

When Recorded, Mail To:

LOST CANYON ESTATES, L.L.C.
12222 South 10th East, #3
Draper, UT 84020

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12/17/98 3:08 PM 174.00
NANCY WORKMAN
RECORDER, SALT LAKE COUNTY, UTAH
LOST CANYON ESTATES LLC
12222 S 10TH E #3
DRAPER, UT 84020
REC BY:R JORDAN DEPUTY - WI

7193630

DECLARATION OF CONDOMINIUM
OF
THE BOULDERS AT BELL CANYON
A UTAH CONDOMINIUM PROJECT

This Declaration of Condominium, hereinafter referred to as the "Declaration," is made and executed this 15th day of December, 1998, by Lost Canyon Estates, L.L.C., a Utah limited liability company, hereinafter referred to as the "Declarant."

RECITALS

A. Description of Land. The Boulders at Bell Canyon established by and subject to this Declaration is situated in and upon the following described real property (the "Land") situated in Sandy City, Salt Lake County, State of Utah, and more particularly described as follows:

That certain parcel of real property situated in Salt Lake County, State of Utah and described more particularly in four subparcels as follows:

Area 1-East Side

BEGINNING at a point 534.75 feet North 89°44'00" East along the North Section line from the North quarter corner of Section 14, Township 3 South, Range 1 East, Salt Lake Base and Meridian, said point being on the East line of Wasatch Boulevard; thence running North 89°44'00" East 497.775 feet; thence South 0° 45' 22" West 100.00 feet; thence South 32°41'16" West 154.96 feet; thence South 4° 07' 47" West 96.84 feet; thence South 44° 26' 06" West 124.44 feet; thence South 63° 04' 42" West 125.89 feet; thence South 37° 05' 54" West 77.77 feet; thence South 1° 04' 38" East 129.24 feet; thence South 10° 38' 30" West 165.66 feet; thence South 25° 15' 46" East 124.16 feet; thence South 8° 31' 30" West 126.15 feet; thence South 44° 58' 50" East 123.46 feet; thence South 161.28 feet; thence South 88° 54' 40" West

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285.44 feet to a point on the East line of Wasatch Boulevard, said point being on the arc of a 460.00 foot-radius curve to the right; thence Northerly 225.706 feet along the arc of said curve through a central angle of $28^{\circ} 06' 47''$, chord bears North $11^{\circ} 01' 59''$ West 223.449 feet; thence North $3^{\circ} 01' 33''$ East 154.497 feet; thence North $4^{\circ} 55' 58''$ East 300.170 feet; thence North $3^{\circ} 01' 25''$ East 60.00 feet; thence North $1^{\circ} 22' 53''$ East 348.973 feet to a point on a 1610.00 foot-radius curve to the right; thence Northerly 236.327 feet along the arc of said curve through a central angle of $8^{\circ} 24' 37''$, chord bears North $7^{\circ} 13' 44''$ West 236.115 feet to the point of BEGINNING.

Area 3- East Side

BEGINNING at a point 1032.530 feet North $89^{\circ} 44' 00''$ East along the North section line and 100.00 feet South $0^{\circ} 45' 22''$ West from the North quarter corner of Section 14, Township 3 South, Range 1 East, Salt Lake Base and Meridian; thence running North $89^{\circ} 44' 00''$ East 300.00 feet; thence South $0^{\circ} 45' 22''$ West 1204.045 feet; thence South $88^{\circ} 54' 40''$ West 527.74 feet; thence North 161.28 feet; thence North $44^{\circ} 58' 50''$ West 123.46 feet; thence North $8^{\circ} 31' 30''$ East 126.15 feet; thence North $25^{\circ} 15' 46''$ West 124.16 feet; thence North $10^{\circ} 38' 30''$ East 165.66 feet; thence North $1^{\circ} 04' 38''$ West 128.24 feet; thence North $37^{\circ} 05' 54''$ East 77.77 feet; thence North $63^{\circ} 04' 42''$ East 125.89 feet; thence North $44^{\circ} 26' 06''$ East 124.44 feet; thence North $4^{\circ} 07' 47''$ East 96.84 feet; thence North $32^{\circ} 41' 16''$ East 154.96 feet to the point of BEGINNING.

Area 2- West Side

BEGINNING at the North quarter corner of Section 14, Township 3 South, Range 1 East, Salt Lake Base and Meridian; thence running North $89^{\circ} 44' 00''$ East 31.48 feet along the North line of said Section 14, thence South $0^{\circ} 16' 00''$ West 50.00 feet; thence North $89^{\circ} 44' 00''$ East 50.00 feet; thence North $0^{\circ} 16' 00''$ East 50.00 feet; thence North $89^{\circ} 44' 00''$ East 371.76 feet to a point on the West line of Wasatch Boulevard said point also being on the arc of a 1690.00 foot-radius curve to the left; thence Southerly 231.52 feet along the arc of said curve through a central angle of $7^{\circ} 50' 57''$, chord bears South $6^{\circ} 56' 54''$ West 231.34 feet; thence South $4^{\circ} 39' 53''$ West 348.97 feet; thence South $3^{\circ} 01' 25''$ West 60.00 feet; thence South $1^{\circ} 06' 52''$ West 300.17 feet; thence South $3^{\circ} 01' 33''$ West 154.50 feet to a point of tangency with a 540.00 foot-radius curve to the left; thence Southerly 229.83 feet along the arc of said curve through a central angle of $24^{\circ} 23' 07''$, chord bears South $9^{\circ} 10' 09''$ East 228.10 feet; thence South $88^{\circ} 54' 40''$ West 430.32 feet; thence North $0^{\circ} 36' 52''$ East 141.26 feet; thence North $25^{\circ} 08' 43''$ East 53.58 feet; thence North $10^{\circ} 34' 31''$ East 211.80 feet; thence North $16^{\circ} 31' 17''$ East 201.14 feet; thence North $3^{\circ} 19' 51''$ East 86.91 feet; thence North $70^{\circ} 36' 21''$ East 146.62

feet; thence North 18° 34' 37" West 104.82 feet; thence North 62° 35' 17" West 130.77 feet; thence North 24° 17' 24" West 248.66 feet; thence North 0° 36' 52" East 210.57 feet to the point of BEGINNING.

Area 4- West Side

BEGINNING at a point 210.57 feet South 0° 36' 52" West from the North quarter corner of Section 14, Township 3 South, Range 1 East, Salt Lake Base Meridian; thence running South 24° 17' 24" East 248.66 feet; thence South 62° 35' 17" East 130.77 feet; thence South 18° 34' 37" East 104.82 feet; thence South 70° 36' 21" West 146.62 feet; thence South 3° 19' 51" West 86.91 feet; thence South 16° 31' 17" West 201.14 feet; thence South 10° 34' 31" West 211.80 feet; thence South 25° 08' 43" West 53.58 feet; thence North 0° 36' 52" East 971.262 feet to the point of BEGINNING.

B. Buildings and Improvements. The Declarant has constructed or will construct on the Land certain buildings and other improvements as shown more specifically on the Record of Survey Map of The Boulders at Bell Canyon, as defined below.

C. Record of Survey Map. The Declarant shall execute and record in the office of the Salt Lake County Recorder concurrently with the recording of this Declaration, as defined below, an instrument entitled the *Record of Survey Map for The Boulders at Bell Canyon, a Condominium Development in Sandy, Utah*, consisting of six (6) sheets.

D. Intent and Purpose. Declarant, by recording this Declaration and the Record of Survey Map as required by statute, intends to submit the Land, building and other improvements presently existing or to be constructed upon the Land to the provisions of the *Utah Condominium Act, Amended, Utah Code Annotated, Section 57-8-1, et seq.*, and to impose upon said Land mutually beneficial covenants, conditions and restrictions pursuant to a general plan of improvement for the benefit of all Condominium Units in the Project as well as the Owners thereof.

E. Bylaws. The administration of the Project shall be governed by this Declaration and the Bylaws of the Association, which Bylaws are attached hereto as Exhibit "B".

NOW THEREFORE, pursuant to the foregoing, Declarant hereby makes the following Declaration:

ARTICLE I

DEFINITIONS

Unless the context clearly indicates otherwise, certain terms as used in this Declaration shall have the meanings set forth in this Article I.

1.01 "Administrator" shall mean and refer to the Administrator of the Veterans Administration, an agency of the government of the United States of America.

1.02 "Articles" shall mean the Articles of Incorporation of the Association as filed with the Utah Department of Commerce, Division of Corporations and Commercial Code.

1.03 "Association" shall mean The Boulders at Bell Canyon Owners Association, a Utah non-profit corporation, operating pursuant to the Articles of Incorporation and Bylaws thereof, together with this Declaration.

1.04 "Board of Trustees" shall mean and refer to the Board of Trustees as then constituted of the Association.

1.05 "Building" shall mean any one of the buildings in the Project containing one or more Units that have been or will hereafter be constructed on the Land, as such buildings are shown on the Map.

1.06 "Common Area and Facilities" or simply the "Common Areas" shall mean and refer to:

- a. all physical portions of the Project except the Units;
- b. those portions of the Project specifically set forth and designated on the Map as intended for common ownership;
- c. all stairways outside a Unit, foundations, columns, girders, beams, supports, main walls, exterior retaining walls, roofs, exterior walkways, driveways, streets (except public streets), yards, gardens, fences, balconies, all open parking spaces, installations of central services such as power, light, gas, all apparatuses and installations existing for common use, such community facilities as may be provided for, and all other parts of the real property necessary or convenient to its existence, maintenance, and safety of the common areas or normally in common use;
- d. all common areas and facilities as defined in the Condominium Act, whether or not expressly listed herein; and all other parts of the Project normally in common use, or necessary or convenient to the use, existence, maintenance, safety or management of the other common areas; and

e. generally, all furniture, furnishings, equipment, facilities, and other property (real, personal, or mixed) and interests therein at any time leased, acquired, owned, or held by the Association for the use and benefit of all of the Owners and all other property (real, personal or mixed) hereafter purchased in accordance with this Declaration, with monies from the Common Expense Fund. Common Facilities shall be deemed to be part of the Common Areas, except to the extent otherwise expressly provided in this Declaration.

1.07 "Common Expense Fund" shall mean the fund created or to be created pursuant to the provisions of Article IX of this Declaration and into which all monies of the Association shall be deposited. "Common Expense(s)" shall have the meaning given in Article IX below.

1.08 "Condominium" or "Condominium Unit" shall mean (i) the fee simple interest in and to a Unit; and (ii) the undivided interest (expressed as a percentage of the entire ownership interest) in the Common Areas appurtenant to such Unit, as set forth in Exhibit "A", attached hereto and by this reference made a part hereof.

1.09 "Condominium Act" shall mean *The Utah Condominium Ownership Act, Utah Code Annotated, Section 57-8-1, et seq.*

1.10 "Declarant" shall mean Lost Canyon Estates, L.L.C., a Utah limited liability company, and its successors and assigns.

1.11 "Declaration" shall mean and refer to this Declaration of Condominium of The Boulders at Bell Canyon, as the same may be hereafter modified, amended, supplemented or expanded in accordance with the provisions hereof.

1.12 Deer Habitat and Hillside Protection Easement shall mean the area shown on the Map as the Deer Habitat and Hillside Protection Easement in the Common Area.

1.13 "First Mortgagee" shall mean a Mortgagee which is a bank or savings and loan association or established mortgage company, other entity chartered under federal or state laws, any corporation or insurance company, or any federal or state agency which has a first mortgage lien on any Condominium in the Project. "Eligible First Mortgagee" shall mean any First Mortgagee who has delivered to the Association a written request for notice of those certain matters referred to in Section 14.01.

1.14 "FHA" shall mean the Federal Housing Administration.

1.15 "FHLMC" shall mean the Federal Home Loan Mortgage Corporation.

1.16 "FNMA" shall mean the Federal National Mortgage Association.

1.17 "Land" shall mean the land upon which the Project is situated, as more particularly described in Recital A above.

1.18 "Lease" shall mean any agreement for the leasing or rental of a Unit.

1.19 "Limited Common Areas" shall mean any Common Area designated as reserved for use of a certain Unit or Units to the exclusion of the other Units in the Project. Structural separations between Units or the space which would be occupied by such structural separations may become Limited Common Areas for the exclusive use of the Owner or Owners of the Units on either side thereof as provided in Section 4.03 hereof. Certain balconies, porches, parking stalls, or storage facilities are depicted on the Map as Limited Common Area relating to and belonging with a particular Unit and shall relate to and belong to such Unit for the exclusive use of the Owner of such Unit. Any balcony accessible only through a Unit shall be Limited Common Area for the exclusive use of the Owner of such Unit, whether or not so depicted on the Map. The driveways to the Units shall be Limited Common Areas for the Units they serve.

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

1.21 "Map" shall mean the *Record of Survey Map for The Boulders at Bell Canyon, a Condominium Development in Sandy, Utah*, consisting of six (6) sheets and recorded contemporaneously with this Declaration, and any Supplemental Maps pertaining to the Project and recorded or to be recorded in the office of the County Recorder of Salt Lake County, State of Utah.

1.22 "Mortgage" shall mean any mortgage, deed of trust, or other security instrument by which a Condominium or any part thereof is encumbered.

1.23 "Mortgagee" shall mean (i) any persons or entities named as the mortgagee or beneficiary under any Mortgage by which the interest of any Owner is encumbered, (ii) any successor to the interest of such person or entity under such Mortgage, or (iii) any insurer or guarantor of such person or entity under such Mortgage.

1.24 "Mortgage Servicer" shall mean a party who services any Mortgage or Deed of Trust on any individual Condominium in the Project on behalf of FHLMC, FNMA, or any other federally associated financing program, including Veterans Administration and/or Federal Housing Administration financing.

1.25 "Owner" or "Unit Owner" shall mean the person or persons including the Declarant, owning in fee simple a Condominium in the Project, as such ownership is shown by the Official Records of the County Recorder of Salt Lake County, State of Utah. The term "Owner" shall not refer to any Mortgagee (unless such Mortgagee has acquired title for other

than security purposes) or to any person or persons purchasing a Condominium under contract (until such contract is fully performed and legal title conveyed of record) unless a written and notarized statement executed by the owner of record is delivered to the Developer or Association which specifically allows the contract purchaser to exercise the Owner's rights under this Declaration. Under such circumstances such party shall be entitled to the same vote that the Owner is entitled to have.

1.26 "Project" shall mean the Land, the Buildings, and all improvements submitted by this Declaration and the Map to the provisions of the Condominium Act.

1.27 "Regular Assessments" shall have the meaning given in Section 9.02(c).

1.28 "Roads" shall mean the private roads, but not driveways within the Project as depicted on the Map.

1.29 "Total Votes of the Association" shall mean thirty-nine (39) votes. The Total Votes of the Association shall be thirty-nine (39); provided, however, if the Condominium is contracted the Total Votes of the Association shall be the number of Units in the Condominium as contracted.

1.30 "Unit" shall mean an individual air space unit, consisting of enclosed rooms occupying part or all 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.

1.31 "Unit Number" shall mean and refer to the number, letter, or combination thereof which designate a Unit on the Map.

1.32 "VA" shall mean the Veterans Administration, an agency of the government of the United States of America.

ARTICLE II

SUBMISSION AND DIVISION OF PROJECT

2.01 Submission to Condominium Act. The Declarant hereby submits the Land, the Buildings, and all other improvements now or hereafter made in or upon the Land to the provisions of the Condominium Act. All of the Land and Buildings are and shall be held, conveyed, hypothecated, encumbered, leased, rented, used, and improved as a fee simple Condominium Project to be known as The Boulders at Bell Canyon, a Utah Condominium Project. All of said property is and shall be subject to the covenants, conditions, restrictions,

uses, limitations, and obligations set forth herein, each and all of which are declared and agreed to be for the benefit of said property and division thereof into Condominiums; further, each and all of the provisions hereof shall be deemed to run with the Land and shall be a burden and a benefit on the Land and shall be binding upon the Declarant, its successors and assigns, and to any person acquiring, leasing, or owning an interest in the real property and improvements comprising the Project, and to their respective personal representatives, heirs, successors, and assigns.

2.02 Division into Condominiums. The Project is hereby divided into Condominiums, each such Condominium consisting of a Unit and an appurtenant undivided interest in the Common Areas, as set forth in Exhibit "A", attached hereto.

ARTICLE III

BUILDINGS AND IMPROVEMENTS

3.01 Buildings and Improvements. The Buildings and other improvements constructed or to be constructed on the Land are described on the Map. The following information regarding the Buildings is also contained on the Map: (i) the number of floors and basements in a Building; and (ii) the location of Limited Common Areas and the Unit to which it is allocated.

3.02 Description of Units. The Map contains the unit number, location and dimensions of each Unit in the Project and all other information necessary to identify each such Unit.

3.03 Description of Common Areas. The Map designates the Common Areas of the Project.

3.04 Description of Limited Common Areas. The Map designates the Limited Common Areas of the Project. The Map also designated the Unit or Units to which each of the Limited Common Areas is reserved.

3.05 Principal Construction Materials. The Buildings in the Project will rest on reinforced concrete footings and foundations. The walls of the Buildings are of 2 x 6 frame construction, the exterior surfaces of which are drivet, and the interior surfaces of which are covered with gypsum sheetrock. The floors are concrete or wooden floors covered with carpet, linoleum, or equivalent floor coverings. The Buildings are supported by steel or laminated wooden support beams and the roof is composed of wood frame covered with plywood subroof and asphalt or comparable shingles.

ARTICLE IV

NATURE AND INCIDENTS OF CONDOMINIUM OWNERSHIP

4.01 Interior of Units. Each Owner shall have the exclusive right to paint, repair, tile, wax, paper, carpet, or otherwise decorate the interior surfaces of the walls, ceilings, floors, and doors within such boundaries. Each Owner shall also have the right to construct partition walls, fixtures, and improvements within the boundary of an Owner's Unit; provided, however, that such partition walls, fixtures and improvements (i) shall comply with all applicable laws, ordinances, and building codes, (ii) shall not interfere with facilities necessary for the support, use, or enjoyment of any other part of the Project, (iii) shall not impair the structural soundness or integrity of the Building in which it is located, and (iv) shall not encroach upon the Common Areas or any part thereof, unless the Association shall consent in writing to such encroachment.

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

4.03 Title. Title to a Condominium within the Project may be held or owned by any person or entity, or any combination thereof, and in any manner in which title to any other real property may be held or owned in the State of Utah, including without limitation joint tenancy or tenancy in common.

4.04 Ownership of Common Area. The undivided interest in the Common Areas appurtenant to each Unit in the Project shall be as set forth in Exhibit "A" attached hereto. The interest appurtenant to each Unit as shown in said Exhibit "A" shall have a permanent character and shall not be altered a) except with the unanimous written consent of all Owners expressed in an amendment to this Declaration duly recorded, or b) except to the extent necessary to allow for the expansion of the project as provided in the Condominium Act. Except as otherwise provided in this Declaration, any Owner shall be entitled to nonexclusive use of the Common Areas (other than Limited Common Areas) in any manner that does not hinder or encroach upon the rights of the other Owners and is not contrary to any rules and regulations promulgated by the Association. Except as otherwise provided in this Declaration, any Owner shall have the exclusive right to use and enjoy Limited Common Areas that may be designated for exclusive use by such Owner.

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

4.07 No Partition. The Common Areas shall be owned in common by all the Owners, and no Owner may bring any action for partition thereof.

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

4.09 Separate Taxation. Each Condominium within the Project including each Unit and appurtenant undivided interest in the Common Areas, shall be deemed to be a parcel and shall be assessed separately for all taxes, assessments, and other charges of the State of Utah or of any other taxing or assessing authority. For purposes of such assessment, the valuation of the Common Areas shall be apportioned among the Units in proportion to the undivided interests in Common Areas appurtenant to such Units. All such taxes, assessments, and other charges on each respective Condominium shall be separately levied against the Owner thereof. No forfeiture or sale of any Condominium for delinquent taxes, assessments, or other governmental charges shall divest or in any way affect the title to any other Condominium.

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

4.11 Description of Condominium. Every contract for the sale of a Condominium and every other instrument affecting title to a Condominium within the Project may describe a Unit by its identifying number or symbol as indicated in this Declaration or as shown on the Map. Such description will be construed to describe the Unit, together with its appurtenant

undivided interest in the Common Areas, and to incorporate all of the rights incident to ownership of a Condominium within the Project and all of the limitations on such ownership.

ARTICLE V

EASEMENTS AND USE RIGHTS

5.01 Easements for Encroachments. If any part of the Common Areas encroaches or shall hereafter encroach upon any Unit, an easement for such encroachment and for the maintenance of the same shall and does exist. If any part of a Unit encroaches or shall hereafter encroach upon the Common Areas, or upon an adjoining Unit, an easement for such encroachment and for the maintenance of the same shall and does exist. If any part of the Common Areas or any part of a Unit shall hereafter encroach on real property now owned by the Declarant outside the boundaries of the Land, an easement for such encroachment shall and does exist. Such encroachment shall not be considered to be an encumbrance either on the Common Areas or the Units. Encroachments referred to herein include, but are not limited to, encroachments caused by error in the original construction of the Building or any improvements constructed or to be constructed within the Project by Declarant or by the Association, by error in the Map, by settling, rising, or shifting of the earth, or by changes in position caused by repair or reconstruction on the Project, or any part thereof, in accordance with the provisions of this Declaration.

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

5.03 Right to Ingress, Egress, and Support. Each Owner shall have the right to ingress and egress over, upon, and across the Common Areas as necessary for access to such Owner's Unit and to any Limited Common Areas appurtenant to such Unit, and shall have the right to horizontal, vertical, and lateral support of such Unit, and such rights shall be perpetual and shall be appurtenant to and pass with title to each Condominium.

5.04 Association's Right to Use. The Association shall have an easement to make such use of the Common Areas and Limited Common Areas as may be necessary or convenient to perform the duties and functions that it is obligated or permitted to perform pursuant to this Declaration, including without limitation the right to construct and maintain in

the Common Areas (other than Limited Common Areas) facilities for use by Owners generally or by the Association and its agents exclusively.

5.05 Easement for Completion of Project. The Declarant shall have a transferable easement over and on the Common Areas for the purpose of completing construction of the Project and making improvements therein for the purpose of doing all things reasonably necessary or appropriate in connection therewith. To the extent that damage is inflicted on any part of the Project by any person utilizing said easement, the Declarant and the person causing the damage shall be liable to the Association for the prompt repair of such damage.

5.06 Easements and Use Rights Deemed Created. All conveyances of Condominiums within the Project hereafter made, whether by the Declarant or otherwise, shall be construed to grant and reserve such reciprocal easements and rights of use as are provided herein, even though no specific reference to such easements and rights of use appear in any such conveyance.

5.07 Trail Easement; Assumption of the Risks. The Map depicts a Trail Easement across the Project. The public shall have an easement over, upon and across the surface of the Trail Easement for purposes of hiking. No vehicular access of any type shall be allowed on the Trail Easement, except by public safety vehicles. The Trail Easement may not be amended or released without the written consent of Sandy City, which consent shall be recorded in the Official Records of Salt Lake County.

Each Owner hereby expressly assumes the risks arising out of the Trail Easement and the use thereof by the public and each Owner agrees that neither Declarant, its successors and assigns, nor any entity responsible for the design, construction, ownership and maintenance of the trail and related improvements within the Trail Easement shall be liable to each such Owner, its guests, tenants, licensees or invitees or any other person claiming any loss or damage, including, without limitation, indirect, special or consequential loss or damage arising from personal injury, destruction of property, loss of view, noise pollution or other visual or audible offenses, or trespass or any other alleged wrong or entitlement to remedy based upon, due to, arising from or otherwise related to the proximity of the Unit to the Trail Easement, including, without limitation, any claim arising in whole or in part from the alleged negligence of any person or entity responsible for the design, construction, ownership and maintenance of the Trail Easement. Each Owner hereby agrees to indemnify and hold harmless Declarant and any entity responsible for the design, construction, ownership and maintenance of the Trail Easement against any and all claims by such Owner or Owner's guests, tenants, licensees and invitees. Nothing set forth herein shall be construed to limit an Owner's right to recover from any user of the Trail Easement (but not from Declarant) any and all damages to persons or property which may be caused by the conduct of such user.

5.08 Utility Easement. The Map depicts an easement in favor of Sandy City for access to its water tank adjacent to the Project. Sandy City is hereby granted an easement

over, upon and across the surface of the Utility Easement for access by persons and vehicles from Wasatch Boulevard to Sandy City's water tank adjacent to the Project.

5.09 Road Utility Easement. There is hereby granted to utilities serving the Project and the Units a blanket easement upon, across, over and under the Land for the construction, operation and maintenance of conduits, cables, pipes, mains, ducts, wires and other necessary equipment on or under the Roads (provided that all such services shall be placed underground) reasonably necessary for delivery of utility services to the Project and the Units, including without limitation, water, sewer, storm drainage, telephone, natural gas, electricity, cable television and other electronic transmissions; provided, however, after the initial construction of the Project is completed, this easement shall be limited to the Roads. Any user of this easement shall be responsible to repair or restore any portion of the Project, including Common Improvements, which shall be disturbed or damaged in the exercise of the right herein granted. Any user of the easement granted herein shall fully compensate any of the Owners, the Association or Declarant for any damage (including without limitation damage or injury to person or property), claims, demands, costs (including attorneys' fees), judgments or any other event, arising from the presence or activities of such utility, its agents, employees, invitees, licensees, and members, in or on the Project or in any way connected or related to the activities or presence of such utility within or on the Project. Also in connection with this easement, each user of the easement agrees and covenants to defend, indemnify and hold harmless the Declarant, the Association and the Owners from and/or against any and all liability, loss or damage, including without limitation damage or injury to person or property, as a result of claims, demands, costs (including attorneys' fees), judgments or any other event, arising from the presence or activities of any user, its agents, employees, invitees and licensees.

5.10 Storm Drainage Easement. There is hereby created a blanket easement upon, across, over and under the Common Areas for construction and maintenance of storm drain systems and erosion control devices. By virtue of this easement, it shall be expressly permissible for the Declarant or the Association to lay, construct, renew, operate and maintain conduits, pipes, mains, ducts, catch basins and other necessary facilities on the Project. The storm drainage system shall be maintained under the direction of the Association.

5.11 Police, Fire and Ambulance Service. An easement is hereby granted to all police, fire protection, ambulance services and all similar persons to enter upon the Project in the reasonable performance of their duties.

5.12 Deer Habitat and Hillside Protection Area. The Map depicts an easement for deer habitat and hillside protection, (referred to in Section 1.11 as the "Deer Habitat and Hillside Protection Easement") and the same is hereby granted to Sandy City for such purposes. The Deer Habitat and Hillside Protection Easement may not be amended or extinguished without the written consent of Sandy City and the written consent of the Owners of not less than seventy-five percent (75%) of all of the Units, which written consents must be recorded in the Official Records of Salt Lake County. Each Owner, its lessees, guests and

invitees shall have the right to walk about the Deer Habitat and Hillside Protection Easement area, but neither the Association nor any Owner may disturb in any material way the land subject to said easement. Sandy City and not the Association shall have the obligation to maintain the Deer Habitat and Hillside Protection Easement area. The granting of the Deer Habitat and Hillside Protection Easement set forth in this Section 5.12 is subject to Declarant's right to install, the Association's right to maintain, and the Owners' right to use the trails and picnic and/or lookout areas provided for on the Map.

ARTICLE VI

RESTRICTIONS ON USE

6.01 Residential Use. All Units within the Project shall be used exclusively for residential purposes and for no other purpose. Occupancy of a Unit for residential use, whether by the Owner or a Tenant under a long term lease or rental agreement, shall be deemed to be residential occupancy. No home business or occupation may be pursued in a Unit which brings customers, clients, employees or independent contractors involved in such business or occupation, which creates any noise or odor, or which creates any condition or circumstance which would not arise in a single family residence.

6.02 No Subdivision or Timesharing. No Owner shall cause a Unit to be divided or occupied in any manner which would provide that the exclusive use, occupancy or possession of the Unit circulates among more than one (1) Owner or occupant or in any other manner which would violate the applicable ordinances of the applicable government authority. Any arrangement, however denominated, which would provide for timesharing or any other method for the rotation or circulation of the right to occupy a Unit shall be strictly prohibited.

6.03 No Short Term Rentals. It is the policy and intent of this Declaration and the Association that no Unit or any part thereof shall be rented for a term of less than six (6) months, and that no overnight, daily, weekly, or monthly rentals or leases or any arrangement which has a similar effect shall be permitted.

6.04 Leasing. Any Lease or sublease of a Unit shall be in writing. No Lease shall be used to contravene the provisions of Section 6.03. No Lease or sublease shall be for less than an entire Unit. All lessees and sublessees of any Unit shall abide by and be subject to any and all of the provisions, covenants, restrictions, prohibitions and terms of this Declaration, the Articles, Bylaws and regulations, including provisions relating to assessments and collections thereof, and any liens therefore, as if Owners hereunder and each Lease or sublease of any Unit shall so provide. Each Lease or sublease of any Unit shall provide that any failure to abide by the provisions, covenants, restrictions, prohibitions and terms of this Declaration, the Articles, Bylaws and regulations, including provisions relating to assessments and collections thereof, and any liens therefore, shall be a breach and event of default under such Lease or sublease. If an Owner or lessor of an Owner shall lease any Unit, the Owner

or lessor of an Owner shall promptly notify the Association, in writing, of (i) the fact of the Lease, (ii) the name of the tenant under such Lease, (iii) the address of the Owner during the term of the Lease, and (iv) the terms and conditions of such Lease. As used in this Section, the term "Lease" shall include a lease, sublease, rental arrangement, license or any other arrangement for exclusive or partially exclusive use of a Unit by one person or a group of persons related by marriage or blood other than an Owner. Any Lease made for any Unit which is not in accordance with the provisions of this Section shall not be voidable by the Association, and the Association shall, as an alternative to declaring such Lease void, have the right to a reformation of such Lease to conform it to the provisions of this Section. The Association shall also have the right to reimbursement or damages from any Owner for all damages or injury (including a reasonable attorneys' fee) resulting to the Association from any failure of a Lease to conform to this Section. Any Owner who shall lease its Unit in accordance with the provisions of this Declaration shall remain personally liable in the manner set forth in this Declaration for any and all charges, costs and expenses properly charged against said Unit during the time of occupancy of any lessee or sublessee of said Owner.

6.05 Parking. The following apply to Vehicle parking within the Project:

(a) Unlicensed or Inoperable Vehicles. No Vehicle which is inoperable or unlicensed shall be allowed within the Project, unless said Vehicle is stored inside an Owner's garage.

(b) Parking on Roads. No Vehicle, inoperable or operable, shall be parked or placed within the Common Area, including Roads, except temporarily on a Road if the Vehicle belongs to a guest or invitee of an Owner, but not for more than any forty-eight hour period, and only for hours such as the Association may designate, which designated hours may be fewer than twenty-four in any single day.

(c) Limited Common Areas. No Vehicle, inoperable or operable, shall be allowed upon any Limited Common Areas, or any other part of a Unit except for a Unit driveway and/or the interior of any garage.

(d) Unit Driveways. In general, Vehicles may be parked temporarily in the driveway of a Unit; provided however, (i) only one Vehicle may be parked overnight in a driveway, which is exclusively appurtenant to one Unit, wide enough for only one auto, and no more than two Vehicles may be parked overnight in a driveway, which is exclusively appurtenant to one Unit, wide enough for two or more autos, and (ii) no Vehicle may be parked in a driveway for more than thirty (30) days within any sixty (60) day period and each driveway must be without any Vehicle on it overnight for at least twenty (20) days within any sixty (60) day period.

(e) Access Restriction. No Vehicle belonging to an Owner or his guests, tenants, licensees or invitees shall be parked in such a manner as to impede or prevent ready access to any other Owner's Unit or Unit driveway.

Any Vehicle which remains so placed as to be in violation of any of the foregoing for the time period provided above, or if no time period shall have been specifically provided, for over 24 hours, consecutively or cumulatively within any five day period, after personal notice of such violation given by the Association (i) to the owner of the Vehicle, or (ii) to the Owner in whose household or whose guest or invitee is the owner of the Vehicle, or (iii) if neither the Owner, his guest or his invitee is present at the Project or able to receive notice, then on the Vehicle in a conspicuous location; shall be subject to removal and storage by the Association, at the expense of the owner of the Vehicle, or, if owner of the Vehicle is not an Owner, then at the expense of the Owner in whose Unit the owner of the Vehicle is a guest, tenant, licensee, or invitee, which cost and expense shall be payable within a reasonable time and shall also be a lien against said Owner's Unit and the personal liability of the Owner. All persons operating a Vehicle in the Project shall be subject to and obey posted parking regulations. The Association shall have the right to promulgate such regulations consistent with this Declaration as may be necessary to provide for the safe use of Vehicles within the Project. No Owner, its guest or invitees, shall use any portion of the Project (except the interior of a garage for repairs to the Owner's Vehicle) for any mechanical work or maintenance upon any Vehicle, except emergency repairs necessary to make such Vehicle operable.

6.06 Garbage and Refuse Disposal. No Unit shall be used or maintained as a dumping ground for rubbish, trash, garbage or other waste and such materials shall not be kept except in covered containers. All trash containers shall be covered and kept screened from view from the street in the garage of the Unit, except during collection. All equipment for the storage or disposal of such materials shall be kept in a clean and sanitary condition. The burning of rubbish, leaves or trash within the Project is prohibited. No unsightly material or objects are to be stored on any Unit.

6.07 Maintenance Cooperation. No Owner shall interfere with activities of the Association with respect to Common Areas, including the grading, landscaping, decorating, maintaining, caring for, repairing, replacing, constructing or reconstructing or cleaning of any Common Areas in fulfillment of the duties, obligations and responsibilities of the Association towards the Common Areas (including the Limited Common Areas) set forth herein.

6.08 Unit Exterior. Exterior antennas are prohibited on or about the Units. Exposed metal flues, vents, ventilator or other metallic rooftop protrusions shall be coated or painted with a neutral color which will blend harmoniously with the surrounding landscaping and related improvements. Satellite reception dishes of a diameter of not more than 24 inches are allowed provided they are placed in the Owner's Limited Common Area and placed or screened so they are reasonably screened from neighboring properties. The location of satellite reception dishes and any screening thereof must be approved by the Association as part of the Unit exterior. All power lines and similar type cables shall be buried underground. No personalized mailboxes, banners, addresses or other exterior decor or identifying or decorating materials may be affixed, posted or otherwise displayed on or about the Units, but all such matters shall be subject to the rules and regulations promulgated by the Board of

Trustees from time to time. Traditional Christmas and other holiday decorations and lights may be displayed on the exterior of Units if such are tasteful and are not intrusive to other Owners, and all such matters shall be subject to the regulation by the Association acting through the Board of Trustees.

Nothing contained in this Declaration shall restrict the Association from decorating the Common Areas for seasonal, holiday or other occasions or permanently.

6.09 No Noxious or Offensive Activity. No noxious or offensive activity shall be carried on, in or upon any part of the Project which is or may become a nuisance or which may cause disturbance or annoyance to Owners. No activities shall be conducted, nor improvements constructed, in or upon any part of the Project which are or may become unsafe or hazardous to any person or property.

6.10 Restrictions on Signs. The American flag and the flag of the State of Utah may be flown on one flagpole attached to each Unit exterior in a tasteful manner and in a size consistent with the residential character of the Project. No signs, flags or advertising devices of any nature, including without limitation, commercial, political, informational or directional signs or devices, shall be erected or maintained on any part of the Project, without the prior inspection and written approval of the Board of Trustees, except as may be necessary temporarily to caution or warn of danger. If the Association consents to the erection of any such signs or devices, the same shall be removed promptly at the request of the Association. All such signs or devices must also comply with applicable zoning ordinances.

6.11 Pets and Animals. No animals, livestock or poultry of any kind shall be raised, bred or kept in any Unit or in the Common Areas except that household pets may be kept or housed in Units pursuant to rules and guidelines adopted in writing by the Board of Trustees, but such permission shall be deemed conditional and subject to revocation by the Board of Trustees. In no event shall any pet be permitted in any portions of the Common Areas (except for the Limited Common Area of the Unit in which such pet lives) unless carried or on a leash. Each pet owner shall clean up all feces deposited by its pet(s) from the Common Areas. Each Owner who keeps a pet in a unit shall indemnify and hold all other owners harmless against any loss or liability of any kind or character whatsoever arising from or as a result of having such pet in the Project. If a pet disturbs other owners by barking or in other ways becomes obnoxious, the Board of Trustees may give notice to the owner of such pet to cause such annoyance to be discontinued; and if such annoyance is not discontinued and corrected or in the case of a pet biting a person or other animal the Board of Trustees may revoke its permission to keep the pet in the Project and the pet shall be immediately and permanently removed therefrom. No animal shelter, dog-type run, doghouse or other animal enclosure may be built, located or kept in the Common Areas including the Limited Common Areas.

6.12 Use of Balconies With Decks. No Owner shall permit or store or caused to be stored any property on any balcony or deck which shall be designated as a Limited Common

Area for said Owner's Unit. Except for chairs, tables, planters, barbeque equipment and other furniture and items appropriate for a balcony or deck, no Owner shall cause or permit anything (including without limitation, signs, awnings, sunscreens, canopies, shutters, radio or television antennas, satellite transmission or receiving dishes or other facilities, bicycles, exercise equipment, towels, rugs, garbage containers, or any other materials) to be displayed, hung, draped, or fixed or otherwise placed upon any balcony or deck. Balconies or decks for which access is available through sliding glass doors may be used for such purposes as may normally be associated with the use thereof, such as for keeping and using barbeque equipment, provided, however, that said balconies shall not be used for storage.

6.13 Driveways. No driveway shall be used for storage. No vehicle, camper, boat, trailer or any other item located upon said driveway shall be permitted to extend into any roadway.

6.14 Recreational Vehicles. Notwithstanding any of the foregoing, recreational vehicles, boats, personal watercraft, travel trailers and similar vehicles ("RVs") may not be parked within the Project, except within the garage of a Unit or temporarily in the driveway of a Condominium Unit, but not in any such driveway for more than forty-eight (48) hours within any one week period. No separate RV storage area may be set aside or designated in the Project.

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

6.16 No Obstruction. No Owner shall obstruct the Common Areas or any part thereof. No Owner shall store or cause to be stored in the Common Areas any property whatsoever, unless the Board of Trustees shall consent thereto in writing.

6.17 No Overloading. No Owner shall bring anything into his Unit or permit anything to be done in his Unit that will cause damage to the Building. No Owner shall overload the floor of his Unit. No Owner shall permit the use or operation in his Unit of any equipment, machinery, or other apparatus that will in any manner injure, vibrate, or shake the Building or portions thereof, excepting only the reasonable use of stereo and other similar audio equipment.

6.18 Prohibition of Damage and Certain Activities. Except with the prior written consent of the Board of Trustees, nothing shall be done or kept in any Unit, in the Common Areas, or in any other part of the Project that would result in cancellation of the insurance on the Project or any part thereof, nor shall anything be done or kept in any Unit that would increase the rate of insurance on the Project or any part thereof over that which the

Association would pay, but for such activity. Nothing shall be done or kept in any Unit or in the Common Areas or any part thereof which would be in violation of any statute, rule, ordinance, regulation, permit, or other validly imposed requirement of any governmental authority or the Association. No damage to, or waste of, the Common Areas or any part thereof shall be committed by any Owner or guest of any Owner, and each Owner shall indemnify and hold harmless the Association and the other Owners from and against all loss resulting from any such damage or waste caused by such Owner or by the guests, tenants, licensees, or invitees of such Owner.

6.19 No Commercial Business. No commercial business shall be permitted within the Project unless the same is permitted by applicable law and approved in writing by the Association, and, if applicable, VA, FHA, FNMA, and/or FHLMC.

6.20 Rules and Regulations. Each Owner shall comply strictly with all rules and regulations adopted by the Association for the governance of the Units, the Common Areas, and the Project, as such rules and regulations may be modified, amended, and construed by the Association in the sole discretion pursuant to the Bylaws.

6.21 Construction and Alteration; Architectural Approval. No construction of any Unit, building, improvement, structure, fence, wall, or addition, extension, or modification upon or to any Unit exterior, or expansion of any of the foregoing shall be commenced, erected or maintained, nor shall any addition, change, modification, alteration, or improvement to any Unit exterior be made until after plans and specifications showing the nature, kind, shape, height, materials, colors and location of the same shall have been submitted to and approved by the Association. Only in exceptional circumstances will any addition, change, modification, alteration, or improvement to any Unit exterior be permitted, it being the express intent of this Declaration that the common architectural theme of the Project be maintained on all of the Units for so long as the Project shall exist.

6.22 Construction and Sales Exemption. During the course of the actual construction and sale of any of the permitted structures or improvements within the Project, the provisions, covenants, conditions and restrictions contained in this Declaration shall be deemed waived to the extent reasonably necessary or convenient to permit such construction and sales, in addition to any other specific exemption from these covenants and restrictions for construction and sales activities of Declarant as may be mentioned herein. However, during the course of such construction and sales nothing shall be done which will result in a violation of any of said provisions, covenants, conditions or restrictions upon completion of the construction. Any person involved in the construction of any permitted structures or improvements that shall cause damage to any portion of the Project shall be responsible to pay for the repair and/or replacement of such damage.

ARTICLE VII

THE ASSOCIATION

7.01 Membership. Each Owner shall be entitled and required to be a member of the Association. Membership shall begin immediately and automatically upon becoming an Owner and shall terminate immediately and automatically upon ceasing to be an Owner. If title to a Condominium is held by more than one person, the membership appurtenant to the Condominium shall be shared by all such persons in the same proportionate interest and by the same type of tenancy in which title to the Condominium is held. An Owner shall be entitled to one (1) membership for each Condominium owned. Each membership shall be appurtenant to the Condominium to which it relates and shall be transferred automatically by conveyance of that Condominium. Ownership of a Condominium within the Project cannot be separated from membership in the Association appurtenant thereto, and any attempted devise, encumbrance, conveyance, or other disposition, respectively, of the Owner's membership in the Association and rights appurtenant thereto separate to condominium ownership shall be null and void, ab initio. No person or entity other than an Owner may be a member of the Association, and membership in the Association may not be transferred except in connection with the transfer of a Condominium.

7.02 Board of Trustees. Until such time as the responsibility for appointing the Board of Trustees of the Association is turned over to the Owners in accordance with Utah law, the Declarant shall have the exclusive right to appoint and to remove all such Trustees. This exclusive right shall terminate upon the date (the "**Turnover Date**") which will be the first to occur of the following:

- (a) Six (6) years from the date on which the first Condominium in the Project is conveyed; or
- (b) The date on which thirty (30) Condominiums have been conveyed.

The termination of the exclusive right shall not, however, affect Declarant's rights, as a Unit Owner, to exercise the votes allocated to Units which Declarant owns.

7.03 Right of Board of Trustees to Bind Association. Until such time as the responsibility for electing the Board of Trustees of the Association is turned over to the Owners in accordance with Section 7.02, the Board of Trustees shall not have any authority to enter into any contracts, agreements or leases on behalf of the Association, either directly or indirectly, unless such contracts, agreements or leases may be terminated by the Association at any time without cause or penalty after such transfer of control upon ninety (90) days prior written notice.

7.04 Votes. The number of votes appurtenant to each respective Condominium shall be as set forth on Exhibit "A". The number of votes appurtenant to each Condominium shall

have a permanent character and shall not be altered without the unanimous written consent of all Owners expressed in a duly recorded amendment to this Declaration.

7.05 Amplification. The provisions of this Article VII may be amplified by the Articles and Bylaws; provided, however, that no such amplification shall substantially alter or amend any of the rights or obligations of the Owners set forth in this Declaration.

ARTICLE VIII

CERTAIN RIGHTS AND OBLIGATIONS OF THE ASSOCIATION AND BOARD OF TRUSTEES

8.01 The Common Areas. The Association acting through the Board of Trustees, subject to the rights and duties of the Owners as set forth in the Declaration, shall be responsible for the exclusive management and control of the Common Areas and all improvements thereon (including the Common Facilities), and shall keep the same in good, clean, attractive, safe, and sanitary condition, order, and repair; provided, however that unless otherwise stated herein, each Owner shall keep the Limited Common Areas designated for use in connection with his Unit, if any, in a clean, sanitary and attractive condition. The Association shall be responsible for the maintenance and repair of the exterior of the Buildings including any Building exteriors adjoining or within Limited Common Areas, other improvements and grounds, including without limitation painting thereof, repair and replacement of exterior trim, roofs and fences, and maintenance of landscaping, walkways, driveways, and parking areas. The Association, acting through the Board of Trustees, shall also be responsible for maintenance, repair, and replacement of Common Areas within the Buildings, including without limitation landings, stairways, utility lines, Common Facilities, and all improvements and other items located within or used in connection with the Common Areas. The specification of duties of the Board of Trustees with respect to particular parts of the Common Areas shall not be construed to limit its duties with respect to other Common Areas. All goods and services procured by the Board of Trustees in performing its responsibilities under this Section shall be paid for with funds from the Common Expense Fund. The Association shall cause the snow to be removed from the private Roads, walks and driveways (including driveways which are Limited Common Areas).

8.02 Manager. The Board of Trustees may retain the services of an experienced, professional Manager to manage the Project. Appropriate fidelity bond coverage shall be required for any employee of the Manager who handles funds for the Association. The Board of Trustees may by written contract delegate in whole or in part to a Manager such of the duties, responsibilities, functions, and powers hereunder of the Board of Trustees as are delegable. The services of any Manager retained by the Board of Trustees shall be paid for with funds from the Common Expense Fund. Any management agreement or contract providing for services of Declarant for the Project will be terminable by the Board of Trustees for cause upon thirty (30) days written notice thereof, and such Agreement may be terminated

by either party without cause and without payment of a termination fee on ninety (90) days written notice. The terms of any such agreement may not exceed one year, renewable by agreement of the parties for successive one-year periods.

8.03 Miscellaneous Goods and Services. The Board of Trustees may, on behalf of the Association, obtain and pay for the services of such personnel as the Board of Trustees shall determine to be necessary or desirable for the proper operation of the Project, whether such personnel are furnished or employed directly by the Association or by any person or entity with whom or which it contracts. The Board of Trustees may, on behalf of the Association, obtain and pay for the legal and accounting services necessary or desirable in connection with the operation of the Project or the enforcement of this Declaration. In addition to the foregoing, the Board of Trustees may, on behalf of the Association, acquire and pay for out of the Common Expense Fund water, sewer, garbage collection, electrical, gas, and other necessary or desirable utility services for the Common Areas (and for the Units to the extent not separately metered or billed), insurance, bonds, and other goods and services common to the units.

8.04 Real and Personal Property. The Association may acquire and hold real, personal, and mixed property of all types for the use or benefit of all of the Owners and may dispose of such property by sale or otherwise; provided that any acquisition or disposition of any real, personal or mixed property by the Association wherein the value of such property exceeds \$20,000 must be approved by a vote of at least a majority of the Total Votes of the Association in attendance by person or by proxy at a meeting duly called for that purpose. All such property, including Common Facilities, shall be paid for out of the Common Expense Fund and all proceeds from the disposition thereof shall be part of such fund.

8.05 Rules and Regulations. The Board of Trustees may make reasonable rules and regulations governing the use of the Units, the Common Areas, and Limited Common Areas, and all parts of the Project, which rules and regulations shall be consistent with the rights and duties established by this Declaration. The Association or any aggrieved Owner may initiate and prosecute an action against any Owner to enforce compliance with such rules and regulations or other obligations of such Owner arising hereunder, or to obtain such damages for noncompliance therewith, as permitted by law. In the event of such judicial action, the Association or aggrieved Owner shall be entitled to recover its costs, including reasonable attorneys' fees, from the offending Owner.

8.06 Granting Easements. The Association may, without the vote or consent of the owners or of any other person, grant or create, on such terms as it deems advisable, easements, licenses and rights-of-way over, under, across, and through the Common Areas for utilities, roads, and other purposes reasonably necessary or useful for the proper maintenance or operation of the Project.

8.07 Statutory Duties and Powers. All duties, responsibilities, rights, and powers imposed upon or granted to the Association or Management Committee or to the Manager

under the Condominium Act shall be duties, responsibilities, rights, and powers of the Board of Trustees.

8.08 Implied Rights. This Association may exercise any right, power, or privilege given to it expressly by this Amended Declaration or by law, and every other right or privilege reasonably implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege.

ARTICLE IX

ASSESSMENTS

9.01 Agreement to Pay Assessments. The Declarant, for each Condominium owned by it within the Project, and for and as the owner of the Project and every part thereof, hereby covenants and each Owner of any Condominium by the acceptance of instruments of conveyance and transfer therefor, whether or not it be so expressed in said instruments, shall be deemed to covenant and agree with each other and with the Association to pay to the Association all assessments made by the Association for the purposes provided in this Declaration. Such assessments shall be fixed, established, and collected from time to time as provided in this Article IX. No rebate, discount or reduction in assessments shall be given for any Unit based on the fact that such Unit has not been or will not be occupied or has been or will be occupied on less than a full-time basis.

9.02 Annual Assessments. Annual assessments shall be computed and assessed against all Condominiums in the Project as follows:

(a) Common Expense. Annual assessments shall be based upon advance estimates of the Association's cash requirements to provide for maintenance and operation of the Common Areas and Facilities and/or furnishing utility services and other common items to the Units (the "**Common Expenses**"). Such estimated expenses may include, without limitation, the following: expenses of management, including fees for a Manager (if any); premiums for all insurance that the Association is required or permitted to maintain; utility charges, including charges for utility services to the Units to the extent not separately metered or billed; legal and accounting fees; any deficit remaining from a previous period; creation or an adequate contingency reserve, major maintenance reserve, and/or sinking fund; creation of an adequate reserve fund for maintenance repairs, and replacement of those Common Areas and Facilities that must be replaced on a periodic basis, and such reserve shall be funded by monthly payments rather than extraordinary special assessments; and any other expenses and liabilities which may be incurred by the Association for the benefit of the Owners under or by reason of this Declaration. Such shall constitute the Common Expense, and all funds received from assessments under this Section 9.02 shall be part of the Common Expense Fund.

(b) Apportionment. Expenses attributable to the Common Expense or to the Project as a whole shall be apportioned among and assessed to all Owners in proportion to their respective undivided interests in the Common Areas.

(c) Regular Assessments. The Association's recurring costs of the ownership, operation and/or maintenance of the Project shall be paid through an annual Assessment to all Owners, called a "**Regular Assessment**." Regular Assessments shall be computed and assessed on an annual basis against all Units as set forth in this Section. Regular Assessments shall be based upon advance estimates of the Association's cash requirements to provide for payment of all estimated Association Expenses.

(d) Annual Budget. Regular Assessments shall be determined on the basis of a fiscal year beginning January 1 and ending December 31 next following; provided the first fiscal year shall begin on the date of this Declaration. On or before December 15 of each year thereafter, the Board of Trustees shall prepare and furnish to each Owner, or cause to be prepared and furnished to each Owner, an operating budget for the upcoming fiscal year. The budget shall itemize the estimated expenses of Common Expense for such fiscal year, anticipated receipts (if any), and any deficit or surplus from the prior operating period. The budget shall serve as the supporting document for the Regular Assessment for the upcoming fiscal year and as the major guideline under which the Project shall be operated during such annual period. Such budgets shall be unnecessary for Regular Assessments relative to, or for operation of the Project during, any operating period ending before January 1, 2000.

(e) Notice and Payment. Except with respect to the first fiscal year, the Board of Trustees shall notify each Owner as to the amount of the Regular Assessment against his Condominium on or before December 15 each year for the fiscal year beginning on January 1 next following. Each Regular Assessment shall be payable in twelve equal monthly installments, one such installment due on the first day of each calendar month during the fiscal year to which the Regular Assessment relates; provided, however, the Regular Assessment for the first fiscal year shall be based upon such portion of the first fiscal year. The Owners shall commence payment of the full monthly assessments against their respective Condominiums not later than sixty (60) days after the conveyance of the first Condominium in the Project or phase. All unpaid installments of any Regular Assessment shall bear interest at the rate of eighteen percent (18%) per annum from the date each such installment became due until paid. The failure of the Board of Trustees to give timely notice of any Regular Assessment as provided herein shall not be deemed a waiver or modification in any respect of the provisions of this Declaration, or a release of any Owner from the obligation to pay such assessment or any other assessment; but the date when the payment shall become due in such case shall be deferred to a date fifteen (15) days after notice of such assessment shall have been given to the Owner in the manner provided in this Declaration.

(f) Inadequate. In the event that the Common Expense Fund proves inadequate at any time for whatever reason, including non-payment of any Owner's assessment, the Board of Trustees may on behalf of the Association levy additional

assessments in accordance with the procedure set forth in Section 9.03 below, except that the vote therein specified shall be unnecessary.

(g) Assessments During Development. Notwithstanding anything contained herein, no assessment, whether regular or special, of any kind shall be made against a Unit, the construction of which has not been substantially completed; no assessments against any Unit owned by Declarant or its successor as developer/contractor of the Units shall be made until and unless such Unit shall be occupied as a residence, whether by an Owner or a lessee or other tenant (distinguished from being occupied as a sales model or in the sales or construction of the Project or the Units), and such Unit is referred to herein as a "Developer Unit." However, equitable allocations of Common Expense may be assessed against a Developer Unit to the extent that the Common Expense is fairly and justly attributable to the Developer Unit because such Common Expense was or will be incurred on behalf of or directly for the benefit of such Unit, but such assessment shall in no event exceed twenty-percent (25%) of the assessments made against no-Developer Units. It is provided, however, that from and after the date which will be four (4) years after the conveyance of the first Unit to an Owner, in addition to the assessments which may be made pursuant to the immediately previous sentence, a Regular Assessment may be made against Developer Units for the purpose of establishing reserves for repair and maintenance.

9.03 Special Assessments. In addition to Regular Assessments authorized by this Article, the Board of Trustees may, on behalf of the Association, levy, at any time and from time to time, upon affirmative vote of at least fifty-one percent (51%) of the Total Votes of the Association, Special Assessments, payable over such periods as the Board of Trustees may determine or the purpose of defraying, in whole or in part, the cost of any or any part thereof, or of any other expenses incurred or to be incurred as provided in this Declaration (including without limitation Common Expense). This section shall not be construed as an independent source of authority for the Association to incur expenses, but shall be construed to prescribe the manner of assessing for expenses authorized by other sections or articles hereof. Any amounts assessed pursuant hereto shall be assessed to owners in proportion to their respective undivided interests in the Common Areas. Notice in writing of the amount of each such Special Assessment and the time for payment thereof shall be given promptly to the Owners; no payment shall be due less than fifteen (15) days after such notice shall have been given. All unpaid portions of any Special Assessment shall bear interest at the rate of eighteen percent (18%) per annum from the date such portions become due until paid. All funds received from assessments under this Section shall be part of the Common Expense Fund.

9.04 Lien for Assessments. All sums assessed to Owners of any Condominium within the Project pursuant to the provisions of this Article IX, together with penalties and interest thereon as provided herein, shall be secured by a lien on such Condominium in favor of the Association. To evidence a lien for sums assessed pursuant to this Article IX, the Board of Trustees may prepare a written notice of lien setting forth the amount of the assessment, the date due, the amount remaining unpaid, the name of the Owner of the Condominium, and a description of the Condominium. Such a notice shall be signed and acknowledged by a duly

authorized officer of the Association and may be recorded in the office of the County Recorder of Salt Lake County, State of Utah. No notice of lien shall be recorded until there is a delinquency in payment of the assessment. Such lien may be enforced by sale or foreclosure conducted in accordance with the provisions of law applicable to the exercise of powers of sale or foreclosure in deeds of trust or mortgages or in any other manner permitted by law by the Association in the same manner in which mortgages on real property may be foreclosed under the laws of the State of Utah. In any such foreclosure, the owner shall be required to pay the costs and expenses of such proceedings (including reasonable attorneys' fees) and such costs and expenses shall be secured by the lien being foreclosed. The Owner shall also be required to pay to the Association any assessments against the Condominium which shall become due during the period of foreclosure, and all such assessments shall be secured by the lien being foreclosed. The Board of Trustees shall have the right and power in behalf of the Association to bid in at any foreclosure sale, and to hold, lease, mortgage, or convey the subject Condominium in the name of the Association.

9.05 Personal Obligation of Owner. The amount of any Regular or Special Assessment against any Condominium shall be the personal obligation of the Owner of such Condominium to the Association. Suit to recover a money judgment for such personal obligation shall be maintainable by the Association without foreclosing or waiving the lien securing the same. No owner may avoid or diminish any such personal obligation by waiver of the use and enjoyment of any of the Common Areas or by abandonment of his Condominium or by waiving any services or amenities provided for in this Declaration. In the event of any suit to recover a money judgment for unpaid assessments hereunder, the involved Owner shall pay the costs and expenses incurred by the Association in connection therewith, including reasonable attorneys' fees.

9.06 Statement of Account. Upon payment of a reasonable fee not to exceed \$25.00 and upon written request of any Owner, Mortgagee, or prospective purchaser of a Condominium, the Board of Trustees shall issue a written statement setting forth the following: The amount of the unpaid assessments, if any, with respect to such Condominium; the amount of the current Regular Assessment and the date or dates upon which installments thereof become due; credit for advanced payments or prepaid items, including without limitation the Owner's share of prepaid insurance premiums. Such statements shall be conclusive upon the Association in favor of persons who rely thereon in good faith. In the event that the Board of Trustees fails upon written request to issue such a written statement, any unpaid assessments with respect to such Condominium which became due prior to the written receipt of such written request by the Board of Trustees shall become subordinate to a lien held by the person or entity requesting such statement.

9.07 Personal Liability of Purchaser. Subject to the provisions of Section 9.06, a purchaser of a Condominium shall be jointly and severally liable with the seller thereof for all unpaid assessments against such Condominium up to the time of the grant or conveyance; provided, however, that the provisions of this Section shall not prejudice the purchaser's right to recover from the seller the amount paid by the purchaser for such assessments.

9.08 Reserves and Working Capital. The Association shall establish the following funds:

(a) Capital Reserve Fund. The Association shall establish and maintain an adequate capital reserve fund for the periodic maintenance, repair and replacement of improvements to the Common Areas and Facilities and to the Limited Common Areas the Association may be obligated to maintain. The reserve fund shall be maintained out of Regular Assessments for Common Expenses. The purpose of the capital reserve fund is to insure that the Association will have cash available to meet unforeseen expenditures, or to acquire additional equipment or services deemed necessary or desirable by the Association, or to pay the cost of periodic anticipated major repairs or improvements due to normal wear and tear to the Common Areas and facilities. Amounts paid into the capital reserve fund are not to be considered advance payment of any Regular Assessment. Each budget shall disclose that percentage of the Regular Assessment which shall be added to the capital reserve fund and each owner shall be deemed to make a capital contribution to the Association equal to such percentage multiplied by each installment of the Regular Assessment paid by such Owner.

(b) Working Expense Fund. The Association shall also establish and maintain for the initial months of the Project, a working expense fund equal to at least two (2) months' Common Area charges for each Condominium. The purposes of this fund are to provide for the normal day-to-day expenses of operating the Association and the Project. Each Condominium's share of the working capital fund must be collected and transferred to the Association at the time of the closing of sale of that Condominium. The working expense fund must be budgeted for separately and maintained in a segregated account for the use and benefit of the Association. The contribution to the working expense fund for each unsold Condominium in a legal phase of the Project shall be paid to the Association within sixty (60) days after the date of conveyance of the first Condominium in such legal phase of the Project.

9.09 Amendment of Article. This Article IX shall not be amended unless seventy-five (75%) of the Owners of the Condominiums in the Project consent and agree to such amendment in a duly recorded instrument.

ARTICLE X INSURANCE

10.01 Types of Insurance. The Association shall obtain and keep in full force and effect at all times the following types of insurance coverage, provided by companies licensed to do business in the State of Utah:

(a) Hazard Insurance. The Association shall obtain, maintain and pay for as Common Expense a "master" or "blanket" multi-peril policy of property insurance covering the entire Project, including, without limitation, fixtures and building service equipment to the

extent that they are part of the Common Areas and Facilities, Limited Common Areas, common personal property and supplies belonging to the Association, and any fixtures, equipment or other property owned by the Association and any such property that is within the Units which are encumbered by a Mortgage purchased by FNMA or FHLMC. Such master policy of hazard insurance shall provide, as a minimum, protection against the following:

(i) loss or damage by fire and other perils normally covered by the standard extended coverage endorsement; and

(ii) all other perils customarily covered with respect to projects similar to the Project in construction, location, and use, and any other perils for which coverage is commonly required by private institutional mortgage investors for such projects, including all perils normally covered by the standard "all risk" endorsement, where such is available. The policy shall be in an amount equal to 100% of the current replacement cost of the Project and all property covered by the policy. In addition, such master policy of hazard insurance shall include the following endorsements, if available: an Agreed Amount and Inflation Guard Endorsement; and if the Project should hereafter become subject to a construction code provision which would require the Association to incur a significant expense in order to effect code required changes in the undamaged portions of the Project in the event of the partial destruction of the Project by an insured peril, Construction Code Endorsements (e.g., a Demolition Cost Endorsement, a Contingent Liability from Operation of Building Laws Endorsement and an Increased Cost of Construction Endorsement).

(b) Public Liability Insurance. The Association shall obtain and maintain a comprehensive policy of public liability insurance covering all of the Common Areas and Common Facilities, public ways (if any) in the Project. Such insurance policy shall contain a Severability of Interest Endorsement or equivalent coverage which shall preclude the insurer from denying the claim of an Owner because of the negligent acts of the Association or another Owner. The scope of coverage shall include, without limitation:

(i) Legal liability of the insured for property damage, bodily injuries and deaths of persons in connection with the operation, maintenance or use of the Common Areas and Facilities and legal liability arising out of law suits related to employment contracts of the Association; and

(ii) Additional coverages as may be required to include protection against such other risks as are customarily covered with respect to projects similar to the Project in construction, location and use, any other coverage in the kinds and amounts required by private institutional mortgage investors for such projects, including, but not limited to, host liquor liability, contractual and all-written contract insurance, and comprehensive automobile liability insurance.

Coverage limits shall be in amounts generally required by private institutional mortgage investors for projects similar to the Project in construction, location and use; provided, however, that such coverage shall be for at least \$1,000,000 for bodily injury, including deaths of persons, and property damage arising out of a single occurrence.

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

(d) Fidelity Insurance or Bond. The Association shall obtain and maintain blanket fidelity bonds for all officers, directors, and employees of the Association and all other persons, including without limitation, volunteers, handling or responsible for funds of or administered by the Association. Furthermore, where the Association has designated some or all of the responsibility for the handling of funds to a management agent, such bonds shall be required for such management agent's officers, employees and agents handling or responsible for funds of, or administered on behalf of, the Association. Such fidelity bonds shall meet the following requirements:

(i) all shall name the Association as an obligee and the named insured:

(ii) all shall be written in an amount equal to at least one and one-half times the estimated annual operating expenses and reserves of the Association, and in no event less than an amount, based upon best business judgement, equal to the estimated maximum funds, including reserve funds, in the custody of the Association, or the management agent as the case may be, at any given time during the term of each bond;

(iii) all shall contain waivers by the insurers of the bonds or policies of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar terms or expressions, or shall contain an appropriate endorsement to the policy to cover any persons who serve without compensation if the policy would not otherwise cover volunteers;

(iv) all shall provide that they may not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least ten (10) days prior written notice to the Association or any Insurance Trustee and each Mortgage Servicer on behalf of FNMA, or FHLMC; and

(v) the premiums shall all be paid by the Association as a Common Expense, except for premiums on fidelity bonds or insurance maintained by a management agent for its officers, employees and agents.

(e) Flood Insurance. The Project is not located in either an area identified by the Secretary of Housing and Urban Development or the Federal Emergency Management

Agency as an area having special flood hazards for which flood insurance is not available because the community in which the Project is located is ineligible for participation in the National Flood Insurance Program or an area having special flood hazards and for which flood insurance has been made available under the National Flood Insurance Program. In the event that at some future time the Project should be declared to be in an area having special flood hazards and for which flood insurance is available under the National Flood Insurance Program, the Association shall at that time obtain and maintain at all times a blanket policy of flood insurance that meets the then existing FHLMC/FNMA and FHA/VA flood insurance requirements for similar condominium projects.

(f) Notwithstanding any other provisions contained herein to the contrary, the Association shall continuously maintain in effect such casualty, flood and liability insurance and a fidelity bond meeting the insurance and fidelity bond requirements for condominium development projects established by FNMA and Government National Mortgage Association, and FHA/VA so long as either is a Mortgagee or Owner of a Unit within the Project, except to the extent such coverage is not available or has been waived in writing by FNMA or Government National Mortgage Association, or FHA/VA, whichever is applicable.

10.02 Insurance Policy Requirements. The Hazard, Public Liability and Flood Insurance policies obtained by the Association pursuant to Section 10.01 (a), (b), and (e) shall be subject to the following:

(a) The named insured under any such policies shall be set forth therein substantially as follows: "The Boulders at Bell Canyon Owners Association, a Utah Non-Profit Corporation, for the use and benefit of the individual Owners (designated by name of an authorized representative of the Association, including any Insurance Trustee with whom the Association has entered into an Insurance Trust Agreement, or any successor to such Trustee (each of which shall be referred to as "Insurance Trustee"), for the use and benefit of the individual Owners." Losses payable shall be paid in favor of the Association (or Insurance Trustee), as a trustee for each Owner and each such Owner's Mortgagee. Each Owner and each such Owner's Mortgagee, if any, shall be beneficiaries of the policies according to the undivided interest in the Common Areas appurtenant to each Owner's respective Condominium in the percentage of common ownership. Evidence of insurance shall be issued to each Owner and Mortgagee upon request;

(b) Insurance coverage obtained and maintained pursuant to the requirement of Section 10.01 (a), (b) and (e) shall be primary in the event any Owner has insurance covering the same loss;

(c) Insurance coverage must not be prejudiced by an act or neglect of individual Owners when such act or neglect is not within the control of either such Owners collectively or the Association;

(d) Coverage may not be cancelled, changed in a way which is adverse to a Mortgagee, or substantially reduced or modified (including cancellation for nonpayment of premium) without at least (10) days prior written notice to any and all insured parties, including any Mortgage Servicer on behalf of FNMA, FHLMC, FHA or VA, as applicable, and any First Mortgagee;

(e) All policies must contain a waiver of subrogation by the insurer as to any and all claims against the Association, or the Owner of the Unit;

(f) Each hazard insurance policy shall be written by a hazard insurance carrier which has a current financial rating by Best's Insurance Reports of Class B+/VI or better;

(g) Policies shall be deemed unacceptable where (i) under the terms of the carrier's charter, bylaws or policy, contributions or assessments may be made against the Association, an Owner, FNMA, FHLMC, FHA, VA or any designee of FNMA, FHLMC, FHA or VA; or (ii) by the terms of the carrier's charter, bylaws or policy, loss payments are contingent upon action by the carrier's board of directors, policy holders, or members; or (iii) the policy includes any limiting clauses (other than insurance conditions) which could prevent FNMA, FHA or VA or an Owner from collecting insurance proceeds;

(h) All policies shall contain or have attached the standard mortgagee clause, or equivalent endorsement (without contribution), which is commonly accepted by private institutional mortgage investors in the area in which the Project is located and which appropriately names FHLMC, FNMA, FHA, VA or their Mortgage Servicer in the policy if such corporations are holders of one or more First Mortgages on Units within the Project. If Mortgage Servicer is named as mortgagee in the mortgagee clause, Mortgage Servicer's name shall be followed by the phrase "its successors and assigns." The standard mortgage clause in each policy must be endorsed to provide that any proceeds shall be paid to the Association, or any Insurance Trustee, for the use and benefit of the Owners and their first mortgage holders as their interests may appear, or must be otherwise endorsed to fully protect FNMA's, FHLMC's, FHA's or VA's interests;

(i) Policy contracts shall provide that no assessment may be made against FNMA, FHLMC, FHA or VA (or their designees), and that any assessment made against others may not become a lien on the Mortgaged Premises superior to the first mortgage; and

(j) Policies shall be in compliance with and consistent with applicable local and state insurance law. Each insurer and any reinsurer must be specifically licensed or authorized by law to transact business within the State of Utah.

10.03 Evidence of Insurance. Upon request, the Board of Trustees shall provide the Mortgage Servicer with a copy of the "master" or "blanket" policy of multi-peril property insurance, including copies of endorsements to such policy as required by FHLMC, FNMA, FHA, or VA, and where applicable, a copy of any flood insurance, and appropriate certificate

or memorandum of insurance as to each Condominium in the Project which is the subject of a mortgage being serviced for FHLMC, FNMA, FHA, or VA, any other insurance drafts, policies, notices, invoices and other similar documents.

10.04 Additional Coverage. The provisions of the Declaration shall not be construed to limit the power or authority of the Association to obtain and maintain insurance coverage in addition to any insurance coverage required by this Declaration, in such amounts and in such forms as the Association may deem appropriate from time to time.

10.05 Owner's Own Insurance. Each Owner, at its own expense, may procure and maintain at all times fire and extended coverage insurance covering personal property of such Owner and additional fixtures and improvements added by such Owner against loss by fire or other casualties, including, without limitation, vandalism and malicious mischief. All policies providing such casualty insurance shall provide that they do not diminish the insurance carrier's coverage for liability arising under insurance policies obtained by the Association pursuant to this Article. Notwithstanding the provisions hereof, each Owner may obtain insurance at such Owner's expense providing such other coverage upon an Owner's Condominium, personal property, personal liability, and covering such other risks as that Owner may deem appropriate; provided that each such policy shall provide that it does not diminish the insurance carrier's coverage for liability arising under insurance policies obtained by the Association pursuant to this Article. If obtainable under industry practice without an unreasonable additional charge for such waiver, all such insurance shall contain a waiver of the insurance company's right of subrogation against the Association, the Declarant, the Manager, other Owners, and their respective servants, agents and guests.

10.06 Review of Insurance. The Association shall review annually the coverage and policy limits of all insurance on the Project and adjust the same at its discretion. Such annual review may include an appraisal of the improvements in the Project by a representative of the insurance carrier or carriers providing the policy or policies on the Project, or by such other qualified appraisers as the Association may select.

10.07 Insurance Trustee, Power of Attorney. Notwithstanding anything to the contrary in this Declaration, the Hazard, Public Liability and Flood Insurance policies obtained by the Association pursuant to Section 10.01 (a), (b), and (e) may name as an insured, on behalf of the Association's authorized representative, including any trustee with whom the Association may enter into any Insurance Trust Agreement or any successor to such trustee (each of whom shall be referred to herein as the "Insurance Trustee"). All such policies obtained by the Association must provide for recognition of any Insurance Trust Agreement, and the Insurance Trustee, or such other authorized representative, shall have exclusive authority to negotiate losses under any such policy. Each Owner appoints the Association, or the Insurance Trustee (in the event a trustee is designated hereafter to represent the Association), as attorney-in-fact for the purpose of purchasing and maintaining such insurance, including: the collection and appropriate disposition of the proceeds thereof; the negotiation of losses and execution of releases of liability; the execution of all documents;

and the performance of all other acts necessary to accomplish such purpose. The Association or any Insurance Trustee must hold or otherwise properly dispose of any proceeds of insurance in trust for the owners and their first mortgage holders, as their interests may appear.

ARTICLE XI

DAMAGE OR DESTRUCTION

11.01 Association as Attorney in Fact. All of the Owners irrevocably constitute and appoint the Association their true and lawful attorney-in-fact in their name, place and stead for the purpose of dealing with the project upon its damage or destruction as hereinafter provided. Acceptance by any grantee of a deed from the Declarant or from any Owner shall constitute an appointment by said grantee of the Association as his attorney-in-fact as herein provided. As attorney-in-fact, the Association shall have full and complete authorization, right and power to make, execute and deliver any contract, deed, or other instrument with respect to the interest of an Owner which may be necessary or appropriate to exercise the powers herein granted.

11.02 Definition of Repair and Reconstruction. Repair and reconstruction of the improvements as used herein mean restoring the Project to substantially the same condition in which it existed prior to the damage or destruction, with each Unit and the Common Areas having substantially the same vertical and horizontal boundaries as before.

11.03 Procedures. In the event all or any part of the Project is damaged or destroyed and subject to the provisions of Article XIV below, the Association shall proceed as follows:

(a) Notice to First Mortgagees. The Association shall give timely written notice to any institutional holder of any first mortgage on a Unit in the event of substantial damage to or destruction of any Unit or any part of the Common Areas.

(b) Estimate of Costs. As soon as practicable after an event causing damage to or destruction of any part of the Project, the Association shall obtain complete and reliable estimates of the costs to repair and reconstruct that part of the Project damaged or destroyed.

(c) Sufficient Insurance. If the proceeds of the insurance maintained by the Association exceed the estimated costs to repair and reconstruct the damaged or destroyed part of the Project, such repair and reconstruction shall be carried out.

(d) Insufficient Insurance-Less than 75% Destruction. If the proceeds of the insurance maintained by the Association are less than the estimated costs to repair and reconstruct the damaged or destroyed part of the Project and if less than seventy five percent (75%) of the Project is damaged or destroyed, such repair and reconstruction shall

nevertheless be carried out. The Association shall levy a Special Assessment sufficient to provide funds to pay the actual costs of such repair and reconstruction to the extent that such insurance proceeds are insufficient to pay such costs. Such Special Assessment shall be allocated and collected as provided in Section 9.03 hereof, except that the vote therein specified shall be unnecessary. Further levies may be made in like manner if the amounts collected (together with the proceeds of insurance) are insufficient to pay all actual costs of such repair and reconstruction.

(e) Insufficient Insurance-75% or More Destruction. If the proceeds of the insurance maintained by the Association are less than the estimated costs to repair and reconstruct the damaged or destroyed part of the Project and if seventy five percent (75%) or more of the Project is damaged or destroyed, such damage or destruction shall be repaired and reconstructed as provided in Section 11.03(c) hereof if, but only if, either not enough Eligible First Mortgagees approve the termination of the Project pursuant to Section 14.02(a) or, within one hundred (100) days following the damage or destruction, the Owners shall elect by a vote of at least seventy five percent (75%) of the Total Votes of the Association to carry out such repair and reconstruction. If, however, the termination of the Project is approved by a sufficient number of Eligible First Mortgagees pursuant to Section 14.02(a) and the Owners do not, within one hundred (100) days after such damage or destruction, elect by a vote of at least seventy five percent (75%) of the Total Votes of the Association to carry out such repair and reconstruction, the Association shall record in the office of the County Recorder of Salt Lake County, State of Utah, a notice setting forth such facts. Upon the recording of such notice, the following shall occur:

(i) The Project shall be deemed to be owned in common by the Owners;

(ii) The undivided interest in the Project owned in common which shall appertain to each Owner shall be the percentage of the undivided interest previously owned by such Owner in the Common Areas;

(iii) Any liens affecting any of the Condominiums shall be deemed to be transferred, in accordance with the existing priorities, to the undivided interest of the respective Owner in the Project; and

(iv) The Project shall be subject to an action for partition at the suit of the Owner, in which event the net proceeds of any sale resulting from such suit for partition, together with the net proceeds of the insurance of the Project, if any, shall be considered as one fund and shall be divided among all Owners in a percentage equal to the percentage of undivided interest owned by each respective Owner in the Common Areas, as set forth in Exhibit "A" hereto, after first paying out of the respective share of each Owner, to the extent sufficient for the purposes, all liens on the undivided interest in the Project owned by such Owner.

(f) In no event shall an Owner of a Unit or any other party have priority over the institutional holder of any first mortgage on such Unit with respect to the distribution to such Unit of any insurance proceeds.

11.04 Repair or Reconstruction. If the damage or destruction is to be repaired and reconstructed as provided above, the Association shall, as soon as practicable after receiving the said estimate of costs, commence and diligently pursue to completion the repair and reconstruction of that part of the Project damaged or destroyed. The Association may take all necessary or appropriate action to effect repair and reconstruction, as attorney-in-fact for the Owners, and no consent or other action by any Owner shall be necessary in connection therewith, except as otherwise expressly provided herein. The Project shall be restored or repaired to substantially the same condition in which it existed prior to the damage or destruction, with each Unit and the Common Areas having the same vertical and horizontal boundaries as before. Any restoration or repair of the Project, after a partial condemnation or damage due to an insurable hazard, shall be performed substantially in accordance with the Declaration and the original architectural plans and specifications, unless other action is first approved in writing by a sufficient number of Eligible First Mortgagees pursuant to Section 14.02(g).

11.05 Disbursement of Funds for Repair and Reconstruction. If repair or reconstruction is to occur, the insurance proceeds held by the Association and any amounts received from assessments made pursuant to Sections 11.03(c) and (d) hereof shall constitute a fund for the payment of costs of repair and reconstruction after casualty. It shall be deemed that the first money disbursed in payment for cost of repair and reconstruction shall be made from insurance proceeds; if there is a balance after payment of all costs of such repair and reconstruction, such balance shall be distributed to the Owners in proportion to their respective percentages of Ownership of the Common Areas.

11.06 Amendment of Article. This Article XI shall not be amended unless the Owners of all Condominiums in the Project unanimously consent and agree to such amendment by duly executed and recorded instruments.

ARTICLE XII

CONDEMNATION

12.01 Condemnation. If at any time or times all or any part of the Project shall be taken or condemned by any public authority under power of eminent domain, the provisions of this Article shall apply. A voluntary sale or conveyance of all or any part of the Project in lieu of condemnation, but under threat of condemnation, shall be deemed to be a taking by power of eminent domain. If any Unit or portion thereof or the Common Areas and facilities or any portion thereof is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, the Board of

Trustees shall give prompt written notice of any such proceeding or proposed acquisition to each Owner in the Project and to any First Mortgagee. The Association shall represent the Owners in any condemnation proceedings or in negotiations, settlements, and agreements with the condemning authority for acquisition of the Common Areas, or any part thereof, and each Owner hereby appoints the Association as such Owner's attorney-in-fact for the purposes of such representation.

12.02 Proceeds. All compensation, damages, and other proceeds from any such taking by power of eminent domain (hereinafter the "condemnation award") shall be made payable to the Association and shall be distributed by the Board of Trustees on behalf of the Association as herein provided.

12.03 Complete Taking. In the event the entire Project is taken by power of eminent domain, condominium ownership pursuant hereto shall terminate and the condemnation award shall be allocated among and distributed to the Owners in proportion to their respective undivided interests in the Common Areas. Such distribution shall be made by check payable jointly to the respective Owners and their respective Mortgagees, as appropriate.

12.04 Partial Taking. In the event less than the entire Project is taken by power of eminent domain, the following shall occur:

(a) Allocation of Award. As soon as practicable, the Board of Trustees shall, on behalf of the Association, reasonably and in good faith, apportion the condemnation award between compensation, severance damages, or other proceeds, and shall allocate such apportioned amounts and pay the same to the Owners as follows:

(i) The total amount apportioned to taking of or injury to the Common Areas shall be allocated among and distributed to all Owners (including Owners whose entire Units have been taken) in proportion to their respective undivided interests in the Common Areas;

(ii) The total amount apportioned to severance damages shall be allocated among and distributed to the Owners of those Condominiums that have not been taken, in proportion to their respective undivided interests in the Common Areas;

(iii) The respective amounts apportioned to the taking of or injury to a particular Unit shall be allocated and distributed to the Owner of such Unit;

(iv) The total amount apportioned to consequential damages and any other takings or injuries shall be allocated and distributed as the Association determines to be equitable under the circumstances;

(v) If apportionment or allocation is already established by negotiation, judicial decree, statute, or otherwise, the Association shall employ such apportionment and allocation to the extent it is relevant and applicable;

(vi) Distribution of allocated proceeds shall be made by check payable jointly to individual Owners and their respective Mortgagees, as their interests may appear; and

(vii) No provision of this Article XII or any other provisions in this Declaration, the Articles, or the Bylaws shall entitle the Owner of a Unit or other party to priority over any First Mortgagee holding such Unit with respect to the distribution to such Unit of the proceeds of any award, settlement, or proceeds from any eminent domain or condemnation proceedings.

(b) Continuation and Reorganization. If less than the entire Project is taken by power of eminent domain, condominium ownership pursuant hereto shall not terminate, but shall continue. In such event the Project shall be reorganized as follows:

(i) If any partial taking results in the taking of an entire Unit, then the Owner thereof shall cease to be a member of the Association and all voting rights and the undivided interest in the Common Areas appertaining to such Unit shall be reallocated to, and shall appertain to, the remaining Units in proportion to their respective undivided interests in the Common Areas;

(ii) If any partial taking results in the taking of a portion of a Unit and if no determination is made by the Board of Trustees that such taking makes it impractical to use the remaining portion of such Unit for any lawful purpose permitted by this Declaration, then the fair market value of such remaining portion of the Unit shall be determined by the Board of Trustees and all voting rights and the undivided interest in the Common Areas appertaining to such Unit shall be reduced in proportion to the diminution in fair market value of such Unit resulting from the taking. The voting rights and undivided interest in the Common Areas so divested from such Unit shall be reallocated to, and shall appertain to, such Unit and the other Units in the Project in proportion to their respective undivided interests in the Common Areas; provided, however, that such Unit shall participate in such reallocation on the basis of the undivided interest reduced in accordance with the preceding sentence;

(iii) If any partial taking results in the taking of a portion of a Unit and if there is a determination made by the Board of Trustees that such taking makes it impractical to use the remaining portion of such Unit for any lawful purpose permitted by this Declaration, then all voting rights and the entire undivided interest in the Common Areas appertaining to such Unit shall be reallocated to, and shall appertain to the remaining Units in proportion to their respective undivided interests in the Common Areas, and the remaining portion of such Unit shall thenceforth be part of the Common Area; and

(iv) The Board of Trustees shall have the duty and authority to make all determinations and to take all actions necessary or appropriate to effectuate reorganization of the Project under the provisions of this Section 12.04(b); provided, however, that if any such determination shall have been or such action taken by judicial decree, the Board of Trustees shall defer thereto and proceed in accordance therewith.

(c) Repair and Reconstruction. Any repair and reconstruction necessitated by condemnation shall be governed by its provisions specified in Article XI hereof for cases of Damage or Destruction; provided, however, that the provisions of said Article dealing with sufficiency or insufficiency of insurance proceeds shall be applicable.

ARTICLE XIII

OBSOLESCENCE

13.01 Adoption of Plan. Owners holding seventy five percent (75%) or more of the Total Votes of the Association may agree that the Project is obsolete and adopt a written plan for the renewal and reconstruction of the Project. Written notice of adoption of such a plan shall be given to all Owners and First Mortgagees.

13.02 Payment for Renewal and Reconstruction. The Association shall levy a Special Assessment sufficient to provide funds to pay the estimated expenses of renewal or reconstruction. Such Special Assessment shall be allocated and collected as provided in Section 9.03 hereof, except that the vote therein specified shall be unnecessary. Further levies may be made in like manner if the amounts collected prove insufficient to pay the actual expenses of such renewal or reconstruction. In the event amounts collected pursuant hereto are in excess of the amounts required for the renewal or reconstruction, such excess shall be distributed to the Owners in proportion to their respective percentages of ownership of Common Areas.

13.03 Sale of Project. Subject to the provisions of Section XIV hereof, the Owners may at any time, by an affirmative vote of at least seventy five percent (75%) of the total votes of the Association, at a special meeting of the members of the Association duly called for such purpose, elect to sell or otherwise dispose of the Project. In such event, the Board of Trustees shall forthwith record in the office of the County Recorder of Salt Lake County, State of Utah, a notice setting forth such facts, and upon the recording of such notice by the Board of Trustees, the Project shall be sold or otherwise disposed of by the Board of Trustees as attorney-in-fact for all of the Owners. Such action shall be binding upon all Owners, and each Owner shall have the duty to execute and deliver such instruments and to perform all acts in such manner and form as may be necessary or appropriate to effect such sale or other disposition of the Project. The proceeds of such sale or disposition shall be apportioned among the Owners in proportion to their respective undivided interests in the Common Areas, and such apportioned proceeds shall be paid into separate accounts, each such account

representing one Condominium. Each such account shall remain in the name of the Association, and shall be further identified by the Condominium designation and the name of the Owner. The Board of Trustees, as attorney-in-fact, shall use and disburse the total amount of each such account, without contribution from one account to another, first to the payment of valid tax and Special Assessment liens on the Condominium in favor of any governmental assessing authority, second to the payment of any First Mortgagee holding a first mortgage lien on the Condominium, third to the payment of assessments made pursuant to this Declaration, fourth to the payment of other holders of liens or encumbrances on the Condominium in the order of priority of their liens, and the balance remaining, if any, to the respective Owners.

13.04 Amendment of Article. This Article XIII shall not be amended unless the Owners of seventy five percent (75%) of the Condominiums in the Project and at least seventy five percent (75%) of the First Mortgagees which have a first mortgage lien on any Unit in the Project, based on one vote for each mortgage, unanimously consent and agree to such amendment by duly executed and recorded instruments.

ARTICLE XIV

MORTGAGE PROTECTION

14.01 Notice of Action. Upon written request made to the Association by a First Mortgagee, or an issuer or governmental guarantor of a first mortgage, which written request shall identify the name and address of such First Mortgagee, issuer or governmental guarantor, and the Unit number or address of the Unit, any such First Mortgagee, issuer or governmental guarantor shall be entitled to timely written notice of;

(a) Any condemnation loss or any casualty loss which affects a material portion of the Project or any Condominium on which there is a first mortgage held, insured, or guaranteed by such First Mortgagee, issuer or governmental guarantor;

(b) Any default in the performance by the Owner of a Condominium which is held or is subject to a first mortgage held, insured, or guaranteed by such First Mortgagee, insurer, or governmental guarantor, of any obligation under this Declaration, including, without limitation, any delinquency in the payment of assessments or charges owed by such Owner, which default remains uncured for a period of sixty (60) days;

(c) Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association; and

(d) Any proposed action which would require the consent of a specified percentage of Eligible First Mortgagees as specified in Section 14.02 below.

14.02 Matters Requiring Prior Eligible First Mortgagee Approval. The prior written consent of Owners entitled to vote at least sixty-seven percent (67%) of the Total Votes in the Association (unless pursuant to a specified provision of this Declaration the consent of Owners entitled to vote a greater percentage of the Total Votes in the Association is required, in which case such specific provision shall control), and Eligible First Mortgagees holding first mortgages on Condominiums subject to first mortgages held by Eligible First Mortgagees shall be required to:

(a) Abandon or terminate the legal status of the Project (whether by act or omission); provided that any election to terminate the legal status of the Project following the substantial destruction or a substantial taking of the Project through condemnation shall only require the prior written consent of Eligible First Mortgagees holding first mortgages on the remaining Condominiums, whether such remaining Condominiums are existing in whole or in part, having at least fifty-one percent (51%) of the votes of the remaining Condominiums subject to first mortgages held by Eligible First Mortgagees;

(b) Establish self-management of the Project by the Association when professional management has been previously required by any Eligible First Mortgagee, insurer, or guarantor;

(c) Add or amend any material provision of the Declaration, Articles, Bylaws or Map which establishes, provides for, governs or regulates any of the following (an addition or amendment to such documents shall not be considered material if it is for the purpose of correcting technical errors, or for clarification only):

- (i) Voting;
- (ii) Assessments, assessment liens or subordination of such liens;
- (iii) Reserves for maintenance, repair and replacement of the
Common Areas;
- (iv) Fidelity bonds or insurance;
- (v) Rights to use of Common Areas and Common Facilities;
- (vi) Responsibility for maintenance and repair of the several portions
of the Project;
- (vii) Boundaries of any Unit; and
- (xiii) Any provisions which are for the express benefit of First
Mortgagees.

Any Eligible First Mortgagee who receives a written request from the Association to approve additions or amendments to the constituent documents and who fails to deliver or post to the Association a negative response within thirty (30) days of receipt thereof shall be deemed to have approved such request;

(d) Change the pro rata interest or obligations of any individual Condominium for the purpose of:

(i) levying assessments or charges or allocating distribution of hazard insurance proceeds or condemnation awards; or

(ii) determining the pro rata ownership of each Condominium in the Common Areas, except as permitted by expansion of the Project pursuant to Article XVI; or

(e) By act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer the Common Areas. (The granting of easements by the Association for public utilities or for other public purposes consistent with the intended use of the Common Areas by the Owners shall not be deemed a transfer within the meaning of this clause);

(f) Except as provided in Section 14.02(a), use hazard insurance proceeds for losses to any portion of the Project (whether to Units or to Common Areas) for other than the repair, replacement or reconstruction of the Project. In addition, the prior written approval of Eligible First Mortgagees holding first mortgages on Condominiums having at least fifty-on percent (51%) of the votes of Condominiums subject to first mortgages held by Eligible First Mortgagees shall be required to effect any restoration or repair of the Project, after a partial condemnation or damage due to an insurable hazard, which will not be substantially in accordance with the Declaration and the original architectural plans and specification of the Project.

14.03 Prior Liens Relate Only to Individual Condominiums. All taxes, assessments and charges which may become liens prior to the first mortgage under local law shall relate only to the individual Condominiums and not to the Project as a whole.

14.04 Subordination of Common Expense Lien. Any lien which the Association may have on any Condominium in the Project for the payment of Common Expense Regular Assessments attributable to such Condominium and any fees, late charges, taxes or interest levied by the Association in connection therewith shall be subordinate to the lien or equivalent security interest of any first mortgage on the Condominium recorded prior to the date on which any such Common Expense assessments became due.

14.05 Information Made Available to Owners, Lender, and Holders, Insurers and Guarantors of any first mortgages. Any Owner, lender or holder, insurer or guarantor of any first mortgage shall, upon request, be entitled to inspect current copies of the Declaration, Bylaws, other rules and regulations concerning the Project and the books, records and

financial statement of the Association during normal business hours. Additionally, any holder, insurer or guarantor shall, upon request and without cost, receive a copy of any financial statement of the Association which is available for delivery to all Owners and written notice of all meetings of the Association and may designate a representative to attend such meetings.

14.06 Priority of First Mortgagee in Event of Damage. In the event of substantial damage to or destruction of any Unit or any part of the Common Area, no provision of the Declaration, Articles, or Bylaws or any amendment thereto shall entitle the owner of a Unit or other party to priority over any First Mortgagee with respect to the distribution to such Unit of any insurance proceeds.

14.07 Priority of First Mortgagee in Event of Condemnation. If any Unit or portion thereof or the Common Areas or any portion thereof is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, no provision of the Declaration, Articles, or Bylaws or any amendment thereto, shall entitle the Owner of a Unit, or any other party, to priority over any First Mortgagee with respect to the distribution of the proceeds of an award or settlement with respect to such Unit.

14.08 First Mortgagee Rights in Event of Foreclosure. Each holder of a first mortgage lien on a Unit who obtains title to the Unit pursuant to the remedies provided in the Mortgage, or by deed or assignment in lieu of foreclosure, or any purchaser at a foreclosure sale, shall take the Unit free of an claims for unpaid assessments and charges against the Unit which accrue prior to the acquisition of title to such Unit by the Mortgagee, except for claims for a pro rata share of such assessments or charges as a Common Expense to all Units in the Project, including the mortgaged Unit.

14.09 No Right of First Refusal. No "right of first refusal" shall be included in or added by amendment to the Declaration, Articles or Bylaws.

ARTICLE XV: MORTGAGEE PROTECTION

15.1 Breach. No breach of any of the covenants, conditions, restrictions, or limitations contained herein shall defeat or render invalid the lien of any Mortgage made in good faith and for value; provided, however, that all such covenants, conditions, restrictions or limitations contained herein shall be binding upon an Owner whose title is derived through foreclosure, trustee's sale or by deed or assignment in lieu of foreclosure.

15.2 Notice of Noncompliance. From and after the time a Mortgagee makes written request to the Association therefor, the Association shall notify such Mortgagee in writing in the event that the Owner of the Unit encumbered by the Mortgage held by such Mortgagee neglects, for a period of thirty (30) days or more, to cure any failure on the part of such Owner to perform any of his obligations under this Declaration.

15.3 Priority of Assessment Lien. The lien or claim against a Unit for unpaid assessments or charges levied by the Association pursuant to this Declaration shall be subordinate to a Mortgage affecting such Unit which has been recorded prior to the date such assessment became due. A Mortgagee who comes into possession of the Unit pursuant to his Mortgage or a deed or assignment in lieu of foreclosure 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 delivery of a deed or assignment in lieu of foreclosure, except for claims for a pro rata share of such prior assessments or charges resulting from a pro rata reallocation thereof to all Units including the Unit in which the Mortgagee is interested. No assessment, charge, lien, or claim which is described in the preceding sentence as being subordinate to a Mortgage or as not being a burden to a Mortgagee coming into possession pursuant to his Mortgage or a deed or assignment in lieu of foreclosure shall be collected or enforced against a Mortgagee, a successor in title to a Mortgagee, or the Unit affected or previously affected by the Mortgage concerned (to the extent any such collection or enforcement would prejudice the interests of the Mortgagee or successor in title to the Mortgagee interested in such Unit). Nothing contained herein shall preclude the Association from pursuing collection of an unpaid assessment from the Owner responsible for the payment of the assessment levied against the Unit which has been foreclosed or otherwise taken over by a Mortgagee or a purchaser at a foreclosure sale; provided that such collection from said Owner shall not seek to impair title to the Unit.

15.4 Financial Information. Any Mortgagee shall have the right, at its request and expense and upon reasonable notice, to examine the books and records of the Association during reasonable business hours. From and after the time a Mortgagee makes written request to the Association therefore and at the expense of such Mortgagee, 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 Association as may be prepared for distribution to or use by the Owners generally.

15.5 Notification of Loss or Damage. From and after the time a Mortgagee makes written request to the Association therefor, the Association shall notify such Mortgagee in writing in the event that there occurs any damage or loss to, or taking or anticipated condemnation of the Common Areas or Common Improvements involving an amount in excess of, or reasonably estimated to be in excess of Ten Thousand Dollars (\$10,000.00). Said notice shall be given within ten (10) days after the Association learns of such damage, loss taking or anticipated condemnation.

15.6 Article Supersedes All Others. 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 Article, the provision or clause which results in the greatest protection and security for a Mortgagee shall control the rights, obligations, or limits of authority, as the case may be, applicable to the Association with respect to the subject concerned.

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

15.8 Notices to Mortgagee. Any notice to a Mortgagee under this Article shall be in writing and shall be sufficient for all purposes if personally delivered or if sent by first class mail, postage prepaid, and addressed to the Mortgagee at the address for notices from time to time specified by the Mortgagee in writing to the Association. Any such notice shall be deemed to have been given and received and shall be effective when personally delivered or when deposited in the U.S. mail in the form herein specified, whichever first occurs.

ARTICLE XV

COMPLIANCE WITH DECLARATION AND BYLAWS

16.01 Compliance. Each Owner shall comply strictly with the provision of this Declaration, the Articles of Incorporation and Bylaws of the Association, rules and regulations promulgated by the Association, and the decisions and resolution of the Association adopted pursuant thereto, as the same may lawfully be modified and amended from time to time. Failure to comply with any of the same shall be grounds for an action to recover sums due for damages or for injunctive relief or for both, maintainable by the Association or, in a proper case, by the aggrieved Owner.

16.02 Enforcement and Remedies. The obligations, provisions, covenants, restrictions, and conditions contained in this Declaration, or in any supplemental or amended declaration, with respect to the Association or Condominiums within the Project shall be enforceable by the Declarant or by any Owner of a Condominium within the Project, subject to this Declaration, by a proceeding for a prohibitive or mandatory injunction or by a suit or action to recover damages or to recover any amount due or unpaid. The obligations, provisions, covenants, restrictions, and conditions contained in this Declaration, or in any Supplemental or further Declaration, with respect to a person or entity or property of a person or entity other than the Association shall be enforceable by the Amended Declarant or by the Association or, in a proper case, by an aggrieved Owner by a proceeding for a prohibitive or mandatory injunction or by a suit or action to recover damages or to recover any amount due or unpaid. No summary abatement or similar procedure may be utilized through non-judicial means to alter or demolish items of construction.

ARTICLE XVII

CONTRACTIBLE CONDOMINIUM PROJECT

This is a contractible condominium project. Declarant may withdraw all but not part of that part of the Land which is more particularly described on Exhibit "C" hereto (the **"Withdrawable Land"** by filing in the Official Records of Salt Lake County a declaration that the Withdrawable Land is thereby being withdrawn from the Condominium, including a description of the Withdrawable Land. The option to withdraw the Withdrawable Land shall terminate automatically upon the conveyance of any Unit lying to the west of Wasatch Boulevard or upon the expiration of seven (7) years from the date this Declaration is recorded, whichever is first. The option to withdraw the Withdrawable Land is unlimited and need not have the consent of the Association or of any Unit Owner. Also described on Exhibit "C" is the part of the Land which may not be withdrawn from the Condominium.

No action may be taken to withdraw the Withdrawable Land from the Condominium without the approval of Sandy City acting through its planning commission or City Council as appropriate under applicable law.

ARTICLE XVIII

GENERAL PROVISIONS

18.01 Intent and Purpose. The provisions of this Declaration, and any supplemental or amended Declaration, shall be liberally construed to effectuate the purpose of creating a uniform plan for the development and operation of a Condominium Project. Failure to enforce any provision, restriction, covenant or condition contained in this Declaration, or in any Supplemental or amended Declaration, shall not operate as a waiver of any such provision, restriction, covenant, or condition or of any other provisions, restrictions, covenants, or conditions.

18.02 Construction. The provisions of this Declaration shall be in addition and supplemental to the provisions of the Condominium Act and all other provisions of law. Whenever used herein, unless the context shall otherwise require, the singular shall include the plural, the plural shall include the singular, the whole shall include any part thereof, and any gender shall include both genders. The article and section headings set forth herein are for convenience and reference only and are not intended to expand, limit, or otherwise affect the meaning or interpretation of this Declaration or any provision hereof. The provisions hereof shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any one provision or portion thereof shall not affect the validity or enforceability of any other provisions hereof.

18.03 Notices and Registration of Mailing Address. Each Owner shall register from time to time with the Association his current mailing address. All notices, demands, and other communications to any Owner as provided for in this Declaration shall be in writing and shall be sufficient for all purposes if personally served or if sent by first class U.S. mail, postage prepaid, addressed to the owner at his registered mailing address or, if no address has been registered, to the Unit of such Owner. All notices, demands, and other communications to the Association as provided for in this Declaration shall be in writing and shall be sufficient for all purposes if personally served or if sent by first class U.S. mail, postage prepaid, addressed to the Association at its offices at c/o Lost Canyon Estates, L.L.C., 12222 So. 10th E, #3, Draper, UT 84020, or to such other address as the Association may hereafter specify to the Owners in writing. Any notice, demand, or communication referred to in this Declaration shall be deemed to have been given and received when personally served or when deposited in the U.S. mail, postage prepaid, and in the form provided for in this Section, as the case may be.

18.04 Audit. Any Owner may at any reasonable time, upon appointment and at his own expense, cause an audit or inspection to be made of the books and records maintained by the Association. The Association, at the expense of the Common Expense Fund, shall obtain an audit, on all books and records pertaining to the Project at no greater than annual intervals, and copies thereof shall be furnished to the Owners.

18.05 Amendment. Except as otherwise provided herein, this Declaration may be amended if Owners holding at least two-thirds (2/3) of the Total Votes in the Association consent and agree to such amendment by instruments which are duly recorded in the office of the County Recorder of Salt Lake County, State of Utah.

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

18.07 Agent for Service. Ronald A. Raddon, whose business address is 12222 So. 10th East, Suite 3, Draper, UT 84020, is the person to receive service of process in cases authorized by the Act. The Board of Trustees shall, however, have the right to appoint a successor substitute process agent. Such successor or substitute agent and his address shall be specified by an appropriate instrument filed in the office of the County Recorder of Salt Lake County, State of Utah.

18.08 Limitation on Association's Liability. The Association shall not be liable for any failure of water service or other utility service (if any) to be obtained and paid for by the Association hereunder, or for injury or damage to any person or property caused by the elements or by another Owner or person in or upon the Project, or resulting from electricity, water, rain, snow, or ice which may leak or flow from outside or from any parts of the Building or its drains, pipes, conduits, appliances, or equipment, or from any other place, unless caused by the grossly negligent or willful misconduct of the Association. No diminution or abatement of any assessments under this Declaration shall be claimed or allowed for inconvenience or discomfort arising from the making of any repairs or

improvements to or maintaining the Project or any part thereof, or from any action taken to comply with the provisions of this Declaration or with the laws, ordinances, regulations, rules, or order of any governmental authority.

18.09 Owner's Obligations. All obligations of an Owner, under and by virtue of the provisions contained in this Declaration shall continue, notwithstanding that said Owner may be leasing, renting, or selling under contract said Owner's Condominium. The Owner of a Condominium within the Project shall have no obligation for expenses or other obligations accruing after the date a Condominium is conveyed. Further, no Owner may exempt itself from liability for Common Expense by waiver of use or enjoyment of any of the Common Areas and facilities or by abandonment of a Unit.

18.10 Model Units, Sales Offices and Advertising Signs. Declarant and Declarant's duly authorized agents, representatives and employees shall have the right to establish and maintain such model units and sales offices on the Land within the Project as are reasonably necessary to market the Units, and Declarant shall have the right to use such model units and sales offices during the period that Condominiums in the Project remain unsold. Following the completion of sales, all Units may thereafter be used only for residential purposes. Declarant reserves the right to relocate the model unit(s) and sales office from time to time within the Project. Declarant further reserves the right to maintain advertising signs on the Project and to place the same in any location, and to relocate, replace and remove the same at the sole discretion of Declarant during the period that Units in the Project remain unsold. All such signs shall comply with applicable zoning ordinances.

18.11 Termination. In addition to the prior written approval of the percentage of Eligible First Mortgagees specified in Section 14.02, the Total Votes in the Association shall be required before the Project may be abandoned or terminated, except as provided by law and in this Declaration in the case of substantial destruction by fire or other casualty or in the case of taking by condemnation or eminent domain.

18.12 Information to Veterans. Declarant shall furnish to all buyers who are veterans of the U.S. Military prior to the receipt of a down payment or execution of an agreement, a brochure informing them about the Condominium Project, the impact of a phased development plan, and the rights and obligations of Unit Owners. Further, the brochure will explain that title insurance is not provided by the Association, that they must purchase their own, if desired, and that personal liability insurance is also their own responsibility.

18.13 Waiver of Construction Liability. Each Owner acknowledges that there will be construction within the Project until the completion of the Units and the improvements in the Common Areas, and each Owner waives any liability, claim, suit or demand arising out of all such construction activities within or related to the Project.

18.14 No Duty to Build All Units. Declarant shall have no duty to build all of the Units depicted on the Map, and all Owners waive any such claim.

IN WITNESS WHEREOF, the undersigned declarant has executed this Declaration the day and year first above written.

DECLARANT: LOST CANYON ESTATES, L.L.C., a Utah limited liability company

By: [Signature]
Its Manager

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

The foregoing instrument was acknowledged before me on the 15 day of December, 1998, by Ronald A. Raddon.

(Seal)

My commission expires:

August 1, 2002

Jennifer Healy
Notary Public
Residing at: Raddon Brothers

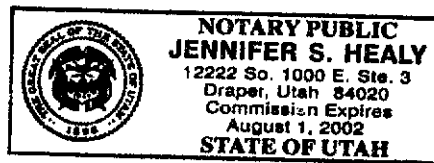


EXHIBIT "A"

NUMBER OF VOTES; UNDIVIDED INTERESTS IN THE COMMON AREA

Each Unit shall have one (1) vote. The Total Votes of the Association shall be thirty-nine (39); provided, however, if the Condominium is contracted the Total Votes of the Association shall be the number of Units in the Condominium as contracted. The vote appurtenant to a Unit shall not become effective until the Unit has been completed.

Each Unit shall have an undivided interest in the Common Areas of 2.5641%.

EXHIBIT "B"
BYLAWS OF THE HOMEOWNERS ASSOCIATION
OF
THE BOULDERS AT BELL CANYON,
A UTAH CONDOMINIUM PROJECT

NOTE: The Bylaws are attached hereto but are not numbered in the page number sequence of this Declaration, rather they are numbered in their own internal sequence.

BYLAWS

of

THE BOULDERS AT BELL CANYON OWNERS ASSOCIATION,

a Utah Non-Profit Corporation

1. APPLICATION OF BYLAWS.

All present and future Unit Owners, mortgagees, lessees and occupants of Units and their employees, and any other persons who may use the facilities of the Project in any manner are subject to the Declaration, these Bylaws and all rules made pursuant hereto and any amendments hereof. The acceptance of a deed or conveyance or the entering into of a lease or the act of occupancy of a Unit shall constitute an agreement that the provisions of that certain Declaration of Condominium of The Boulders at Bell Canyon, a Utah Condominium Project (the "**Declaration**"), the Articles of Incorporation of the Association, and these Bylaws and any rules and regulations made pursuant hereto, as they may be amended from time to time, are accepted, ratified and will be complied with.

2. BOARD OF TRUSTEES.

2.1 The management and maintenance of the Project and the administration of the affairs of The Boulders at Bell Canyon Owners Association (hereinafter called the "**Association**") shall be conducted by the Board of Trustees of the Association (the "**Board**"). The rights, duties and functions of the Board may be exercised by Declarant until the time set forth in the Declaration, unless Declarant should, at its sole option, turn over such rights, duties and functions to the Board at an earlier date.

2.2 The Board of Trustees shall be composed of not less than five (5) Trustees and shall initially have five (5) Trustees. The number of Trustees may be increased up to nine (9), but shall always be an odd number, by a 2/3rds vote of the Owners. The Trustees specified in the Articles of Incorporation or any replacements duly appointed by Declarant, shall serve until the first meeting of Members and until their successors are duly elected and qualified. Prior to the date to be determined in accordance with Section 7.02 of the Declaration (the "**Turnover Date**") the Trustees specified in the Articles of Incorporation and any replacements duly appointed by the Declarant, need not be Members of the Association. No Trustee need be a resident of the State of Utah.

Beginning with the first annual meeting after the Turnover Date and at every annual meeting thereafter, the Association shall elect the Trustees of the Board to fill those positions becoming vacant at such meeting. At least thirty (30) days prior to any annual meeting of the Association, the Board shall elect from the Unit Owners a nominating committee of not less than three (3) Trustees, none of whom shall be Trustees of the then Board. The nominating

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committee shall recommend to the Association one nominee for each position on the Board to be filled at that particular annual meeting. Nominations for positions on the Board may also be made by petition filed with the secretary of the Association at least seven (7) days prior to the annual meeting of the Association, which petition shall be signed by four (4) or more Unit Owners and signed by the nominee named therein indicating his willingness to serve as a Trustee of the Board, if elected.

2.3 After the Turnover Date, Trustees of the Board shall serve for terms of three (3) years beginning immediately upon their election by the Association; provided, however, that two (2) trustees of the Board elected at the first annual meeting at which trustees are chosen by vote of Unit Owners shall serve for an initial term of one (1) year, two (2) other trustees shall serve for an initial term of two (2) years, and the remaining one (1) trustee shall serve for an initial term of three (3) years. Thereafter, all trustees elected shall serve for three (3) year terms. The Trustees of the Board shall serve until their respective successors are elected, or until their death, resignation or removal. Any trustee who fails to attend three consecutive Board meetings or fails to attend at least 25% of the Board meetings held during any fiscal year shall be deemed to have tendered his resignation, and thereupon his position may be declared vacant by the Board.

2.4 Any trustee may resign at any time by giving written notice to the president of the Association or to the remaining trustees. Any trustee may be removed from membership on the Board by a two-thirds majority vote of the Association. Whenever there shall occur a vacancy on the Board due to death, resignation, removal or any other cause, the remaining trustees shall elect a successor trustee to serve until the next annual meeting of the Association, at which meeting said vacancy shall be filled by the Association for the unexpired term, if any.

2.5 The trustees shall receive no compensation for their services unless expressly approved by a majority of the Association; provided, however, that any trustee may be employed by the Association in another capacity and receive compensation for such employment; provided further, that such employment shall be approved by vote or in writing by all trustees not including the trustee to be employed.

2.6 The Board, for the benefit of the Project and the Association, shall manage the business, property and affairs of the Project and the Association and enforce the provisions of the Declaration, the Articles of Incorporation, these Bylaws, and the rules and regulations governing the Project, which rules shall be approved by FNMA, FHLMC, VA and FHA, if and as required, prior to enactment. The Board committees shall have the powers, duties, and responsibilities with respect to the Project as contained in the Act, the Declaration, the Articles of Incorporation and these Bylaws.

2.7 The meetings of the Board shall be held at such places within the State of Utah as the Board shall determine. A majority of the Trustees of the Board shall constitute a quorum, and if a quorum is present the decision of a majority of those present shall be the act

of the Board. The Board shall annually elect all of the officers of the Association. The meetings for the election of officers shall be held at the first meeting of the Board immediately following the annual meeting of the Association.

2.8 Special meetings of the Board may be called at the request of the president or any two trustees. The secretary shall then give notice thereof in writing at least five (5) days before the meeting. Such notice shall specify the purpose for which the meeting is called, and the meeting shall be restricted to discussions of those items listed on the agenda.

2.9 Regular meetings of the Board may be held with five (5) days prior written notice, except in case of emergency.

2.10 Any trustee may, at any time, waive notice of any meeting of the Board in writing, any such waiver shall be deemed equivalent to giving of such notice. Attendance by a trustee at a meeting shall constitute a waiver of notice to him of such meeting unless such trustee attends the meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called. If all the trustees are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

2.11 After the election of the trustees at the first annual meeting of the Association, Declarant shall execute, acknowledge and record an affidavit stating the names of the trustees of the newly elected Board. Thereafter, any two (2) persons who are designated of record as being trustees of the most recent Board, whether or not they shall still be trustees, may execute, acknowledge and record an affidavit stating the names of all of the trustees of the then current Board. The most recently recorded of such affidavits shall be prima facia evidence that the persons named therein are all of the incumbent Trustees of the Board and shall be conclusive evidence thereof in favor of all persons who rely thereon in good faith.

2.12 The fiscal year shall be set as the calendar year.

3. MEETINGS OF THE ASSOCIATION.

3.1 The first annual meeting of the Association shall be held within ten (10) months after the Turnover Date, although it may be held earlier, but not earlier than the Turnover Date. Thereafter, there shall be an annual meeting of the Association on the first Tuesday of February at 7:00 p.m. at the Project or at such other reasonable place or time not more than sixty (60) days before or after such date as may be designated by written notice by the Board delivered to the Unit Owners not less than fifteen (15) days prior to the date set for said meeting. At or prior to an annual meeting, the Board shall furnish to the Unit Owners (i) a list of the names of the nominees for the positions on the Board to be filled at that meeting; (ii) a budget for the coming fiscal year which shall itemize the estimated Common Expenses for the coming fiscal year with the estimated allocation thereof to each Unit Owner; and (iii) an audited statement of the Common Expenses itemizing receipts and disbursements for the

previous and current fiscal year, together with the allocation thereof to each Unit Owner. Within ten (10) days after the annual meeting, the budget and the statements of Common Expenses shall be delivered to the Unit Owners who were not present at the annual meeting.

3.2 Special meetings of the Association may be held at any time at the Project or at such other reasonable place to consider matters which, by the terms of the Declaration, require the approval of all or some of the Unit Owners or for any other reasonable purpose. Special meetings shall be called upon written request signed by a majority of the Board or by Unit Owners representing at least one-third (1/3) or more of the undivided interests in the Common Areas. The secretary of the Association shall then prepare a written notice which shall be delivered to all Unit Owners not less than fifteen (15) days prior to the date fixed for said meeting. Such notice shall specify the date, time and place of the meeting, and the matters to be considered. If mailed, such notice shall be deemed to be delivered when deposited in the U.S. mail addressed to the Unit Owner at his registered address, with first class postage thereon prepaid. Each Unit Owner shall register with the Association his current mailing address for the purpose 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 Unit Owner's Unit address shall be deemed to be his registered address for purposes of notice hereunder.

3.3 The presence in person or by proxy of Unit Owners holding fifty percent (50%) of the undivided interests in the Project at any meeting of the Association held in response to notice to all Unit Owners of record properly given shall constitute a quorum. In the event that a quorum is not present in person or by proxy, the meeting shall be adjourned for twenty-four (24) hours, after which time it shall reconvene and any number of Unit Owners present at such subsequent meeting shall constitute a quorum. Unless otherwise expressly provided in the Act, the Declaration, the Articles of Incorporation, and these Bylaws, any action may be taken at any meeting of the Unit Owners upon a majority vote of the Unit Owners who are present in person or by proxy and who are voting. Any proxy must be in writing.

3.4 Robert's Rules of Order (latest edition) shall govern the conduct of the Association's meetings when not in conflict with the Declaration, the Articles of Incorporation or these Bylaws.

3.5 Any Owner of a partial interest in a Unit may vote the Unit's vote; provided, however, if more than one Owner of an interest in a Unit attends a meeting or is represented by proxy, the Owners of a Unit shall have only one vote.

4. OFFICERS.

4.1 All officers and employees of the Association shall serve at the will of the Board. The officers shall be president, vice-president, secretary and treasurer. The offices of secretary and treasurer may be combined at the option of the Board. The Board may appoint

such other assistant officers as the Board may deem necessary. No officer shall be required to be a Unit Owner, but the president and vice-president must be Trustees of the Board. No officer shall receive compensation for serving as such. Officers shall be annually elected by the Board. The Board shall require that officers (and other employees of the Association) be subject to fidelity bond coverage, as set forth in the Declaration.

4.2 The president shall also be the chairman of the Board and shall preside at all meetings of the Association and the Board and may exercise the power ordinarily allowable to the presiding officer of an association, including the appointment of committees. The president shall exercise general supervision over the Project and its affairs, but shall have no authority in the original construction of the Project and the Units. He shall sign on behalf of the Association all conveyances, mortgages and contracts of material importance to its business. He shall do and perform all acts which the Board may require.

4.3 The vice-president shall perform the functions of the president in his absence or inability to serve.

4.4 The secretary shall keep minutes of all proceedings of the Board and of the meetings of the Association and shall keep such books and records as may be necessary and appropriate for the records of the Unit Owners and the Board.

4.5 The treasurer shall be responsible for the fiscal affairs of the Association, but may delegate the daily handling of funds and the keeping of records to a Manager.

5. COMMON EXPENSES/ASSESSMENTS.

5.1 All assessments shall be made in accordance with the general provisions of Article IX of the Declaration.

5.2 Not less than thirty (30) days prior to the annual meeting of the Association, the Board shall estimate the Common Expenses and capital contributions for the coming fiscal year. The estimated capital contributions may include such amounts as the Board may deem proper for general working capital, for the general operating reserve, and shall take into account any expected income, surplus or deficit in the common expenses for any prior year. These estimated capital contributions and Common Expenses shall be assessed on a monthly basis to the Unit Owners in proportion to their percentages of undivided interest in the Common Areas and Facilities as set forth in Exhibit "A" of the Declaration. If the estimated Common Expenses prove inadequate for any reason, including nonpayment of any Unit Owner's assessment, the Board may, by resolution duly adopted, make additional assessments, which shall be assessed to the Unit Owners in the same manner as the estimated Common Expenses. Each Unit Owner shall be obligated to pay the Board's assessments made pursuant to this paragraph on or before the first day of each month, or in such other reasonable manner as the Board shall designate. The funds received by the Board from assessments shall be kept in either capital accounts or in the Common Expense fund and shall be expended by the

Board only in accordance with the provisions of the Act, the Declaration, the Articles of Incorporation and these Bylaws.

5.3 The failure by the Board before the expiration of any fiscal year to estimate the Common Expenses as required herein shall not be deemed a waiver or modification in any respect of the provisions of the Declaration or these Bylaws or a release of the Unit Owner from the obligation to pay any past or future assessments, and the estimated Common Expenses fixed for the previous and current year shall continue until a new estimate is made.

5.4 No Unit Owner may exempt himself from liability for Common Expenses by waiver of the use or enjoyment of any of the Common Areas and Facilities or by abandonment of his Unit.

5.5 The treasurer shall keep detailed records of all receipts and expenditures, including expenditures affecting the Common Areas and Facilities, specifying and itemizing the maintenance, repair and replacement expenses of the Common Areas and Facilities and any other expenses incurred. Such records shall be available for examination by the Unit Owners during regular business hours. In accordance with the actions of the Board assessing Common Expenses against the Units and Unit Owners, the treasurer shall keep an accurate record of such assessments and of the payments thereof by each Unit Owner.

5.6 All common assessments shall be separate, distinct and a personal liability of the Owner of the Unit at the time each assessment is made. The Board shall have the rights and remedies contained in the Act and in the Declaration to enforce the collection of assessments for common expenses.

5.7 Any person who shall have entered into a written agreement to purchase a Unit shall be entitled to obtain a written statement from the treasurer setting forth the amount of unpaid assessments charged against the Unit and its Owners, and if such statement does not reveal the full amount of the unpaid assessments as of the date it is rendered, neither the purchaser nor the Unit shall be liable for the payment of an amount in excess of the unpaid assessment shown thereon, provided that the former Unit Owner shall remain so liable. Any such excess which cannot be promptly collected from the former Unit Owner-grantor shall be reassessed by the Board as a Common Expense to be collected from all Unit Owners, including without limitation the purchaser of the Unit, his successors and assigns. The new Unit Owner shall, and the former Unit Owner shall not, be liable for any assessment made after the date of transfer of title of a Unit, even though the Common Expenses and such other expenses incurred or the advances made by the Board for which the assessment is made relate in whole or in part to any period prior to that date.

5.8 In addition to the statements issuable to purchasers of Units, the Board shall provide to the Unit Owner, to any person who shall have entered into a binding agreement to purchase the Unit and to any Mortgagee on request at reasonable intervals, a current statement

of unpaid assessments for Common Expenses and for any expenses of any advances by the Board with respect to the Unit.

5.9 In all cases where all or part of any assessments for Common Expenses and for any expenses of and advances by the Board cannot be collected within sixty (60) days of the date due from the persons or entities liable therefor under the Act, the Declaration or these Bylaws, the Board may reassess the same as a Common Expense without prejudice to its rights of collection against such persons or entities, or without prejudice to its lien for such assessments.

5.10 Amendments to this Section 5 shall be effective only upon unanimous written consent of the Unit Owners and their mortgagees.

6. LITIGATION.

6.1 If any action is brought by a Trustee of the Board on behalf of the Association and recovery is had, the expenses of suit, including reasonable attorney's fees, shall be a Common Expense. If any action is brought against the Unit Owners or against the Board or the officers, employees, or agents thereof in their capacities as such, with the result that the ultimate liability asserted would if proved, be borne by all the Unit Owners, the expenses of suit, including attorney's fees, shall constitute a Common Expense and be borne by the Association.

6.2 Any action brought against the Association, the Board or the officers, employees or agents thereof, in their respective capacities as such, or the Project as a whole, shall be directed to the Board, which shall promptly give written notice thereof to the Unit Owners and any mortgagees and shall be defended by the Board; and the Unit Owners and Mortgagees shall have no right to participate in such defense other than through the Board. Action against one or more, but less than all Unit Owners shall be directed to such Unit Owners, who shall promptly give written notice thereof to the Board and to the Mortgagees of such Units, and shall be defended by such Unit Owners.

7. ABATEMENT AND ENJOINMENT OF VIOLATIONS BY UNIT OWNERS.

7.1 The violation of any rules or regulations adopted by the Board, the breach of any provision contained herein or the breach of any provision of the Declaration shall give the Board the right, in addition to any other rights set forth in these Bylaws:

7.1.1 To enter the Unit in which or as to which such violation or breach exists after a hearing opportunity before the Board when five (5) days prior notice has been given to the Unit Owner, and to abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Board shall not thereby be deemed guilty of any manner of trespass; and/or

7.1.2 To enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach.

7.2 These remedies are cumulative to other remedies provided in the Act, the Declaration and these Bylaws or in any other applicable form.

8. ACCOUNTING.

8.1 The books and accounts of the Association shall be kept in accordance with generally accepted accounting procedures under the direction of the treasurer.

8.2 At the close of each fiscal year, the books and records of the Board shall be audited by a public accountant approved by the Association.

8.3 The books and accounts of the Association shall be available for inspection at the office of the Association by any Unit Owner or his authorized representative during regular business hours.

9. SPECIAL COMMITTEES.

9.1 The Board by resolution may designate one or more special committees, each committee to consist of two (2) or more Unit Owners, which to the extent provided in said resolution shall have and may exercise the powers set forth in said resolution. Such special committee or committees shall have such name or names as may be determined from time to time by the Board. All special committees shall keep regular minutes of their proceedings and report the same to the Board when required. The members of such special committee or committees designated shall be appointed by the Board or the president. The Board may vacate the appointment of any committee or the appointment of any person made to a committee by the president. The Board or the president may appoint Unit Owners to fill vacancies on each of said special committees occasioned by death, resignation, removal or inability to act for any extended period of time.

10. RENTAL OR LEASE OF UNITS BY UNIT OWNERS.

10.1 Any Unit Owner who rents or leases his Unit shall file with the Board or Manager a copy of the rental or lease agreement affecting said Unit. The provisions of these Bylaws shall apply with equal force to renters or lessees of Units.

10.2 Any Unit Owner who rents or leases his Unit shall be responsible for the conduct of his tenants, and upon written notice from the Board or the Manager, said Unit Owner shall be responsible for correcting violations of the Declaration, Bylaws or rules and regulations committed by such tenants.

10.3 If a Unit Owner fails to correct violations by tenants within 72 hours of such notice, the Board or Manager shall give the Unit Owner opportunity for a hearing before the Board, with five days prior notice thereof. Following such hearing and the finding that violations do exist, the Board or manager shall be deemed to be the agent of the Unit Owner and empowered to take any enforcement action the Unit Owner would be entitled to take, the cost of such action to be assessed to the Unit Owner and payable within thirty (30) days of assessment. Such costs shall be collected and enforced in the same manner as common assessments under Section 5 of these Bylaws.

10.4 The power of the Board, a management committee appointed by the Association or Manager hereunder shall include, but not be limited to, any and all legal remedies available under the laws of the State of Utah. Any Unit Owner by the act of renting or leasing his Unit shall be deemed to have consented to these procedures and shall indemnify and save harmless the Board and the Manager from and against any and all liability therefor. It is expressly understood that the remedies available to the Board or Manager shall include but not be limited to the right to seek eviction of the tenant without any liability to the Unit Owner.

11. AMENDMENT OF BYLAWS.

Except as otherwise provided in the Act, the Declaration or these Bylaws, the Bylaws may be amended by a vote of Owners holding two-thirds (2/3) or more of the undivided interests in person or by proxy at a meeting duly called for such purpose. Upon such an affirmative vote, the Board shall acknowledge the amended Bylaws, setting forth the fact of the required affirmative vote of the Unit Owners, and the amendment shall be effective upon recording.

12. SEVERABILITY.

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

13. CAPTIONS.

The captions herein are inserted only as a matter of convenience and for reference and in no way to define, limit or describe the scope of these Bylaws nor the intent of any provision hereof.

14. EFFECTIVE DATE.

These Bylaws shall take effect upon recording of the declaration of which they are a part.

15. DEFINITION OF TERMS.

The capitalized terms herein which are not defined herein shall have the meaning given them in the Declaration.

IN WITNESS WHEREOF, the undersigned, being the Declarant and performing the functions and duties of the Board, does hereby execute these Bylaws on the 17 day of December, 1998.

THE BOULDERS AT BELL CANYON OWNERS ASSOCIATION, INC.

By: [Signature]
Its: [Signature]

ATTEST:

Secretary

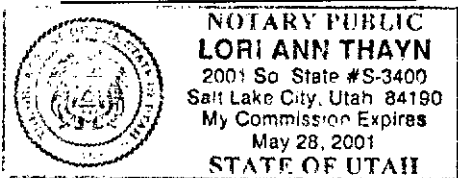
STATE OF UTAH)
 : ss.
COUNTY OF SALT LAKE)

The foregoing instrument was acknowledged before me on the 17 day of December, 1998, by Ronald A. Raddon.

(Seal)

My commission expires:

[Signature]
Notary Public
Residing at: [Signature]



CONSENT AND JOINDER

On this 17 day of December, 1998, Lost Canyon Estates, L.L.C., which is 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.

LOST CANYON ESTATES, L.L.C., a Utah limited liability company

By [Signature]
Ronald A. Raddon, Manager

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

The foregoing instrument was acknowledged before me on the 17 day of December, 1998, by Ronald A. Raddon.

(Seal)

My commission expires:

[Signature]
Notary Public
Residing at Salt Lake County

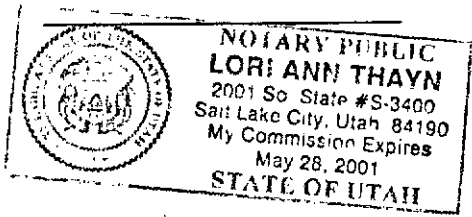


EXHIBIT "C"

DESCRIPTION OF THE WITHDRAWABLE LAND
AND OF THE PART OF THE LAND WHICH MAY NOT BE WITHDRAWN
FROM THE CONDOMINIUM

Legal Description of the Withdrawable Land, which is all of the Land located west of Wasatch Boulevard:

Area 2- West Side

BEGINNING at the North quarter corner of Section 14, Township 3 South, Range 1 East, Salt Lake Base and Meridian; thence running North $89^{\circ} 44' 00''$ East 31.48 feet along the North line of said Section 14, thence South $0^{\circ} 16' 00''$ West 50.00 feet; thence North $89^{\circ} 44' 00''$ East 50.00 feet; thence North $0^{\circ} 16' 00''$ East 50.00 feet; thence North $89^{\circ} 44' 00''$ East 371.76 feet to a point on the West line of Wasatch Boulevard said point also being on the arc of a 1690.00 foot-radius curve to the left; thence Southerly 231.52 feet along the arc of said curve through a central angle of $7^{\circ} 50' 57''$, chord bears South $6^{\circ} 56' 54''$ West 231.34 feet; thence South $4^{\circ} 39' 53''$ West 348.97 feet; thence South $3^{\circ} 01' 25''$ West 60.00 feet; thence South $1^{\circ} 06' 52''$ West 300.17 feet; thence South $3^{\circ} 01' 33''$ West 154.50 feet to a point of tangency with a 540.00 foot-radius curve to the left; thence Southerly 229.83 feet along the arc of said curve through a central angle of $24^{\circ} 23' 07''$, chord bears South $9^{\circ} 10' 09''$ East 228.10 feet; thence South $88^{\circ} 54' 40''$ West 430.32 feet; thence North $0^{\circ} 36' 52''$ East 141.26 feet; thence North $25^{\circ} 08' 43''$ East 53.58 feet; thence North $10^{\circ} 34' 31''$ East 211.80 feet; thence North $16^{\circ} 31' 17''$ East 201.14 feet; thence North $3^{\circ} 19' 51''$ East 86.91 feet; thence North $70^{\circ} 36' 21''$ East 146.62 feet; thence North $18^{\circ} 34' 37''$ West 104.82 feet; thence North $62^{\circ} 35' 17''$ West 130.77 feet; thence North $24^{\circ} 17' 24''$ West 248.66 feet; thence North $0^{\circ} 36' 52''$ East 210.57 feet to the point of BEGINNING.

Area 4- West Side

BEGINNING at a point 210.57 feet South $0^{\circ} 36' 52''$ West from the North quarter corner of Section 14, Township 3 South, Range 1 East, Salt Lake Base Meridian; thence running South $24^{\circ} 17' 24''$ East 248.66 feet; thence South $62^{\circ} 35' 17''$ East 130.77 feet; thence South $18^{\circ} 34' 37''$ East 104.82 feet; thence South $70^{\circ} 36' 21''$ West 146.62 feet; thence South $3^{\circ} 19' 51''$ West 86.91 feet; thence South $16^{\circ} 31' 17''$ West 201.14 feet; thence South $10^{\circ} 34' 31''$ West 211.80 feet; thence South $25^{\circ} 08' 43''$ West 53.58 feet; thence North $0^{\circ} 36' 52''$ East 971.262 feet to the point of BEGINNING.

Legal Description of the part of the Land which may not be withdrawn, which is all of the Land east of Wasatch Boulevard:

Area 1-East Side

BEGINNING at a point 534.75 feet North 89°44'00" East along the North Section line from the North quarter corner of Section 14, Township 3 South, Range 1 East, Salt Lake Base and Meridian, said point being on the East line of Wasatch Boulevard; thence running North 89°44'00" East 497.775 feet; thence South 0° 45' 22" West 100.00 feet; thence South 32°41'16" West 154.96 feet; thence South 4° 07' 47" West 96.84 feet; thence South 44° 26' 06" West 124.44 feet; thence South 63° 04' 42" West 125.89 feet; thence South 37° 05' 54" West 77.77 feet; thence South 1° 04' 38" East 129.24 feet; thence South 10° 38' 30" West 165.66 feet; thence South 25° 15' 46" East 124.16 feet; thence South 8° 31' 30" West 126.15 feet; thence South 44° 58' 50" East 123.46 feet; thence South 161.28 feet; thence South 88° 54' 40" West 285.44 feet to a point on the East line of Wasatch Boulevard, said point being on the arc of a 460.00 foot-radius curve to the right; thence Northerly 225.706 feet along the arc of said curve through a central angle of 28° 06' 47", chord bears North 11° 01' 59" West 223.449 feet; thence North 3° 01' 33" East 154.497 feet; thence North 4° 55' 58" East 300.170 feet; thence North 3° 01' 25" East 60.00 feet; thence North 1° 22' 53" East 348.973 feet to a point on a 1610.00 foot-radius curve to the right; thence Northerly 236.327 feet along the arc of said curve through a central angle of 8° 24' 37", chord bears North 7° 13' 44" West 236.115 feet to the point of BEGINNING.

Area 3- East Side

BEGINNING at a point 1032.530 feet North 89° 44' 00" East along the North section line and 100.00 feet South 0° 45' 22" West from the North quarter corner of Section 14, Township 3 South, Range 1 East, Salt Lake Base and Meridian; thence running North 89° 44' 00" East 300.00 feet; thence South 0° 45' 22" West 1204.045 feet; thence South 88° 54' 40" West 527.74 feet; thence North 161.28 feet; thence North 44° 58' 50" West 123.46 feet; thence North 8° 31' 30" East 126.15 feet; thence North 25° 15' 46" West 124.16 feet; thence North 10° 38' 30" East 165.66 feet; thence North 1° 04' 38" West 128.24 feet; thence North 37° 05' 54" East 77.77 feet; thence North 63° 04' 42" East 125.89 feet; thence North 44° 26' 06" East 124.44 feet; thence North 4° 07' 47" East 96.84 feet; thence North 32° 41' 16" East 154.96 feet to the point of BEGINNING.

LENDER'S CONSENT AND SUBORDINATION TO DECLARATION OF CONDOMINIUM

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, the undersigned hereby consents to the foregoing Declaration of Condominium of The Boulders at Bell Canyon, a Utah Condominium Project, the undersigned being the current beneficiary under that certain Deed of Trust, Assignment of Rents, Security Agreement and Fixtrue Filing dated August 27, 1998 made by Lost Canyon Estates, a Utah limited liability company, as Trustor, in favor of W. Jeffrey Fillmore, as Trustee, and Utah Mortgage Services, Inc. as Beneficiary, and which was recorded September 4, 1998, as Entry No. 7079358 in Book 8087 at page 1463. The undersigned hereby agrees and acknowledges that the Declaration is hereby made to be prior and superior to the lien of the said Deed of Trust of which the undersigned is the beneficiary.

DATED this 15th day of December, 1998.

UTAH MORTGAGE SERVICES, INC.

By: [Signature]
Paul Thurston, Vice President

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

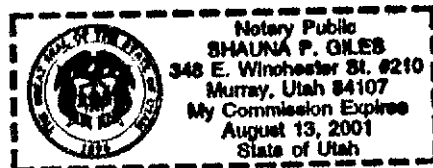
15th The foregoing instrument was acknowledged before me on the day of December, 1998, by Paul Thurston.

(Seal)

My commission expires:

08-13-2001

[Signature]
Notary Public
Residing at: _____



BK8200PG1393