mean and refer to:

(1) The above described land;

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

(3) All foundations, columns, girders, beams, supports, main walls, roofs, lobbies, stairs, stairways, service areas and entrances and exits, and in general, all other apparatus, installations and other parts of the Property necessary or convenient to the existence, maintenance and safety of the Common Areas and Facilities or normally in common use;

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

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

d. The words "Common Expenses" shall mean and refer to all expenses and administration, maintenance, repair or replacement of the Common Areas and Facilities; to all items, things and sums described in the Act which are lawfully assessed against the Unit Owners in accordance with the provisions of the Act, this Declaration, the Articles of Incorporation of the Association, the By-Laws, such rules and regulations pertaining to the Condominium Project as the Association of Unit Owners or the Management Committee may from time to time adopt, and such other determinations and agreements lawfully made and/or entered into by the Management Committee. The words "Common Expense Fund" shall mean and refer to the fund created or to be created into which all monies of the Association shall be deposited.

e. The word "Condominium" shall mean and refer to the ownership of a single Unit in this Condominium Project together with an undivided interest in the Common Areas and Facilities of the Property.

f. The words "Condominium Project" or sometimes the "Project" shall mean and refer to the entire Property, as defined below, together with all rights, obligations and organizations established by this Declaration.

g. The word "Declarant" shall mean Heritage Cove, L.C., who has made and executed this Declaration, and/or its successor or assign which, by either operation of law or through a voluntary conveyance, transfer or assignment, comes to stand in the same relation to the Project as did its predecessor.

h. The word "Declaration" shall mean this instrument by which the Property is established as a Condominium Project.

i. The words "Management Committee" or "Committee" shall mean and refer to the Board of Trustees or Management Committee of the Association as provided in the Declaration, the Articles of Incorporation of the Association and the By-Laws hereto attached as Exhibits B and C (which Articles of Incorporation and By-Laws are hereby incorporated by reference and made a part of this Declaration). The Committee is charged with and shall have the responsibility and authority to make and to enforce all of the reasonable rules and regulations covering the operation and maintenance of the Project.

j. The term "Manager" shall mean and refer to the person, persons, firm or company, if any, selected by the Management Committee to manage the affairs of the Condominium Project.

k. The word "Map" shall mean and refer to the Record of Survey Map of the Property recorded herewith by Declarant.

l. The word "Mortgage" shall mean and include both a first mortgage on any Condominium Unit and a first deed of trust on any Condominium Unit.

m. The word "Mortgagee" shall mean and include both the mortgagee under a first mortgage on any Condominium Unit and the beneficiary under a first deed of trust on any Condominium Unit.

n. The word "Property" shall mean and include the land described above and on the Map, the buildings, all improvements and structures thereon, all easements, rights and appurtenances belonging thereto, and all articles of personal property intended for use in connection therewith.

o. The words "Total Votes of The Association" shall mean and refer to the total number of votes appertaining to all Condominiums in the Project, as shown in Exhibit "A" attached hereto.

p. The word "Unit" shall mean and refer to one of the designated spaces which is designated as Unit on the Map, consisting of enclosed rooms occupying part of a building and bounded by the unfinished interior surfaces of the walls, floors, ceilings, windows, and doors along the perimeter boundaries of the air space, as said boundaries are shown on the Map, together with all fixtures and improvements therein contained. Paint and other wall, ceiling, or floor coverings on interior surfaces shall be deemed to be part of the Unit. Notwithstanding the fact that they may be within the boundaries of such air space, the following are not part of a Unit insofar as they are necessary for the support or for the use and enjoyment of another Unit: Bearing walls, floors, ceilings, and roofs (except the interior surface thereof), foundations, ceiling equipment, tanks, pumps, pipes, vents, ducts, shafts, flues, chutes, conduits, wires, and other utility installations, except the outlets thereof when located within the Unit. The interior surfaces of a window or door mean the points at which such surfaces are located when the window or door is closed.

q. The words "Unit Number" shall mean and refer to the number, letter or combination thereof designating the Unit in the Declaration and in the Map.

r. The words "Unit Owner" or "Owner" shall mean the person or persons owning a Unit of the Heritage Cove Townhouses in fee simple and an undivided interest in the fee simple estate of the Common Areas and Facilities as shown in the records of the County Recorder of Salt Lake County, Utah. Notwithstanding any applicable theory relating to a mortgage, deed of trust, or like instrument, the term Unit Owner or Owner shall not mean or include a mortgagee or a beneficiary or trustee under a deed of trust unless and until such a party has acquired title pursuant to foreclosure or any arrangement or proceeding in lieu thereof.

s. The words "Utility Services" shall include, but not be limited to, electric power, gas, hot or cold water, heating, air conditioning and garbage and sewer disposal.

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

3. Submission to Condominium Ownership. Declarant hereby submits the above-described Property, tract of land, buildings, and other improvements constructed thereon or hereafter to be constructed, together with all appurtenances thereto, to the provisions of the Act as a Condominium Project and this Declaration is submitted in accordance with the terms and the provisions of the Act and shall be construed in accordance therewith. It is the intention of Declarant that the provisions of the Act shall apply to the Property.

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

5. Description of Property.

a. Description of Land. The land is that tract or parcel in Salt Lake County, Utah, more particularly described on the first page of this Declaration.

b. Description of Buildings. The buildings are wood frame structures resting on concrete foundations or pads. Each building is covered with an asphalt shingle roof. Each Unit has assigned limited common area including carport. The interior walls are constructed of two-by-fours covered with gypsum sheet rock. The floors are covered with carpeting and vinyl floor coverings, or are bare concrete. Each Unit is serviced by a separate heating and air conditioning system.

c. Description and legal status of Units. The Map shows the Unit Number of each Unit, its location, and the Common Areas and Facilities to which it has immediate access.

(1) Each Unit shall include the part of the building containing the Unit which lies within the boundaries of the Unit, which boundary shall be determined in the following manner:

(A) The upper boundary shall be the plane of the lower surface of the ceiling slab;

(B) The lower boundary shall be the plane of the upper surface of the floor slab; and

(C) The vertical boundaries of the Unit shall be (i) the interior surface of the outside walls of the building bounding a Unit and (ii) the interior surface of any interior bearing walls bounding a Unit.

(2) The Units of the Project are more particularly described on the Map.

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

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

(2) Driveways, parking areas, entrance ways, courts, service areas and storage areas;

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

(4) All other parts of the Property necessary or convenient to its existence, maintenance and safety, or normally in common use, or which have been designated as Common Areas and Facilities in the Map;

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

6. Alterations. Declarant reserves the right to change the interior design and interior arrangements of any Unit, so long as the Declarant owns the Units so altered.

7. Statement of Purpose and Restriction on Use.

a. Purpose. The purpose of the Condominium Project is to provide residences for Unit Owners.

b. Restrictions on use. The Units and Common Areas and Facilities shall be used and occupied for single family residential purposes as hereinafter set forth.

(1) Each of the Units shall be occupied by the Unit Owner(s) and/or their lessees, tenants, invitees and guests for residential purposes and for no other purposes. The Common Areas and Facilities shall be used only for the purposes for which they are intended in the furnishing of services and facilities for the enjoyment of the Units.

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

(3) No Unit Owner shall cause or permit anything (including, without limitation, a sign, awning, canopy, shutter, radio or television antenna) to hang, be displayed or otherwise affixed to or placed on the exterior walls or roof or any part thereof, or on the outside of windows or doors, without the prior written consent of the Management Committee.

(4) No noxious or offensive activity shall be carried on in any Unit or in the Common Areas and Facilities, nor shall anything be done therein, either willfully or negligently, which may be or become an annoyance or nuisance to the other Unit Owners or occupants.

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

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

(7) No Owner shall make any change, alteration, addition or repair to any portion of the Common Areas and Facilities of the Project without the prior written consent of the Management Committee.

8. Person to Receive Service of Process. The person to receive process in the cases provided herein or in the Act is J. McDonald Brubaker, whose address is 2040 East 4800 South, Suite 120, Salt Lake City, Utah 84117. The person may be changed by the recordation by the Management Committee of an appropriate instrument.

9. Ownership and Use.

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

b. Nature of and Restrictions on Ownership and Use. Each Unit owner shall have and enjoy the rights and privileges of fee simple ownership of his Unit. There shall be no requirements concerning who may own Units, it being intended that they may and shall be owned as any other property rights by persons, corporations, partnerships, or trusts and in the form of common tenancy. The Unit owners may lease or rent their Units with their appurtenant rights subject to terms and conditions chosen solely by the Unit Owner and his lessee, except that no Unit shall be rented for a term of less than 30 days and all Unit Owners, their tenants and other occupants or users of the Project, shall be subject to the Act, this Declaration, the By-Laws, and all rules and regulations of the Association of Unit Owners and Management Committee.

c. Prohibition Against Subdivision of Unit. No Unit Owner, by deed plat or otherwise, shall subdivide or in any manner cause the ownership of his Unit to be separated into physical tracts or parcels smaller than the whole Unit as shown on the Map.

d. Ownership of Common Areas and Facilities. The Common Areas and Facilities contained in the Project are described and identified in Section 5(d) of this Declaration. The Common Areas and Facilities shall be owned by the Unit Owners as tenants in common. No percentage of undivided ownership interest in the Common Areas and Facilities shall be separated from the Unit to which it appertains; and even though not specifically mentioned in

the instrument of transfer, such a percentage of undivided ownership interest shall automatically accompany the transfer of the Unit to which it relates. The Common Areas and Facilities shall be used only in a manner which is consistent with their community nature and with the use restrictions applicable to the Units contained in the Project.

e. Use of Common Areas and Facilities. Each Unit Owner may use the Common Areas and Facilities in accordance with the purpose for which they are intended, but subject to this Declaration and the By-Laws. This right of use shall be appurtenant to and run with each Unit.

f. Computation of Undivided Interest. The percentage of undivided ownership interest in the Common Areas and Facilities which is appurtenant to each Unit is set forth in Exhibit A attached hereto and incorporated herein by reference. Each Unit in the Project has been assigned an equal undivided ownership interest in the Common Areas and Facilities. A Unit Owners percentage of ownership interest in the Common Areas and Facilities shall be for all purposes, including voting and assessment of common expenses.

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

11. Management.

a. Management Committee. The business, property and affairs of Heritage Cove Townhouses shall be managed, operated and maintained by the Management Committee as agent for the Unit Owners. The Management Committee shall, in connection with its exercise of any of the powers delineated in this Declaration, the Articles of Incorporation of the Association, and in the By-Laws.

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

b. Composition of Management Committee. The Committee shall be composed of three members. At each annual Owners meeting any vacant seat on the Committee shall be filled with a member elected for the term provided in the By-Laws. Only Unit Owners and officers and agents of Owners other than individuals shall be eligible for Committee

membership. At the annual meeting the percentage of undivided ownership interest appurtenant to a Unit may be voted in favor of as many candidates for Committee membership as there are seats on the Committee to be filled; provided, however, until the first to occur of the following: (i) the third anniversary of the date of the recordation of this Declaration, or (ii) Units to which an aggregate of at least three-fourths (3/4) of the Ownership interest in the Common Areas and Facilities appertain have been conveyed by Declarant(hereinafter referred to as the "Event"), Declarant alone shall be entitled to select two (2) of the three (3) Committee members. Notwithstanding the foregoing limitations, until the first annual meeting of the owners, the members of the Committee shall be the following persons and each shall hold the office indicated opposite his name:

J. McDonald Brubaker	President
Christeena Brubaker	Vice-President
Marcia Anderton	Secretary/Treasurer

Any Committee member who fails on three successive occasions to attend Committee meetings (whether regular or special) or who has failed to attend at least 25% of all Committee meetings (whether regular or special) held during any twelve-month period shall automatically forfeit his seat. In the event a Committee seat which was filled by Declarant becomes vacant prior to the Event, whether by reason of forfeiture or due to another cause, Declarant shall select a replacement member to sit on the Committee for the balance of the term associated with the vacated seat. In all other cases of vacancy the remaining Committee members shall elect a replacement to sit on the Committee until the expiration of the term for which the member being replaced was elected. Unless 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.

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

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

e. Name. The Management Committee shall be known as Heritage Cove Townhouses Management Committee.

f. Manager. The Committee may carry out through a Manager any of its functions which are properly the subject of delegation. Any Manager so engaged shall be an

independent contractor and not an agent or employee of the Committee, shall be responsible for managing the Project for the benefit of the Committee and the Unit Owners, and shall, to the extent permitted by law and the terms of the agreement with the Committee, be authorized to perform any of the functions or acts required or permitted to be performed by the Management Committee itself. Any agreement for professional management of the buildings which may be entered into by the Management Committee or the Association shall call for a term not exceeding three (3) years and shall provide that for cause such management agreement may be terminated by the Management Committee or by the Association upon not in excess of ninety (90) days written notice.

12. Easements.

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

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

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

14. Assessments. Every Unit Owner shall pay his proportionate share of the common expenses based on the percentage of ownership in the Common Areas and Facilities appurtenant to each Unit Owner's Unit. Payment thereof shall be in such amounts and at such times as the Management Committee determines in accordance with the Act, the Declaration or the By-Laws. There shall be a lien for nonpayment of common expenses as provided by the Act

In assessing Unit Owners, no assessment for a single improvement in the nature of a capital expenditure exceeding the sum of \$10,000.00 shall be made without the same having been first voted on and approved by at least a majority of the Total Votes of the Association.

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

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

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

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

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

e. Any reconstruction or repair which is required to be carried out by this section shall be accomplished at the instance and direction of the Management Committee. Any determination which is required to be made by this section regarding the extent of damage to or destruction of Project improvements shall be made as follows: The Management Committee shall select an MAI appraiser who shall arrive at a figure representing the percentage of Project improvements which have been destroyed or substantially damaged and such percentage shall govern the application of the provisions of this section.

16. Taxes. It is understood that under the Act each Unit, together with its percentage of undivided interest in the Common Areas and Facilities in the Project, is deemed a parcel and

subject to separate assessment and taxation by each assessing unit and special district for all types of taxes authorized by law. Each Unit Owner will, accordingly, pay and discharge any and all taxes which may be assessed against his Condominium Unit.

17. Insurance.

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

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

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

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

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

b. Fidelity Insurance. The Management Committee or Association shall at all times maintain in force fidelity coverage against dishonest acts on the part of managers (and employees of managers), trustees, employees, officers, Committee members, or volunteers responsible for handling funds belonging to or administered by the Management Committee or

Association of Unit Owners. The fidelity bond or insurance shall name the Association as the obligee or insured and shall be written in an amount sufficient to afford the protection reasonably necessary, but in no event less than one and one-half times (150%) of the Project's estimated annual operating expenses and reserves. An appropriate endorsement to the policy shall be secured to cover persons who serve without compensation if the policy would not otherwise cover volunteers.

c. Liability Insurance. The Management Committee or Association of unit Owners shall at all times maintain in force a comprehensive policy of public liability insurance covering all of the Common Areas and Facilities. Such insurance shall include a "Severability of Interest Endorsement" or its equivalent which shall preclude the insurer from denying the claim of a Unit Owner because of negligent acts of other Owners, the Management Committee, or the Association of Unit owners. The coverage afforded by such public liability insurance shall include protection against water damage liability, liability for nonowned and hired automobiles, liability for property of others, elevator collision, and such other risks as customarily are covered with respect to condominium projects similar to the Project in construction, location, and use. The limits of liability under such insurance shall not be less than \$1,000,000.00 for all claims for personal injury and/or property damage arising out of a single occurrence.

d. General Requirements Concerning Insurance. Each insurance policy maintained pursuant to the foregoing Sections 17(a) through 17(c) shall be written by an insurance carrier which is licensed to transact business in the State of Utah. No such policy shall be maintained where: (1) under the terms of the carrier's charter, by-laws or policy, contributions may be required from, or assessments may be made against, a Unit Owner, a Mortgagee, the Management Committee, the Association of Unit Owners, a Unit, the Common Areas, or the Project; (2) by the terms of the carrier's charter, by-laws, or policy, loss payments are contingent upon action by the carrier's board of directors, policyholders, or members; (3) the policy includes any limiting clauses other than insurance conditions) which could prevent the party entitled from collecting insurance proceeds; or (4) the policy provides that the insurance thereunder shall be brought into contribution with insurance purchased by the individual Unit Owners or their Mortgagees. Each such policy shall provide that: (a) coverage shall not be prejudiced by any act or neglect of the Unit Owners when such act or neglect is not within the control of the Association of Unit owners or the Management Committee; (b) coverage shall not be prejudiced by any failure by the Association or Committee to comply with any warranty or condition with regard to any portion of the Project over which the Association and Committee have no control; (c) coverage may not be canceled or substantially modified (including cancellation for nonpayment of premium) without at least thirty (30) days prior written notice to any and all insureds named therein, including any Mortgagee named as an insured; and (d) the insurer waives any right of subrogation it might have as to any and all claims against the Association, the Management Committee, any Unit owner, and/or their respective agents, employees or tenants. If due to changed circumstances, excessive cost, or any other reason, any of the insurance coverage required to be obtained and maintained under Sections 17(a) through 17(c) hereof cannot reasonably be secured, with respect to such coverage the Association or the

Committee shall obtain and maintain such substitute, different or other coverage as may be reasonable and prudent under the circumstances as they then exist.

18. Payment of Expenses.

a. Each Unit owner shall pay the Management Committee such Unit Owners allocated portion of the cash requirement deemed necessary by the Management Committee to manage and operate the Condominium Project, upon the terms, at the time, and in the manner herein provided without any deduction on account of any set-off or claim which the owner may have against the Management Committee or Association. If the Unit Owner shall fail to pay any installment within one month of the time when the same becomes due, the Owner shall pay interest thereon at the rate of eighteen percent (18%) per annum from the date when such installment shall become due to the date of the payment thereof, whether before or after judgment.

b. The cash requirements above referred to for each year, or portions of the year, are hereby defined and shall be deemed to be such aggregate sum as the Management Committee from time to time shall determine, in its judgment, is to be paid by all the owners of the Condominium Project then in existence to enable the Management Committee to pay all estimated expenses and outlays of the Management Committee to the close of such year, growing out of or in connection with the maintenance and operation of such buildings and improvements; which sum may include, among other things, the cost of management, special assessments, fire, casualty, fidelity, public liability and other insurance premiums, common lighting, and the care of the grounds, repairs and renovations to Common Areas and Facilities, snow removal, wages, water charges, utility services (except telephone and other services which are separately billed or metered to the individual Units by the utility or party furnishing such service), legal and accounting fees, management fees, expenses and liabilities incurred by the Management Committee under or by reason of the Declaration, the payment of any deficit remaining from the previous period, the creation of a reasonable contingency or other necessary reserve or surplus fund, as well as all other costs and expenses relating to the Condominium Project. The Management Committee may, from time to time, up to the close of the year for which such cash requirements have been so filed or determined, increase or diminish the amount previously fixed or determined for such year. It may include in the cash requirements for any year, any liabilities or items of expense which accrued or became payable in the previous year, or which might have been included in the cash requirements for a previous year, but were not included therein; and also any sums which the Management Committee may deem necessary or prudent to provide a reserve against liabilities or expenses then accrued or thereafter to accrue although not payable in that year.

c. The portion payable with respect to each Unit in and for each year or for a portion of a year shall be a sum equal to the aggregate amount of such cash requirements for such year or portion of year, determined as aforesaid, multiplied by the percentage of undivided interest in the Common Areas and Facilities appurtenant to such Unit, as shown in Exhibit A. Such assessments, together with any additional sums accruing under this Declaration, shall be

payable monthly in advance, or in such payment and installments as shall be provided by the Management Committee.

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

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

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

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

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

g. A certificate executed and acknowledged by the Manager or Management Committee stating the unpaid common expenses then outstanding with respect to a Unit shall be conclusive upon the Management Committee and the Owners as to the amount of such indebtedness on the date of the certificate, in favor of all persons who rely thereon in good faith, and such certificate shall be furnished to any owner or encumbrance or prospective owner or encumbrance of a Condominium Unit upon request at a reasonable fee not to exceed Ten Dollars (\$10.00). Unless the request for a certificate of indebtedness shall be complied within ten (10)

days, all unpaid common expenses which became due prior to the date of making of such request shall be subordinate to the lien or interest held by or obtained by the person making the request. Any encumbrance holder holding a lien on a Condominium Unit may pay any unpaid Common Expenses payable with respect to such Condominium Unit and upon such payment such encumbrance holder shall have a lien on such Unit for the amounts paid of the same rank as the lien of such encumbrance.

h. Upon payment of delinquent assessments concerning which a notice of assessment has been recorded or other satisfaction thereof, the Management Committee shall cause to be recorded in the same manner as the notice of assessment a further notice stating the satisfaction and release of the lien thereof. Such lien for nonpayment of assessment may be enforced by sale by the Management Committee or by a bank or trust company or title insurance company authorized by the Management Committee, such sale to be conducted in accordance with the provisions of the law applicable to the exercise of powers of sale or foreclosure in deeds of trust or mortgages or in any manner permitted by law. In any foreclosure or sale, the Unit owner shall be required to pay the costs and expenses of such proceedings including reasonable attorney's fees.

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

19. Mortgage Protection.

a. From and after the time a Mortgagee makes written request to the Management Committee or the Association of Unit Owners therefor, the Committee or the Association shall notify such Mortgagee in writing in the event that the owner of the Condominium 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.

The lien or claim against a Condominium Unit for unpaid assessments or charges levied by the Management Committee or by the Association of Unit Owners pursuant to this Declaration or the Act shall be subordinate to the Mortgage affecting such Condominium Unit, and the Mortgagee thereunder which comes into possession of the Condominium 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 Condominium Units including the Condominium Unit in which the Mortgagee is interested). No assessment, charge, lien or claim which is described in the preceding sentence

as being subordinate to a Mortgage or as not to burden a Mortgagee which comes into possession shall be collected or enforced by either the Management Committee or the Association from or against a Mortgagee, a successor in title to a Mortgagee, or the Condominium Unit affected or previously affected by the Mortgage concerned (to the extent any such collection or enforcement would prejudice the interests of the Mortgagee or successor in title to the Mortgage interested in such Unit).

Unless all of the Mortgagees of the individual Condominium Units have given their prior written approval, neither the Management Committee nor the Association of Unit Owners shall be entitled, by act, omission, or otherwise:

(1) To abandon or terminate the Condominium Project or to abandon or terminate the arrangement which is established by this Declaration and the Record of Survey Map (except as provided in Section 15 hereof in the event of certain destruction or damage);

(2) To partition or subdivide any Unit;

(3) To abandon, partition, subdivide, encumber, sell or transfer all or any part of the Common Areas and Facilities (except for the granting of easements for utilities and similar purposes consistent with the intended use of the Common Areas and except as provided in Section 15 hereof in the event of certain destruction or damage);

(4) To use hazard insurance proceeds resulting from damage to any part of the Condominium 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 Section 15 hereof in the event of certain destruction or damage;

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

(6) To alter the provisions of Section 11 hereof in such a way as to diminish the protection afforded to the owners regarding the duration or terminability of agreements for managerial services; or

(7) To alter the provisions of Section 17 hereof in such a way as to diminish the insurance protection required to be afforded the parties designed to be protected thereby, or to fail to maintain the insurance coverage described therein.

Any Mortgagee shall have the right, at its request and expense and upon reasonable notice, to examine the books and records of the Management Committee, of the Association of Unit Owners, or of the Condominium Project. From and after the time a Mortgagee makes written request to the Management Committee or the Association of Unit

Owners therefor, the Committee or the Association shall furnish to such Mortgagee copies of such annual operating reports and other reports or writings summarizing or reflecting the financial position or history of the Condominium Project as may be prepared for distribution to or use by the Committee, the Association, or the Unit Owners.

To the extent the same is reasonably possible and practical and is not inconsistent with the significant interests of the Association of Unit Owners, the Management Committee and the Association shall establish an adequate reserve to cover the cost of reasonably predictable and necessary major repairs and replacements of the Common Areas and Facilities and shall cause such reserve to be funded by regular monthly or other periodic assessments against the Units rather than by special assessments.

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

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

No amendment to this Section which has the effect of diminishing the rights, protection or security afforded to Mortgagees shall be accomplished or effective unless all of the Mortgagees of the individual Units have given their prior written approval to such amendment. Any amendment to this Section shall be accomplished by an instrument executed by the Management Committee and filed for record in the office of the Salt Lake County Recorder. In any such instrument an officer of the Management Committee shall certify that any prior written approval of Mortgagees required by this Section as a condition to amendment has been obtained.

20. Eminent Domain. In the event that eminent domain proceedings are commenced against the Project or any portion thereof, the provisions of S47-8-32.5, Utah Code Annotated (1953) shall apply. The Management Committee shall give written notice of such proceedings to all Mortgagees of record. No first lien priority of any Mortgagee shall be diminished or otherwise disturbed by virtue of such proceedings.

21. Maintenance.

a. Each Owner of a Unit at his own expense shall keep the interior of such Unit and its equipment and appurtenances in good order, condition and repair and in a clean and sanitary condition, and shall do all redecorating and painting which may at any time be necessary to maintain the good appearance of such Unit. Except to the extent that the Management Committee is protected by insurance against such injury, the unit owner shall repair all injury or damages to the Unit or buildings caused by the act, negligence or carelessness of the Unit Owner or that of any tenant or subtenant, employee or guest of the Owner or his tenant or subtenant and all such repairs, redecorating and painting shall be of a quality and kind equal to the original work. In addition to decorating and keeping the interior of the Unit in good repair, the Unit Owner shall be responsible for the maintenance or replacement of any plumbing fixtures that may be in or connected with the Unit. Without the written permission of the Management Committee first had and obtained, a Unit Owner shall not make or permit to be made any structural alteration in or to the Unit, or any alteration in or addition to the exterior of the buildings or other Common Areas and Facilities, and shall not paint or decorate any portion of the exterior of the Unit or of the buildings.

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

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

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

24. Obligation to Comply Herewith. Each Unit Owner, tenant, subtenant or other occupant of a Unit shall comply with the provisions of the Act, the Declaration, the By-Laws, and the rules and regulations, all agreements and determinations lawfully made and entered into by the Management Committee or the Unit Owners, when acting in accordance with their authority, and any failure to comply with any of the provisions thereof shall be grounds for an action by the Management Committee or other aggrieved party for injunctive relief or to recover any loss or damage resulting therefrom.

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

26. Amendment. In addition to the amendment provisions contained in Section 6 above, but subject to the terms of Section 19, this Declaration and/or the Map may be amended upon the affirmative vote or approval and consent of not less than seventy-five percent (75%) of the Total Votes of the Association. Any amendment so authorized shall be accomplished by recordation of an instrument executed by the Management Committee. In the instrument the Committee shall certify that the vote or consent required by this Section has occurred. Notwithstanding any other provision contained herein, until occurrence of the "Event" referred to in Section 11 hereof no amendment to the Map or to any provision of this Declaration which has or may have the effect of diminishing or impairing any right, power, authority, privilege, protection or control accorded to Declarant (in his capacity as Declarant) herein shall be accomplished or effective unless the instrument through which such amendment is purported to be accomplished is consented to in writing by Declarant.

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

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

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

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

28. Declarant's Sales Program. Notwithstanding any other provision in this Declaration, until Declarant ceases to be a Unit Owner or the expiration of four (4) years after the date on which this Declaration is filed for record in the office of the County Recorder of Salt Lake County, Utah, whichever first occurs (hereinafter referred to as the "Occurrence"), Declarant shall have the following rights in furtherance of any sales, promotional, or other activities designed to accomplish or facilitate the sale of all Units owned by Declarant:

a. Declarant shall have the right to maintain a sales office in any part of the Project owned by Declarant or any combination of the foregoing.

b. Declarant shall have the right to maintain a reasonable number of promotional, advertising, and/or directional signs, banners or similar devices at any place or places on the Property, but any such device shall be of a size and in a location as is reasonable and customary.

Declarant shall have the right from time to time to locate or relocate any of their sales offices, and/or signs, banners or similar devices, but in connection with each such location or relocation shall observe the limitations imposed by the preceding portion of this Section. Within a reasonable period of time after the happening of the Occurrence, Declarant shall have the right to remove from the Project any signs, banners or similar devices and any separate structure or facility which was placed on the Property for the purpose of aiding Declarant's sales effort.

29. Limitation on Improvements by Association. Until the occurrence described in Section 28, neither the Association nor the Management Committee shall, without the written consent of Declarant, make any improvement to or alteration in any of the Common Areas and Facilities, other than such repairs, replacements, or similar matters as may be necessary to properly maintain the Common Areas as originally created or constructed by Declarant.

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

31. Declarant's Rights Assignable. All of the rights of Declarant under this Declaration may be assigned or transferred either by operation of law or through a voluntary conveyance, transfer or assignment. Any Mortgage covering all Condominium Units in the Project title to which is vested in the Declarant shall, at any given point in time and whether or

not such Mortgage does so by its terms, automatically cover, encumber, and include all of the then unexercised or then unused rights, powers, authority, privileges, protection and controls which are accorded to Declarant (in its capacity as Declarant) herein.

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

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

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

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

DATED: 29th Feb - 1994.

HERITAGE COVE, L.C.,
a Utah limited liability company

By: J. M. Dondal
Its: Managing Member

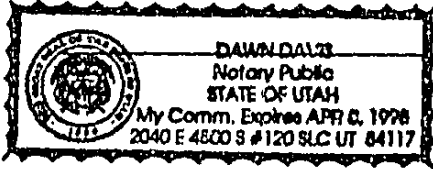
STATE OF UTAH)
) : ss.
COUNTY OF SALT LAKE)

On the 29th day of FEBRUARY, 1996, personally appeared before me J. McDonald Brubaker, who, being first duly sworn, declared that he is the Managing Member of Heritage Cove, L. C., and that he signed the foregoing document on behalf of the company and that the statements therein contained are true.

Dawn Davis
NOTARY PUBLIC

My Commission Expires:

Residing at:



Salt Lake County

EXHIBIT "A"
UNDIVIDED PERCENTAGE INTERESTS IN COMMON AREAS AND FACILITIES

UNIT NUMBER	PERCENTAGE INTEREST
8743 SOUTH	1/28TH
8745 SOUTH	1/28TH
8747 SOUTH	1/28TH
8749 SOUTH	1/28TH
8770 SOUTH	1/28TH
8768 SOUTH	1/28TH
8766 SOUTH	1/28TH
8764 SOUTH	1/28TH
8762 SOUTH	1/28TH
8760 SOUTH	1/28TH
8758 SOUTH	1/28TH
8756 SOUTH	1/28TH
8754 SOUTH	1/28TH
8752 SOUTH	1/28TH
8750 SOUTH	1/28TH
8748 SOUTH	1/28TH
8746 SOUTH	1/28TH
8744 SOUTH	1/28TH
8742 SOUTH	1/28TH
8740 SOUTH	1/28TH
8738 SOUTH	1/28TH
8736 SOUTH	1/28TH
8734 SOUTH	1/28TH
8732 SOUTH	1/28TH
8730 SOUTH	1/28TH
8728 SOUTH	1/28TH
8726 SOUTH	1/28TH
8724 SOUTH	1/28TH

Exhibit "B"
ARTICLES OF INCORPORATION
OF
HERITAGE COVE TOWNHOUSES OWNERS' ASSOCIATION
A UTAH NONPROFIT CORPORATION

J. McDonald Brubaker, the undersigned natural person of the age of twenty-one years or more, acting as incorporator of a corporation under the Utah Nonprofit Corporation and Co-Operative Association Act, hereby adopts the following Articles of Incorporation for such nonprofit corporation:

ARTICLE I - NAME

The name of this nonprofit corporation is Heritage Cove Townhouses Owners' Association, hereinafter referred to as the "Association."

ARTICLE II - DEFINITIONS

Except as otherwise provided herein or as may be required by the context, all terms defined in Section 2 of the Declaration of Condominium of Heritage Cove Townhouses, hereinafter referred to as the "Declaration," shall have such defined meanings when used in these Articles Of Incorporation.

ARTICLE III -.DURATION

The period of its duration is perpetual.

ARTICLE IV - PURPOSES

The Association is organized as a nonprofit corporation and shall be operated exclusively for the purpose of maintaining, operating, and governing Heritage Cove Townhouses, hereinafter referred to as the "Project," which is located upon the following described real property in the County of Salt Lake, State of Utah:

LOT 1, KENWOOD VILLA, according to the plat thereof, as recorded in the office of the County Recorder of Salt Lake County.

The above described property also known by the street address of: 8724 through 8770 South 620 East, Sandy, Utah 84070.

The Association is organized and shall be operated to perform the functions and provide the services contemplated in the Declaration, which document is to be recorded in the office of the County Recorder of Salt Lake County, State of Utah. No dividend shall be paid and no part of the net income of the Association, if any, shall be distributed to the Members, Trustees, or

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Officers of the Association, except as otherwise provided herein, in the Declaration, or under Utah law.

ARTICLE V - POWERS

Subject to the purposes declared in Article IV above and any limitations herein expressed, the Association shall have and may exercise each and all of the following powers and privileges:

(a) The power to do any and all things that the Association is authorized or required to do under the Declaration, as the same may from time to time be amended, including, without limiting the generality of the foregoing, the specific power to fix, levy, and collect the charges and assessments provided for in the said Declaration;

(b) The power to purchase, acquire, own, hold, lease, mortgage, sell, and dispose of any and all kinds and character of real, personal, and mixed property (the foregoing particular enumeration in no sense being used by way of exclusion or limitation), and while the owner of any of the foregoing, to exercise all rights, powers and privileges appertaining thereto; and

(c) The power to do any and all things that a non-profit corporation may now or hereafter do under the laws of the State of Utah.

ARTICLE VI - MEMBERSHIP

The Members of the Association shall be all of the record owners of Condominiums in the Project, as such owners are shown on the records of the County Recorder of Salt Lake County, State of Utah. The term record owner shall not include any mortgagee, trustee, or beneficiary under any mortgage, trust deed, or other security instrument by which a condominium or any part thereof is encumbered (unless such mortgagee, trustee, or beneficiary has acquired title for other than security purposes by means of judicial or nonjudicial action, including without limitation, a foreclosure proceeding or any deed or other arrangement in lieu of foreclosure), nor shall it include persons or entities purchasing a Condominium under contract (until such contract is fully performed and legal title conveyed). If record ownership of a Condominium in the Project is jointly held, the Membership appertaining to such Condominium shall also be jointly held. membership in the Association shall be mandatory and not optional. Each membership in the Association shall be appurtenant to and shall not be separated from the Condominium to which it relates. No person or entity other than an owner of a Condominium in the Project may be a Member of the Association.

ARTICLE VII - MEMBERSHIP CERTIFICATES

The Association may issue certificates of Membership, but such certificates shall not be necessary to evidence Membership in the Association. Membership in the Association shall begin immediately and automatically upon becoming a record owner of the Condominium to

which such Membership appertains and shall cease immediately and automatically upon an owner ceasing to be a record owner of such Condominium.

ARTICLE VIII - VOTING RIGHTS

All voting rights of the Association shall be exercised by the Members, each Membership being entitled to the number of votes relating to the Condominium appertaining to such Membership, as set forth in the Declaration. If a Membership is jointly held, any or all holders thereof may attend any meeting of the Members where membership is jointly held by two individuals, such holder must act unanimously to cast the votes relating to their joint membership. Where three or more individuals jointly hold the Membership, such holders shall cast the votes relating to such Membership as the majority of said holders shall agree amongst themselves. Any designation of a proxy to act for joint holders of a Membership must be signed by all such holders. With respect to matters to be voted upon by the Members as provided in the Declaration, the voting requirements and proportions shall be as set forth in the Declaration. Cumulative voting is not permitted.

ARTICLE IX - ASSESSMENTS

Members of the Association shall be subject to assessments by the Association from time to time in accordance with the provisions of the Declaration and shall be liable to the Association for payment of such assessments. Members shall not be individually or personally liable for the debts or obligations of the Association. However, the foregoing in no way relieves the Members of their personal liability on the assessments as such assessments are assessed from time to time against their individual Condominiums.

ARTICLE X - PRINCIPAL OFFICE AND REGISTERED AGENT

The address of the initial principal office of the Association is 2040 East 4800 South, Suite 120, Salt Lake City, Utah 84117, and the name of the initial registered agent of the Association at such address is J. McDonald Brubaker.

ARTICLE XI - BOARD OF TRUSTEES

The affairs of the Association shall be managed by a Board of Trustees consisting of not fewer than three (3) or more than nine (9) Trustees, as prescribed in the By-Laws. Until such time as the responsibility for electing the Trustees of the Association is turned over to the Members in accordance with Utah law, Heritage Cove, L.C., or its successor or assign, shall have the exclusive right to appoint and remove such Trustees. Except for Trustees appointed as herein provided, Trustees must be Members of the Association. The number of Trustees constituting the initial Board of Trustees shall be three (3). The names and addresses of the persons who are to serve on the initial Board of Trustees until the first annual meeting of the Association and until the successors of such Trustees are elected and shall qualify are as follows:

NAME	ADDRESS
1. J. McDonald Brubaker	2040 East 4800 South, #120 Salt Lake City, Utah 84117
2. Christeena Brubaker	2040 East 4800 South, #120 Salt Lake City, Utah 84117
3. Marcia Anderton	2040 East 4800 South, #120 Salt Lake City, Utah 84117

ARTICLE XII - MANAGER

The Board of Trustees may by written contract delegate to a professional management organization or individual such of its managerial duties, responsibilities, functions, and powers as are properly delegable.

ARTICLE XIII - BY-LAWS, RULES, AND REGULATIONS

The Board of Trustees may adopt, amend, repeal, and enforce By-Laws and reasonable rules and regulations governing the operation of the Association and the operation and use of the Project, to the extent that the same are not inconsistent with these Articles of Incorporation or the Declaration.

ARTICLE XIV - INCORPORATOR

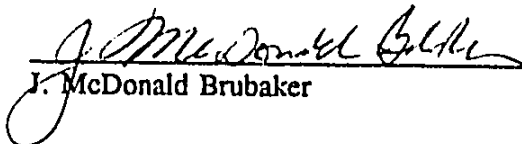
The name and address of the incorporator of the Association is:

J. McDonald Brubaker	2040 East 4800 South, #120 Salt Lake City, Utah 84117
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ARTICLE XV - AMENDMENTS

Except as otherwise provided by law or by the Declaration, these Articles of Incorporation may be amended in accordance with Utah law upon the affirmative vote of not less than fifty-one percent (51%) of the Total Votes of the Association.

DATED this 29TH day of February, 1996.



 J. McDonald Brubaker

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

On the 29th day of February, 1996, personally appeared before me J. McDonald Brubaker, the signer of the foregoing Articles of Incorporation, who duly acknowledged to me that he executed the same.

Dawn Davis

NOTARY PUBLIC
Residing in Salt Lake County_____

My Commission Expires:

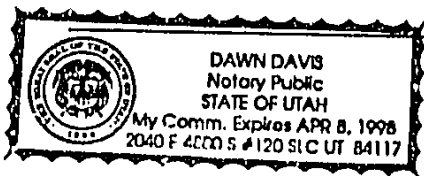


EXHIBIT "C"

BY-LAWS
OF
HERITAGE COVE TOWNHOUSES OWNERS' ASSOCIATION
A UTAH NONPROFIT CORPORATION

Pursuant to the provisions of the Utah Nonprofit Corporation And CoOperative Association Act, the Board of Trustees of Heritage Cove Townhouses Owners' Association, a Utah nonprofit corporation, hereby adopts the following By-Laws for such nonprofit corporation.

ARTICLE I
NAME AND PRINCIPAL OFFICE

1.01 Name. The name of the nonprofit corporation is Heritage Cove Townhouses Owners' Association, hereinafter referred to as the "Association."

1.02 Offices. The initial principal office of the Association shall be at 2040 East 4800 South, #120, Salt Lake City, Utah 84117.

ARTICLE II
DEFINITIONS

2.01 Definitions. Except as otherwise provided herein or as may be required by the context, all terms defined in Article I of the Declaration of Condominium of Heritage Cove Townhouses, a Utah condominium project, hereinafter referred to as the "Declaration", shall have such defined meanings when used in these By-Laws.

ARTICLE III
MEMBERS

3.01 Annual Meetings. The annual meeting of Members shall be held on the second Saturday in March of each year at the hour of 10:00 o'clock a.m., beginning with the year following the year in which the Articles of Incorporation are filed, for the purpose of electing Trustees and transacting such other business as may come before the meeting. If the election of Trustees shall not be held on the day designated herein for the annual meeting of the Members, or at any adjournment thereof, the Board of Trustees shall cause the election to be held at a special meeting of the Members to be convened as soon thereafter as may be convenient. The Board of Trustees may from time to time by resolution change the date and time for the annual meeting of the Members.

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

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3.03 Place of Meetings. The Board of Trustees may designate any place in Salt Lake County, State of Utah as the place of meeting for any annual meeting or for any special meeting called by the Board. A waiver of notice signed by all of the Members may designate any place, either within or without the State of Utah, as the place for holding such meeting. If no designation is made, or if a special meeting is otherwise called, the place of the meeting shall be at the principal office of the Association.

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

3.05 Members of Record. Upon purchasing a condominium in the Project, each owner shall promptly furnish to the Association a certified copy of the recorded instrument by which ownership of such Condominium has been vested in such Owner, which copy shall be maintained in the records of the Association. For the purpose of determining Members entitled to notice of or to vote at any meeting of the members, or any adjournment thereof, the Board of Trustees may designate a record date, which shall not be more than fifty (50) nor less than ten (10) days prior to the meeting, for determining Members entitled to notice of or to vote at any meeting of the Members. If no record date is designated, the date on which notice of the meeting is mailed shall be deemed to be the record date for determining Members entitled to notice of or to vote at the meeting. The persons or entities appearing in the records of the Association on such record date as the owners of record of Condominiums in the Project shall be deemed to be the Members of record entitled to notice of and to vote at the meeting of the Members.

3.06 Quorum. At any meeting of the Members, the presence of Members holding, or holders of proxies entitled to cast, more than fifty percent (50%) of the Total Votes of the Association shall constitute a quorum for the transaction of business. In the event a quorum is not present at a meeting, the Members present (whether represented in person or by proxy), though less than a quorum, may adjourn the meeting to a later date. At the reconvened meeting, the Members and proxy holders present shall constitute a quorum for the transaction of business.

3.07 Proxies. At each meeting of the Members, each Member entitled to vote shall be entitled to vote in person or by proxy; provided, however, that the right to vote by proxy shall exist only where the instrument authorizing such proxy to act shall have been executed by the Member himself or by his attorney thereunto duly authorized in writing. If a Membership is jointly held, the instrument authorizing a proxy to act must have been executed by all holders

of such Membership or their attorneys thereunto duly authorized in writing. Such instrument authorizing a proxy to act shall be delivered at the beginning of the meeting to the Secretary of the Association or to such other officer or person who may be acting as secretary of the meeting. The secretary of the meeting shall enter a record of all such proxies in the minutes of the meeting.

3.08 Votes. With respect to each matter submitted to a vote of the Members, each member entitled to vote at the meeting shall have the right to cast, in person or by proxy, the number of votes appertaining to the condominium of such Member, as shown in the Declaration. The affirmative vote of a majority of the votes entitled to be cast by the Members present or represented by proxy at a meeting at which a quorum was initially present shall be necessary for the adoption of any matter voted on by the Members, unless a greater proportion is required by the Articles of Incorporation, these By-Laws, the Declaration, or Utah law. The election of Trustees shall be by secret ballot. If a membership is jointly held, all or any holders thereof may attend each meeting of the Members, but such holders must act unanimously to cast the votes relating to their joint Membership.

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

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

ARTICLE IV BOARD OF TRUSTEES

4.01 General Powers. The property, affairs, and business of the Association shall be managed by its Board of Trustees. The Board of Trustees may exercise all of the powers of the Association, whether derived from law or the Articles of Incorporation, except such powers as are by law, by the Articles of Incorporation, by these By-Laws, or by the Declaration vested solely in the Members. The Board of Trustees may by written contract delegate, in whole or in part, to a professional management organization or person such of its duties, responsibilities, factions, and powers as are properly delegable.

4.02 Number, Tenure and Qualifications. The number of Trustees of the Association shall be three (3). The initial Board of Trustees specified in the Articles of Incorporation shall serve until the Declarant turns over to the Members, as provided in the Declaration, the responsibility for electing Trustees. At the first annual meeting of the Members held after the Declarant turns over to the Members responsibility for electing Trustees, the Members shall elect three (3) Trustees to serve for the following respective terms: Two (2) Trustees to serve for terms of two (2) years each; and one (1) Trustee to serve for a term of one (1) year. At each

annual meeting thereafter, the Members shall elect for terms of two (2) years each the appropriate number of Trustees to fill all vacancies created by expiring terms of Trustees. All Trustees, except Trustees appointed by the Declarant, shall be Members of the Association.

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

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

4.05 Quorum and Manner of Acting. A majority of the then authorized number of Trustees shall constitute a quorum for the transaction of business at any meeting of the Board of Trustees. The act of a majority of the Trustees present at any meeting at which a quorum is present shall be the act of the Board of Trustees. The Trustees shall act only as a Board, and individual Trustees shall have no powers as such.

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

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

4.08 Vacancies and Newly Created Trusteeships. If vacancies shall occur in the Board of Trustees by reason of the death, resignation or disqualification of a Trustee (other than a Trustee appointed by Declarant), or if the authorized number of Trustees shall be increased, the Trustees then in office shall continue to act, and such vacancies or newly created Trusteeships

shall be filled by a vote of the Trustees then in office, though less than a quorum, in any way approved by such Trustees at the meeting. Any vacancy in the Board of Trustees occurring by reason of removal of a Trustee by the Members may be filled by election at the meeting at which such Trustee is removed. If vacancies shall occur in the Board of Trustees by reason of death, resignation or removal of a Trustee appointed by the Declarant, such vacancies shall be filled by appointments to be made by the Declarant. Any Trustee elected or appointed hereunder to fill a vacancy shall serve for the unexpired term of his predecessor or for the term of the newly created Trusteeship, as the case may be.

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

ARTICLE V OFFICERS

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

5.02 Election. Tenure and Qualifications. The officers of the Association shall be chosen by the Board of Trustees annually at the regular annual meeting of the Board of Trustees. In the event of failure to choose officers at such regular annual meeting of the Board of Trustees, officers may be chosen at any regular or special meeting of the Board of Trustees. Each such officer (whether chosen at a regular annual meeting of the Board of Trustees or otherwise) shall hold his office until the next ensuing regular annual meeting of the Board of Trustees and until his successor shall have been chosen and qualified, or until his death, or until his resignation, disqualification, or removal in the manner provided in these By-Laws, whichever first occurs. Any one person may hold any two or more of such offices, except that the President may not also be the Secretary. No person holding two or more offices shall act in or execute any instrument in the capacity of more than one office. The President, Vice-President., and Secretary/Treasurer shall be and remain Trustees of the Association during the entire term of their respective offices. No other officer need be a Trustee.

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

5.04 Resignation and Removal. Any officer may resign at any time by delivering a written resignation to the president or the Board of Trustees. Unless otherwise specified therein,

such resignation shall take effect upon delivery. Any officer may be removed by the Board of Trustees at any time, for or without cause.

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

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

5.07 The Vice President. The Vice-President shall act in the place and stead of the President in the event of the President's absence or inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board of Trustees.

5.08 The Secretary/Treasurer. The Secretary/Treasurer shall keep the minutes of the Association and shall maintain such books and records as these By-Laws, the Declaration, or any resolution of the Board of Trustees may require him to keep. He shall also act in the place and stead of the President in the event of the President's absence or inability or refusal to act. He shall be the custodian of the seal of the Association, if any, and shall affix such seal, if any, to all papers and instruments requiring the same. He shall have the custody and control of the funds of the Association, subject to the action of the Board of Trustees, and shall, when requested by the President to do so, report the state of the finances of the Association at each annual meeting of the Members and at the meeting of the Board of Trustees. He shall perform such other duties as the Board of Trustees may require of him.

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

ARTICLE VI COMMITTEES

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

by the Board of Trustees and (except as otherwise provided in these By-Laws) may be compensated for services rendered to the Association other than in his capacity as a committee member.

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

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

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

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

ARTICLE VII INDEMNIFICATION

7.01 Indemnification - Third Party Actions. The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (other than an action by or in the right of the Association) by reason of the fact that he is or was a Trustee or officer of the Association, or is or was serving at the request of the Association as a director, trustee, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against expenses (including attorney's fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit, or proceeding, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association, and, with respect to any criminal

action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit, or proceeding by an adverse judgment, order, settlement, or conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interest of the Association and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

7.02 Indemnification Association Actions. The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action or suit by or in the right of the Association to procure a judgment in its favor by reason of the fact that he is or was a Trustee or officer of the Association, or is or was serving at the request of the Association as a director, trustee, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise against expenses (including attorney's fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association and except that no indemnification shall be made in respect of any claim, issue, or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the Association, unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnify for such expenses which such court shall deem proper.

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

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

7.05 Scope of Indemnification. The indemnification provided for by this Article shall not be deemed exclusive of any other rights to which those indemnified may be entitled under

any provision in the Association's Articles of Incorporation, By-Laws, agreements, vote of disinterested Members or Trustees, or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office. The indemnification authorized by this Article shall apply to all present and future Trustees, officers, employees, and agents of the Association and shall continue as to such persons who cease to be Trustees, officers, employees, or agents of the Association and shall inure to the benefit of the heirs and personal representatives of all such persons and shall be in addition to all other rights to which such persons may be entitled as a matter of law.

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

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

ARTICLE VIII FISCAL YEAR AND SEAL

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

8.02 Seal. The Board of Trustees may by resolution provide a corporate seal which shall be an approved form and shall have inscribed thereon the name of the Association, the state of incorporation, and the words "Corporate Seal."

ARTICLE IX RULES AND REGULATIONS

9.01 Rules and Regulations. The Board of Trustees may from time to time adopt, amend, repeal, and enforce reasonable rules and regulations governing the use and operation of the Project, to the extent that such rules and regulations are not inconsistent with the rights and duties set forth in the Articles of Incorporation, the Declaration, or these Bylaws. The Members shall be provided with copies of all rules and regulations adopted by the Board of Trustees, and with copies of all amendments and revisions thereof.

ARTICLE X
AMENDMENTS

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

IN WITNESS WHEREOF, the undersigned, constituting all of the Trustees of Heritage Cove Townhouses Owners' Association, have executed these Bylaws on the 29TH day of February, 1996.

J. McDonald Golden
Christina Brubaker
Marcia Anderson

OWNER'S CONSENT

On this 29TH day of February, 1996, the undersigned J. McDonald Brubaker, being the Managing Member of Heritage Cove, L.C., the Declarant and owner of the land upon which the Project is located, does hereby consent to and execute these Bylaws in accordance with the provisions of the Utah Condominium Ownership Act.

Heritage Cove, L.C.,
a Utah Limited Liability Company

By J. McDonald Golden
Its: Managing Member

ACKNOWLEDGEMENTS

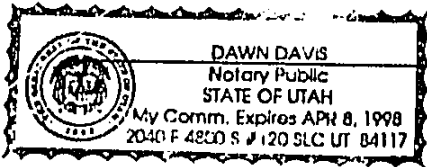
STATE OF UTAH)
)SS.
COUNTY OF SALT LAKE)

On the 29th day of February, 1996, personally appeared before me J. McDonald Brubaker, the managing member of Heritage Cove, L.C., who duly acknowledged to me that he executed the same.

Dawn Davis

Notary Public
Residing at: Salt Lake County

My Commission Expires:



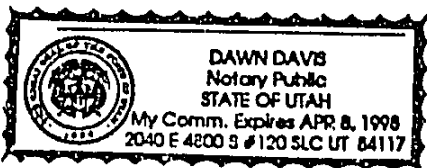
STATE OF UTAH)
) SS
COUNTY OF SALT LAKE)

On the 29th day of February, 1996, personally appeared before me J. McDonald Brubaker, Christeena Brubaker and Marcia Anderton, the signers of the within and foregoing Bylaws of Heritage Cove Townhouse Owners Association, each of whom duly acknowledged to me that they executed the same.

Dawn Davis

Notary Public
Residing At: Salt Lake County

My Commission Expires:



6292990
03/01/96 2:25 PM 115.00
NANCY WORKMAN
RECORDER, SALT LAKE COUNTY, UTAH
HERITAGE COVE LC 2040 E 4800 S. #120
REC BY: V ASHBY DEPUTY - WI SLC UT 84117