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RECORDER, SALT LAKE COUNTY, UTAH  
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BY: RDJ, DEPUTY - WI 30 P.

DECLARATION OF CONDOMINIUM  
FOR  
LILAC LAND CONDOMINIUMS

This Declaration of Condominium (the "Declaration") is made and executed this 11<sup>th</sup> day of April, 2003, by Rod P. Engar and Robert L. Breitling, (the "Declarant").

RECITALS:

**A. Description of Land.** The condominium project (the "Project") that is the subject of this Declaration is situated in and upon the following described real property (the "Subject Land") located in Salt Lake County, State of Utah.

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

**B. Condominiums.** The Declarant has constructed or intends to construct certain residential condominiums upon the Subject Land, as shown on the Map referred to and defined below.

**C. Record of Survey Map.** Declarant has prepared and has recorded concurrently herewith, in the office of the County Recorder for Salt Lake County, State of Utah, a "Record of Survey Map for Lilac Lane Condominiums, a Utah condominium project" (the "Map").

**D. Association and Bylaws.** The Lilac Lane Conominium Owners Association, Inc. (the "Association"), has been created concurrently herewith by filing Articles of Incorporation therefore with the Utah Division of Corporations and Commercial Code. The Association shall henceforth be the governing body of the Project subject hereto and shall operate in accordance with the "Bylaws of Lilac Lane Condominium Owners Association, Inc., which are attached hereto as Exhibit "B" (the Bylaws").

**E. Intent and Purpose.** The Declarant intends by recording this Declaration and the Map to submit the Subject Land and all improvements situated upon the Subject Land to the provisions of the Utah Condominium Ownership Act (the "Act"), as a condominium project, and to impose upon said property mutually beneficial restrictions under a general plan of improvement for the benefit of all condominiums within said Project and the Owners thereof.

**ARTICLE I**  
**DEFINITIONS**

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

**1.2 "Act"** shall mean the Utah Condominium Ownership Act and amendments thereto (Title 57, Chapter 8, Utah Code Annotated).

**1.3 "Association"** shall mean Lilac Lane Condominium Owners Association, Inc., a Utah nonprofit corporation, organized to be the Association referred to herein.

**1.4 "Board of Trustees" or "Board"** shall mean and refer to the governing board of the Association which shall be appointed or elected in accordance with the Declaration, the Articles of Incorporation and Bylaws of the Association.

**1.5 "Common Areas"** shall mean and refer to that part of the Property which is not included within the Units, including all roadways within the Project and all improvements other than utility lines now or hereafter constructed or located thereon. The Common Areas to be owned by the Association (excluding the Units) prior to the time of the conveyance of the first Unit are described in Exhibit "C", attached hereto and incorporated herein by reference.

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1.6 "Common Expense Fund" shall mean the fund created or to be created pursuant to provisions of Article IX of this Declaration and into which all funds of the Association shall be deposited.

1.7 "Common Facilities" shall mean all equipment, facilities and fixtures and other personal property and real property improvements owned by the Association for the use and benefit of all Owners, and all equipment, facilities and fixtures hereafter purchased in accordance with this Declaration with monies from the Common Expense Fund. Except as otherwise expressly provided in this Declaration, Common Facilities shall be deemed to be part of the Common Areas.

1.8 "Condominium" shall mean a Unit and the undivided interest in the Common Areas appurtenant to such Unit.

1.9 "Declarant" shall mean Rod P. Engar, his or assigns.

1.10 "Limited Common Areas" or "Limited Common Areas and Facilities" shall mean any common areas or Common Facilities designated for the exclusive use of the Owner of a particular Unit. Any porches, patios, landscaping, storage facilities and other areas that are immediately contiguous to the Unit and identified and designated on the Map as reserved for exclusive use of the Owner of a certain Unit shall be Limited Common Areas for the exclusive use of the Owner of the Unit bearing the same number or designation and/or as specified on the Map.

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

1.12 "Map" shall mean the Record of Survey Map for Lilac Lane Condominiums, pertaining to the Project and recorded or to be recorded in the office of the County Recorder for Salt Lake County, State of Utah.

1.13 "Member" shall mean a member of the Association.

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

1.15 "Mortgagee" shall mean (i) any person named as the mortgagee or beneficiary under any Mortgage by which the interest of any owner is encumbered, or (ii) any successor to the interest of such person under such Mortgage.

1.16 "Owner" shall mean any person or entity or combination thereof, including the Declarant, at any time owning a Condominium within the Project, as shown on the records of the Recorder's Office 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 entity purchasing a Condominium Unit under contract until such contract is fully performed and legal title conveyed of record.

1.17 "Project" shall mean the Subject Land, all Condominiums and All Common Areas and Facilities, including all Limited Common Areas and Facilities.

1.18 "Subject Land" shall mean the land upon which the Project is situated, as more particularly described in Paragraph A of the Recitals above.

1.19 "Total Votes of the Association" shall mean the total number of votes appertaining to the Condominiums in the Project, as shown in Exhibit "D" attached hereto.

1.20 "Unit" shall mean one half of a duplex building located on the Subject Land, and shall include, without limiting the generality of the foregoing, walls, foundations, roofs, windows, doors, and all other improvements to such building, as well as all pipes, condensers, vents, ducts, shafts, flues, chutes, conduits, wires, and other utility and service lines, improvements and equipment both (i) inside the walls, foundations and physical bounds of the building, and (ii) outside the walls, foundations and physical bounds of the building, where the same

exists for the exclusive use of the Unit, from the point they leave the building until they connect to another pipe, cable, line or conduit that services other Units or Property. Mechanical equipment located outside the building and in the Common Area or Limited Common Area shall be considered a part of the Unit. A Unit holder's interest shall be held in fee simple.

## **ARTICLE II** **SUBMISSION AND DIVISION OF PROJECT**

**2.1 Submission to Act.** The Declarant hereby submits the Subject Land and all improvements now or hereafter made in or upon the Subject Land to the provisions of the Act, and the Act shall apply thereto. All of said property is and shall be held, conveyed, hypothecated, encumbered, leased, rented, used and improved as a condominium project to be known as Lilac Lane Condominiums, 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 the Project and in furtherance of a plan for improvement 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 to the Declarant, its successors and assigns, and any person acquiring, leasing, or owning an interest in the real property and improvements comprising the Project, their lessees, heirs, executors, administrators, devisees, successors and assigns.

**2.2 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 "D" attached hereto. Each Unit shall have an equal undivided interest in the Common Areas and Facilities.

**2.3 Easements.** The Declarant, its successors and assigns, shall have a transferable easement over and on the Common Areas and Facilities, including roads providing ingress and egress to the Project, for the purpose of making improvements on the land within the Project, for the purpose of doing all things reasonably necessary and proper for the construction, completion and development of the Project.

## **ARTICLE III** **IMPROVEMENTS**

**3.1 Description of Improvements.** The improvements included in the project are now or will be located upon the Subject Land. The Map shows the eighteen units which are to be contained on the project. Each Unit shall be either: one half of a duplex building, one of three units in a triplex building, or a single unit. Each of the Units shall be principally constructed of wood frame, cultured stone, vinyl or hardiplank siding, aluminum soffit and fascia, sheetrock interiors and asphalt shingle roofs, and such other materials as allowed by current building codes.

**3.2 Description and Legal Status of Units.** The Map shows the address of each Unit, its location, dimensions, and those Limited Common Areas and Facilities which are reserved for the use of its Owner. All Condominiums shall be capable of being independently owned, encumbered and conveyed.

**3.3 Contents of Exhibit "D".** Exhibit "D" to this Declaration furnishes the following information with respect to each Condominium: (a) The address and/or Unit number, and (b) the number of votes of the Owner of the Condominium as a Member of the Association.

## **ARTICLE IV** **NATURE AND INCIDENTS OF CONDOMINIUM OWNERSHIP**

**4.1 Interior of Units.** Each Owner shall have the exclusive right to repair, reconstruct, paint, repaint, tile, wax, paper, carpet or otherwise maintain and decorate all interior surfaces and improvements within the Unit.

**4.2 Maintenance of Units and Limited Common Areas.** Each Owner shall, at his sole cost, have the right and obligation to maintain (in a clean and sanitary condition and in a state of good repair) the exterior of his Unit, including without limitation, the walls, windows, foundation and roof of his Unit, and permanent fixtures and appurtenances thereto, and the Limited Common Areas and Facilities appurtenant to his Unit, including, but not limited to patios and decks, and the landscaped drainage swale around the perimeter of the project; provided however, that no Owner shall repair, materially alter, reconstruct or paint any exterior portion of his Unit or any part

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of the Limited Common Areas appurtenant to his Unit, without first obtaining the approval of the Board of Trustees of the Association. The Board shall have the duty and right to insure that all design criteria for proper drainage of the project is maintained, and that all repair, reconstruction and painting of the exterior of the Units and Limited Common Areas in the Project is done in a good and workmanlike manner and in conformity with the general architectural and design specifications and criteria (the "Criteria") that presently exist in the Project as a whole, as said Criteria may be reasonably modified from time to time by the Board to reflect the passage of time, so as to allow the Project to maintain a consistent and reasonably unified appearance. While Owners shall generally maintain and repair all Limited Common Areas appurtenant to their Units, the Association nonetheless shall be responsible and shall have the right (i) to remove snow from the driveways and walks in front of Units (but not patios, porches or stairways), and (ii) to maintain the lawns, plants, trees and other landscaping and the related sprinkler systems that exist in the Common Areas and Limited Common Areas of the Project. In the event that any Unit or Limited Common Area should develop an unsanitary or unclean condition or fall into a state of disrepair, and in the event that the Owner of such Unit or the Unit to which the exclusive right to use the Limited Common Area appertains should fail to correct such condition or state of disrepair promptly following written notice from the Association, the Association shall have the right, at the expense of the Owner and without liability to the Owner for trespass or otherwise, to enter said Unit or Limited Common Areas and Facilities and correct or eliminate said unsanitary or unclean condition or state of disrepair.

**4.3 Recreational Amenities.** The developer shall, at his own expense, provide a form of recreational amenity that is suitable for the demographics of the group of owners. Such amenity may be a basketball standard, a picnic table, or a children's gymnasium set. Such amenity will be decided on after 60% of the units are purchased and a determination can be made as to which type of amenity would be most desirable by the owners.

**4.4 Fences.** The developer shall install, at his own expense, a fence which separates the back and side yards of the Units and Limited Common Areas. Such fencing shall not exceed a height of six feet, and must be constructed of white maintenance-free PVC material. Any fence installed must not limit the free access by personnel for the purpose of reading or repairing utility meters. Any fences installed by Unit owners must meet these same standards.

**4.5 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 tenants in common.

**4.6 Prohibition Against Subdivision of Unit.** Except as provided in this Article IV, no Unit Owner, by deed, plat or otherwise, shall subdivide or in any manner cause his Unit to be separated into physical tracts or parcels smaller than the whole Unit as shown on the Map.

**4.7 Ownership of Common Areas and Facilities.** All Units shall have an equal undivided interest in the Common Areas and Facilities appurtenant thereto. The appurtenant undivided interest applicable to each Unit 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. Except as otherwise provided in this Declaration, each Owner shall be entitled to the nonexclusive use of the Common Areas and Facilities in any manner that does not hinder or encroach upon the rights of other Owners and is not contrary to any rules or regulations promulgated by the Association. Except as otherwise provided in this Declaration, each Owner shall have the exclusive right to use and enjoy the Limited Common Areas and Facilities that may be designated for exclusive use by such Owner. In addition, notwithstanding the fact that the driveway and walkway leading from the front street to the garage and front door, respectively, of a Unit constitute Common Area, no Owner, invitee, guest or other person shall have the right to drive, park or otherwise use the driveway or walkway in front of a particular Unit except for that Unit's owner and his or her guests and invitees. Each Owner will be responsible for his percentage share of taxes, insurance, maintenance and all other costs relating to the Common Areas and Facilities, with such percentages to be the same as the Owner's percentage interest in the Common Areas.

**4.8 Limited Common Areas.** Each patio and landscaped area designated on the Map as Limited Common Areas shall be Limited Common Areas for exclusive use by the Owner of the particular Unit which is contiguous to such patio, landscaped area or driveway. No Limited Common Areas may be rebuilt, replaced or materially altered without the approval and consent of the Board of Trustees of the Association as described in Section 4.2 above, including but not limited to any alteration of the landscaped swales along the project perimeters for drainage control.

**4.9 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 and Facilities 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 Unit, 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.

**4.10 No Partition.** The Common Areas and Facilities shall be owned in common by all of the Owners, and no Owner may bring any action for partition thereof except as allowed by the act.

**4.11 Separate Mortgages by Owners.** Each Owner shall have the right separately to mortgage or otherwise encumber his Condominium. No Owner shall attempt to or shall have the right to mortgage or otherwise encumber the Common Areas and Facilities or any part thereof, except the undivided interest therein appurtenant to his Condominium. 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.

**4.12 Separate Taxation.** Each Condominium Unit within the Project 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 political subdivision thereof or of any special improvement district or of any taxing or assessing authority. All such taxes, assessments and other charges on each respective Condominium Unit shall be separately levied against the Owner thereof. No forfeiture or sale of any Condominium Unit for delinquent taxes, assessments or other governmental charges shall divest or in any way affect the title to any other Condominium Unit.

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

**4.14 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 address, 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 the appurtenant undivided interest in the Common Areas and Facilities, and to incorporate all the rights incident to ownership of a Condominium within the Project and all of the limitations on such ownership. Each Unit Owner shall have an unrestricted right of ingress and egress to his or her Unit. This right shall be perpetual and such right shall pass with the Unit estate as transfers of ownership of the Unit occur. Any conveyance, encumbrance, judicial sale or other transfer (voluntary or involuntary) of an individual interest in the Common Areas will be void unless the Unit to which the interest is allocated is also transferred.

**4.15 Non-Exclusive Easements.** All entrances to, exits from and interior roads in the Project providing access to public roads outside the Project shall be Common Areas. Notwithstanding anything on the Map to the contrary, these easements are for the non-exclusive use of the Owners.

**4.16 Form for Conveyancing.** Any deed, lease, mortgage, deed of trust, or other instrument conveying or encumbering title to a Unit may describe the interest or estate involved substantially as follows:

" The Residential unit at the address \_\_\_\_\_ in Building No. \_\_\_\_\_ of LILAC LANE CONDOMINIUMS, together with all improvements located thereon, as said Unit is identified in the Plat recorded in the office of the Salt Lake County Recorder and in the Declaration of Condominium for Lilac Lane Condominiums, also recorded in the Office of the Salt Lake County Recorder, State of Utah, as Entry No. \_\_\_\_\_ and in the Declaration of Condominium for Lilac Lane Condominiums, recorded in the Office of the Salt Lake County

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Recorder, State of Utah, as Entry No. \_\_\_\_\_ TOGETHER WITH a right and easement of use and enjoyment in and to the Common Areas described, as provided for and in the percentage shown, in said Declaration of Condominium.”

Whether or not the description employed in any such instrument is in the above specified form, however, all provisions of this Declaration shall be binding upon and shall inure to the benefit of any party who acquires any interest in a Unit.

#### **ARTICLE V** **EASEMENTS**

**5.1 Easements for Encroachments.** If any part of the Common Area 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, and 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 of the boundaries of the Subject land, an easement for such encroachment shall and does exist, as long as the physical boundaries of the Unit after the construction, reconstruction or repairs, if any, are in substantial accord with the description of the boundaries that appears in the Declaration and Map. Such easement must extend for whatever period the encroachment exists. Such encroachments shall not be considered to be encumbrances 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 one or more of the Buildings or any improvements constructed or to be constructed within the Project, by error in the Map, by settling, rising, or shifting of the earth, or by any changes in position caused by repair or reconstruction of the Project or any part thereof.

**5.2 Easements of Maintenance, Cleaning or Repair.** The Association shall have the irrevocable right to have access from time to time to all Common Areas and Facilities upon giving reasonable notice to the affected Owner or Owners with respect to Limited Common Areas, during such reasonable hours as may be necessary, for the maintenance, cleaning, repair or replacement thereof as may be the responsibility of the Association to perform, or for making emergency repairs at any time herein necessary to prevent damage to the Common Areas and Facilities. The Association is also granted a right of entry to any Unit to perform emergency repairs or to do other work necessary for the maintenance of the Project. In addition, the Association shall have the right to grant permits, licenses and easements over the Common Areas for utilities, roads and other purposes necessary for the proper operation of the Project.

**5.3 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 such rights shall be appurtenant to and pass with the title to each Condominium Unit.

**5.4 Association's Right to Use Common Areas and Facilities.** The Association shall have an easement to make such use of the 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 (except on driveways or walkways) facilities for use by Owners generally.

**5.5 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 improvements therein as shown on the Map and 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 for the prompt repair of such damage.

**5.6 Easements Deemed Created.** All conveyances of Condominium Units within the Project hereafter made, whether by the Declarant or otherwise, shall be construed to grant and reserve such reciprocal easements as are provided herein, even though no specific reference to such easements appears in any such conveyance.

**5.7 Easements Reserved by Declarant and Association.** The Association shall have power to grant and convey to any third party, and the Declarant hereby reserves unto itself easements and rights of way, including but not

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limited to rights of ingress and egress, in, on, over and under Common Areas and Facilities for the purpose of constructing, erecting, operating or maintaining lines, cables, wires, conduits or other devices for electricity, cable television, power, telephone, and other purposes, public sewers, storm drains and pipes, water systems, sprinkling systems, water, heating and gas lines or pipes, and any similar public or quasi-public improvements or facilities to provide common utility services to the Project.

**ARTICLE VI**  
**RESTRICTIONS ON USE**

**6.1 Residential Uses Only.** Each Unit contained in the Project is intended to be used for single family residential housing and is restricted to such use. No Unit shall be used for business or commercial activity; provided, however, that nothing herein shall be deemed to prevent (a) the Declarant or its duly authorized agents from using any Units owned by the Declarant, or any part of the Common Areas and Facilities other than driveways or walkways, or any of the Limited Common Areas other than patios, as sales models or property management offices, or (b) any Owner or his duly authorized agent from freely renting or leasing his Unit from time to time subject to the provisions of Section 6.11.

**6.2 No Noxious or Offensive Activity.** No noxious or offensive activity shall be carried on, in or upon any part of the Project, nor shall anything be done or placed in or upon any part of the Project which is or may become a nuisance or may cause a 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.

**6.3 Restriction on Vehicles.** No boats, trailers, recreational vehicles, trucks, commercial vehicles, or inoperable vehicles belonging to Owners or other residents of the Project shall be parked or stored in or upon any of the Common Areas. Further, garages are for parking of Owners vehicles and must be used primarily for that purpose. Use of the garages exclusively for long term storage of personal property, to work on cars for more than 72 hours at a time, or for occupancy is not allowed. Owners are encouraged to use garages for their vehicle parking even for short periods, rather than parking on the the drive approaches, for security and appearance reasons.

**6.4 Restriction on Signs.** Except as may be temporarily necessary to caution or warn of danger, no signs or advertising devices of any nature, including without limitation commercial, political, informational or directional signs or devices, shall be erected or maintained on any portion of the Project without the prior inspection and written approval of the Board. If the Board consents to the erection of any such signs or devices, the same shall be promptly removed at the request of the Board. None of the foregoing shall be construed to limit in any way Declarant's right and easement to locate and relocate its sales offices and all related signs, banners or similar sales devices upon the Common Areas and Facilities as permitted under Section 6.1 and Article XV hereof. Conventional 18" X 24" Real Estate signs may be posted as appropriate when a Unit is advertised for sale.

**6.5 No Structural Alterations.** No Owner shall, without the written prior consent of the Board as required in Section 4.2 above, make or permit to be made any structural alteration, improvement or addition in or to his Unit, to the Limited Common Areas appurtenant thereto, or to the Common Areas. Notwithstanding the foregoing, installation of a satellite dish that is reasonably located and which does not exceed two feet in diameter is permissible.

**6.6 No Obstructions.** There shall be no obstruction of the Common Areas by any Owner. Except with prior written consent of the Board, Owners shall neither store nor lease any of their property in the Common Areas.

**6.7 Prohibition of Damage and Certain Activities.** Except with the prior written consent of the Board, nothing shall be done or kept in any Unit, in the Common Areas, or in any other part of the Project which may result in cancellation of any insurance on the Project or any part thereof, nor shall anything be done or kept in any Unit which may increase the rate of insurance on the Project or any part hereof over that which the Association, but for such activity, would have to pay. It is strictly prohibited to use, store, or discharge anything 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. Each owner will sign the "Drinking Water Recharge Area Protection Agreement" as a part of the closing process to become an owner. See Exhibit "E". No damage to, or waste of, the Common Areas or any part thereof shall be committed by any Owner or guest or invitee

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of any Owner, and, subject to the right of a hearing, each Owner shall indemnify and hold the Association and other Owners harmless against all loss resulting from any such damage or waste caused by such Owner, his guests, lessees, licensees or invitees.

**6.8 Rules and Regulations.** The Owners shall comply with all of the rules and regulations governing use of the Units and Common Areas and Facilities, as such rules and regulations may from time to time be adopted, amended or revised by the Association, consistent with this Declaration, in the sole discretion of its Board of Trustees.

**6.9 Construction Period Exemption.** During the course of actual construction of the Project, the provisions, covenants, conditions and restrictions contained in the declaration shall be deemed waived to the extent necessary or convenient to permit such construction; provided, however, that during the course of such construction, nothing shall be done which would result in a violation of any of said provisions, covenants, conditions, or restrictions following completion of such construction.

**6.10 Pets and Animals.** No animals or birds of any kind shall be raised, bred or kept in any Unit or in the Common Areas and Facilities, except that domestic dogs and cats and common household birds and fish may be kept in Units, subject to the rules and regulations adopted by the Association and provided they are not kept, bred, or maintained for any commercial purpose and provided further that any such pet causing or creating a nuisance or disturbance shall be permanently removed from the Project upon ten (10) days written notice from the Board. No large dogs such as Great Danes, German Shepherds or St. Bernards that exceed 18 inches in height measured at the back hips may be kept in a Unit or the Project. Any pet allowed by the preceding portions of this Section 6.10 may be present on the Common Areas only if on a leash held by a person. Any pet droppings allowed to drop on any common areas must be removed immediately by the guardian person controlling the pet.

**6.11 Leases.** Any lease agreement between an Owner and a lessee respecting a Unit or Condominium shall be subject in all respects to the provisions of this Declaration, the Articles and Bylaws and any failure by the lessee to comply with the terms of such documents shall be a default under the lease. All such lease agreements shall be in writing. Other than the foregoing, there is no restriction on the right of any Owner to lease his Unit or Condominium. An Owner shall be responsible and liable for any damage to the Project caused by its tenant.

## **ARTICLE VII THE ASSOCIATION**

**7.1 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 Unit is held by more than one person, the membership appurtenant to that Condominium Unit shall be shared by all such persons in the same proportionate interests and by the same type of tenancy in which title to the Condominium Unit is held. An Owner shall be entitled to one membership for each Condominium Unit owned by him. Each Unit shall have only one vote appurtenant thereto. Each membership shall be appurtenant to the Condominium Unit to which it relates and shall be transferred automatically by conveyance of that Condominium Unit. Ownership of a Condominium Unit within the Project cannot be separated from membership in the Association appurtenant thereto, and any devise, encumbrance, conveyance or other disposition of a Condominium Unit shall be construed to be a devise, encumbrance, conveyance or other disposition, respectively, of the Owner's membership in the Association, and the rights appurtenant thereto. 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 Unit. The Association shall make available to the owners, Mortgagees and the holders, insurers and guarantors of the First Mortgage on any Unit current copies of the Declaration, Articles, Bylaws and other rules governing the Project and other books, records and financial statements of the Association. The term "available" as used in this Section shall mean available for inspection, upon request, during normal business hours or under other reasonable circumstances.

**7.2 Board of Trustees.** The Board of Trustees shall initially consist of three (3) members which can be increased up to as many as five (5) members upon the majority vote of the existing Trustees or the majority vote of the Owners at a duly called meeting of the Owners. Until such time as the responsibility for electing the Board of Trustees of the Association is turned over to the Owners, the Declarant shall have the exclusive right to appoint and



remove all such Trustees. This exclusive right of the Declarant to appoint the Trustees shall terminate after the first to occur of the following:

(a) Within one hundred twenty (120) days after 60% of the Units have been conveyed to unit purchasers (eleven of the eighteen Condominium Units in the project); or

(b) Three years after the first Unit is conveyed.

**7.3 Bylaws.** The initial Bylaws of the Association shall be as set forth in Exhibit "B" attached hereto and by this reference made a part hereof.

**7.4 Amplification.** The provisions of the Article VII may be amplified by the Articles of Incorporation and Bylaws of the Association; 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**

**8.1 The Common Areas.** The Association, by action of its Board of Trustees, and subject to the rights and duties of the Owners as set forth in this Declaration, shall be responsible for the exclusive management and control of the Common Areas and Facilities and all improvements thereon, and shall keep the same in a good, clean, attractive, safe and sanitary condition, order and repair, provided, however, that each Owner shall keep the Limited Common Areas designated for use in connection with his Unit, if any, in a good, clean, safe, sanitary and attractive condition as required by Section 4.2 above. The Association shall also be responsible for the maintenance and repair of the driveways, walkways, playground area and equipment, and other improvements constituting Common Areas and for the maintenance of those portions of the Common Areas as described in Section 4.2 above. The Association shall also be responsible for maintenance, repair and replacement of all Common Facilities, improvements, or other material located within or used in connection with the Common Areas. The specification of duties of the Association with respect to particular Common Areas shall not be construed to limit its duties with respect to other Common Areas, as set forth in the first sentence of this Section. In addition, the Association shall maintain all landscaped areas located between the Project and any public roads contiguous to the Project, such as the park strip between the sidewalk and curb, even though such areas are not technically part of the Project. It shall also be the responsibility of the Association to provide snow removal from the sidewalk along 9400 South Street. The Association will also be responsible to maintain on an annual basis the storm drainage system in good working order, including the two sumps and the catch basins and pipes. All goods and services procured by the Association in performing its responsibilities under this Section shall be paid for with funds from the Common Expense Fund. The Association will also be responsible to maintain on an annual basis the storm drainage system in good working order, including the two sumps and the catch basins and pipes.

**8.2 Miscellaneous Goods and Services.** The Association, by action of its Board of Trustees, may obtain and pay for the services of such personnel as the Association 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 Association may obtain and pay for legal and accounting services necessary or desirable in connection with the operation of the Project, the enforcement of this Declaration, or any other matter. In addition to the foregoing, the Association may 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 insurance, bonds and other goods and services common to the Units.

**8.3 Real and Personal Property.** The Association may acquire, hold and own real, personal and mixed property of all types for the use and benefit of all of the Owners and may dispose of such property by sale of otherwise. The maintenance, repair and replacement of all such property, including Common Facilities, shall be paid for out of the Common Expense Fund and all proceeds from the disposition thereof shall become part of such fund.

**8.4 Rules and Regulations.** The Association, by action of its Board of Trustees, may make reasonable rules and regulations governing the use of the Units and Common Areas and Facilities, which rules and regulations shall be consistent with the rights and duties established in this Declaration. The Association, by action of its Board of Trustees, may take judicial action against any Owner to enforce compliance with such rules and regulations or other obligations of Owners arising hereunder, or to obtain damages for noncompliance therewith, as permitted by

law. In the event of such judicial action, the Association shall be entitled to recover its costs, including reasonable attorney's fees, from the offending Owner.

**8.5 Granting of 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, utility, ingress, egress, construction and similar easements over, under, across and through the Common Areas.

**8.6 Implied Rights.** The Association may exercise any right or privilege given to it expressly by this 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.

**8.7 Reserves.** The Association shall maintain an adequate reserve fund for maintenance, repairs and replacement of those Common Areas and Limited Common Areas and Facilities that must be replaced by the Association on a periodic basis, and such reserves shall be funded from the monthly assessments described in Article IX below.

**8.8 Availability of Project Documents.** The Association shall maintain current copies of this Declaration, the Articles of Incorporation, Bylaws and other rules concerning the Project, as well as its own books, records and financial statements available for inspection by Unit Owners or by holders, insurers or guarantors of first mortgages that are secured by Units in this Project.

## **ARTICLE IX ASSESSMENTS**

**9.1 Agreement to Pay Assessments.** The Declarant, upon completion and construction of each Unit owned by it within the Project, and for and as the Owner of the Project and every part thereof on the date hereof, hereby covenants, and each Owner of a 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, including initial, regular and special, 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. Notwithstanding the foregoing, until 11 Units have been conveyed by the Declarant to buyers thereof, Owners shall be assessed an amount as described in Section 9.3(c) below.

**9.2 Initial Assessments.** The Declarant shall make an initial lump sum deposit of \$2500 into an interest bearing account of the Association that is earmarked "Road Maintenance Fund," before any of the Units are sold and closed. An initial assessment of \$300 shall be imposed for each Unit at the time of closing for the initial funding of the "Road Maintenance Fund," for the maintenance of the private concrete roadway in the project. This fund shall be maintained with a minimum balance of \$5000, once all 18 units are sold and closed. The Association will reimburse the Declarant the initial \$2500 deposit, when the last unit is sold and closed.

**9.3 Regular Assessments.** Regular assessments shall be computed and assessed against all Condominium Units in the Project as follows:

**(a) Common Expenses.**

**(i) Annual Budget:** On or before the 1st day of May of each year, the Association, by action of its Board of Trustees, shall prepare, or cause to be prepared, an operating budget setting forth an itemized statement of the anticipated receipts and disbursements for the coming calendar year and taking into account the general condition of the Project. Each such budget, together with a written statement from the Association outlining a plan of operation for the year in question and justifying the estimates made, shall be submitted to the Members on or before the 1st Saturday of May of each year. Such budget, with any changes therein, shall be adopted by the Members at each annual meeting of the Members. Said operating budget shall serve as the basis for the schedule of proposed monthly assessments for the annual period which is prepared. Said budget shall also constitute a major guideline under which the Association shall operate during such annual period.

**(ii) Basis of Annual Budget.** The annual budget shall be based upon the Board of Trustee's estimates of the cash required to provide for payment of expenses (the "Common Expenses") arising out of or connected with maintenance and operation of the Common Areas. Such actual expenses and estimated expenses may include, among other things the following: expenses of management, governmental taxes and special

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assessments; premiums for all insurance that the Association is required or permitted to maintain; repairs and maintenance; utility charges; legal and accounting fees; any deficit remaining from a previous period; creation of a reasonable contingency reserve; sinking or reserve funds required or allowed herein; and any other expenses and liabilities which may be incurred by the Association for the benefit of all of the Owners or by reason of this Declaration or the Act.

(iii) **Annual Assessments.** The Board shall establish a regular, equal monthly assessment to be paid by each Owner (the "Common Expense Fund"). The dates and manner of payment shall be determined by the Board. The foregoing method of assessing the Common Expenses to the Owners may be altered by the Board so long as the method it adopts is consistent with good accounting practices and requires that the portion of Common Expenses borne by each Owner be substantially in proportion to that Owner's interest in the Common Areas. Each monthly assessment of the regular assessment shall bear interest at a reasonable rate established by the Board from time to time from the date it becomes due and payable until paid. Failure of the Board to give timely notice of any assessment as provided herein shall not affect the liability of the Owner of any Condominium for such assessment. The Board of Trustees of the Association shall have the responsibility for levying and collecting annual assessments for Common Expenses.

(b) **Inadequate Funds.** In the event that the Common Expense Fund proves inadequate at any time for whatever reason, including nonpayment of any Owner's assessment, the Board may levy additional assessments in accordance with the procedure set forth in Section 9.4 below, except that the vote therein specified shall not be necessary.

(c) **Declarant's obligations.** Notwithstanding the preceding provisions of this Section 9.3 to the contrary, until eleven (11) Units have been conveyed by Declarant to buyers thereof, each Unit Owner shall pay a monthly assessment of \$70.00, and Declarant shall pay an amount equal to the remaining balance of the Common Expenses of the Project during said period.

**9.4 Special Assessments.** In addition to the regular assessments authorized by Sections 9.1, 9.2, and 9.3 above, the Association may levy, at any time and from time to time, upon affirmative vote of at least sixty percent (60.0%) of the Total Votes of the Association (11 of 18 Units), special assessments, payable over such periods as the Board may determine, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of the Project or any part thereof, or for any other expenses incurred or to be incurred as provided in this Declaration. 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. The Board of Trustees of the Association shall have the responsibility for levying and collecting special assessments. Any amounts assessed pursuant hereto shall be assessed to Owners on the basis provided for in Section 9.5 below. Notice in writing of the amount of such special assessments and the time for payment thereof shall be given promptly to the Owners. No payment shall be less than thirty (30) days after such notice shall have been mailed or personally delivered. All unpaid portions of any special assessment shall bear interest at the rate of one and one half percent (1 1/2%) per month from the date such portions become due until paid.

**9.5 Apportionment of Assessments.** All assessments made under Section 9.4 shall be apportioned among and assessed to all Owners on the basis of their respective undivided percentage interest in the Common Areas as described in Exhibit "D" attached hereto.

**9.6 Lien for Assessments.** All sums assessed to the Owner of any Condominium Unit within the Project pursuant to the provisions of Article IX, together with interest thereon as provided herein, shall be secured by a lien on such Condominium Unit in favor of the Association. The lien for assessments shall be subordinate to a first mortgage on the Unit if the mortgage was recorded before the delinquent assessments were due. A lien for Common Expense assessment will not be affected by the sale or transfer of a Unit, unless a foreclosure of a first mortgage is involved, in which case the foreclosure will extinguish the lien for any assessments that were payable before the foreclosure sale, but will not relieve any subsequent Unit Owner from paying further assessments. To evidence a lien for sums assessed pursuant to this Article IX, the Association 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 Unit, and a description of the Condominium Unit. Such 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 for Salt Lake County.

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State of Utah. No notice of lien shall be recorded until there is a delinquency in payment for the assessment. Such lien may be enforced by judicial foreclosure by the Association in the same manner in which mortgages on real property may be foreclosed in the State of Utah. In any such foreclosure, the Owner shall be required to pay the costs and expenses of such proceeding, 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 the Association any assessments against the Condominium Unit which shall become due during the period of foreclosure. The Association shall have the right and power to bid at any foreclosure sale, and to own, lease, mortgage or convey the subject Condominium Unit.

**9.7 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 judgement for such personal obligation shall be maintainable by the Association, by action of its Board of Trustees, 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 Common Areas and Facilities or by abandonment of his Condominium, or by waiving any services or amenities. In the event of any suit to recover a money judgement for unpaid assessments hereunder, the involved Owner shall pay the costs and expenses incurred by the Association in connection therewith, including reasonable attorneys' fees.

**9.8 Statement of Account.** Upon written request of any Owner, Mortgagee, prospective Mortgagee, or prospective purchaser of a Condominium and payment of any reasonable fee assessed, the Board shall issue a written statement setting forth the following: (a) The amount of unpaid assessments, if any, with respect to such Condominium, and (b) the amount of the current regular assessment with respect to such Condominium and the date such assessment becomes or became due. Such statement shall be conclusive upon the Association in favor of persons who rely thereon in good faith.

**9.9 Personal Liability of a Purchaser.** The personal obligation of an Owner to pay unpaid assessments against his Unit as described in paragraph 9.7 of this Article IX shall not pass to successors in title unless assumed by them. Provided, however, a lien to secure unpaid assessments shall not be affected by the sale or transfer of the Unit unless foreclosure by a First Mortgagee is involved, in which case the foreclosure will extinguish the lien for any assessments that were payable before the foreclosure sale, but shall not relieve any subsequent Owner from paying further assessments.

**9.10 Assessments Part of Common Expense Fund.** All funds received from assessments under this Article IX shall be a part of the Common Expense Fund.

**9.11 Amendment of Article.** Except as may be necessary to conform to law, as it may be amended from time to time, this Article IX shall not be amended unless Owners of all Condominiums in the Project unanimously consent and agree to such amendment by a duly recorded instrument.

## ARTICLE X INSURANCE

**10.1 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) **Fire and Casualty Insurance.** To the extent available, the Association shall obtain a blanket or master policy of property insurance on the entire project including the Units (other than the interior contents thereof) and the Common Areas and Facilities insuring the Project against loss by fire and other hazards covered by the standard extended coverage endorsement, and against loss or damage by sprinkler leakage, debris removal, cost of demolition, vandalism, malicious mischief, windstorm, and water damage not resulting from poor design or workmanship or lack of routine maintenance. Such master policy of property insurance shall be in total amount of insurance equal to the greater of (i) 80% of the actual cash value of the insured property at the time insurance is purchased and at each renewal date or (ii) 100% of the current replacement value cost, exclusive of land, and other items normally excluded from such property policies. Such master policy of property insurance shall contain an Agreed Amount Endorsement or its equivalent, if available, or an Inflation Guard Endorsement, together with such endorsements as the Association deems appropriate to protect the Association and the Owners.

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**(b) Public Liability and Property Damage Insurance.** The Association shall obtain a broad form of comprehensive liability insurance coverage for the Project, in such amounts and in such forms as it deems advisable to provide adequate protection against liability for personal injury, death and property damage. Coverage shall include without limitation, liability for operation of automobiles on behalf of the Association and all activities in connection with the ownership, operation, maintenance and other use of the Project.

**(c) Workmen's Compensation Insurance.** If the Board deems it advisable, the Association shall obtain workmen's compensation and employer's liability insurance and all other similar insurance with respect to any employees of the Association, in the amounts and in forms now or hereafter required by law shall be maintained by the Association.

**(d) Fidelity Insurance or Bond.** If the Board deems it advisable, the Association shall obtain fidelity insurance or a bond in an amount not less than three months of the aggregate assessment on all units, plus reserve funds, and in such forms as the Board deems appropriate to cover against dishonesty of employees, officers or managers, destruction or disappearance of money or securities and forgery shall be maintained by the Association.

**10.2 Forms of Insurance.** Insurance coverage on the Project, insofar as possible, shall be in the following form:

**(a) Casualty and Flood Hazard Insurance.** Fire, casualty and flood hazard insurance carried by the Association shall be in a form or forms naming the Association as the insured, as trustee for the Owners and for the Declarant, whether or not the Declarant is an Owner, and which policy or policies shall specify the interest of each Owner (Owner's name, Unit number and the appurtenant undivided interest in the Common Areas), and shall contain a standard, noncontributory mortgagee clause in favor of each Mortgagee which from time to time shall give notice to the Association of its Mortgage.

**(b) Public Liability and Property Damage Insurance.** Public liability and damage insurance which names the Association as the insured, as trustee for each Owner, for the Manager, if any, and for the Declarant, whether or not the Declarant is an Owner, and which protects each Owner, the Manager, if any, and the Declarant against liability for acts or omissions of any of them in connection with the ownership, operation, maintenance or other use of the Project.

**10.3 Additional Coverage.** The provisions of this 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 from time to time deem appropriate.

**10.4 Adjustment and Contribution.** Exclusive authority to adjust losses under the insurance policies hereafter in force on the Project shall be vested in the Association. In no event shall the insurance coverage obtained and maintained by the Association hereunder be brought into contribution with insurance purchased by individual Owners or their Mortgagees.

**10.5 Owner's Own Insurance.** It shall be the duty and responsibility of each Owner to obtain a Condominium Owners Policy and Individual Liability Insurance at his own expense, providing insurance coverage for fire, casualty and other similar risks upon his personal property, for any improvements and upgrades made to his respective Unit, and for personal liability, and covering such other risks as each Owner may deem appropriate. If such insurance obtained by an Owner can be obtained in the normal practice without additional premium charge for a waiver of subrogation rights, then all such insurance shall waive the insurance company's right of subrogation against the Association or other Owners, the Manager, if any, the Declarant, and the servants, agents, invitees and guests of any of them.

**10.6 Review of Insurance.** The Board shall review annually the coverage and policy limits of all insurance on the Project and shall 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 such other qualified appraisers as the Board may select.

**ARTICLE XI**  
**DAMAGE OR DESTRUCTION**

**11.1 Damage or Destruction to Common Areas.** In the event any of the Common Areas of the Project are damaged or destroyed, as soon as practicable the Association shall cause such damage or destruction to be repaired. The cost of accomplishing such repair shall be paid from the proceeds of insurance carried by the Association and insuring such Common Areas, or in the event there are no insurance proceeds or insufficient insurance proceeds, then the same shall be paid for by a special assessment made to all of the Owners in the Project.

**11.2 Damage or Destruction to Units.** Unless otherwise provided in the bylaws, if the insurance proceeds are insufficient to reconstruct the building, damage to or destruction of the building shall be promptly repaired and restored by the manager or management committee, using proceeds of insurance, if any, on the building for that purpose, and the unit owners shall be liable for assessment for any deficiency. However, if three-fourths or more of the building is destroyed or substantially damaged and if the unit owners, by a vote of at least eleven out of eighteen of such unit owners, do not voluntarily, within one hundred days after such destruction or damage, make provision for reconstruction, the manager or management committee shall record, with the county recorder, a notice setting forth such facts, and upon the recording of such notice:

- (a) The property shall be deemed to be owned in common by the unit owners;
- (b) The undivided interest in the property owned in common which shall appertain to each unit owner shall be the percentage of undivided interest previously owned by such owner in the common elements;
- (c) Any liens affecting any of the units shall be deemed to be transferred in accordance with the existing priorities to the undivided interest of the unit owner in the property; and
- (d) The property shall be subject to an action for partition at the suit of any unit owner, in which event the net proceeds of sale, together with the net proceeds of the insurance on the property, if any, shall be considered as one fund and shall be divided among all the unit owners in a percentage equal to the percentage of undivided interest owned by each owner in the property, after first paying out of the respective shares of the unit owners, to the extent sufficient for the purposes, all liens on the undivided interest in the property owned by each unit owner.

**ARTICLE XII**  
**REMOVAL FROM ACT**

All of the Owners may remove the Project from the provisions of the Act if (i) the holders of all liens affecting the Condominiums consent or agree by duly recorded instruments that their liens be transferred to the undivided interest of each Owner in the Project owning the affected Condominium, and (ii) all Owners agree to and execute an instrument providing for such removal of the Project and the same is duly recorded. Upon removal of the Project from the provisions of the Act, the Project shall be deemed to be owned in common by the Owners. The undivided interest in the Project which shall appertain to each Owner shall be the percentage of undivided interest owned by such Owner in the Common Areas. This Article XII shall not be amended unless the Owners of all Condominiums in the Project unanimously consent and agree to such amendment by a duly executed and recorded instrument.

**ARTICLE XIII**  
**CONDEMNATION**

**13.1 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 taken by power of eminent domain.

**13.2 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 for the benefit of the Unit Owners and Mortgage holders, and shall be distributed by the Association as herein provided.

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

**13.4 Partial Taking.** In the event that 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 Association shall, 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 the taking of or injury to the Common Areas shall be allocated 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 respective amounts apportioned to the taking of or injury to a particular Unit shall be allocated and distributed to the Owner of such Unit based upon the relative value of each Unit;

(iii) 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;

(iv) 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; and

(v) Distribution of allocated proceeds shall be made by check payable jointly to the respective Owners and their respective Mortgagees, as appropriate.

(b) **Continuation and Reorganization.** If less than the entire Project is taken by power of eminent domain, condominium ownership with respect to the Project shall not terminate, but shall continue. If any partial taking results in the taking of an entire Unit, the Owner thereof shall cease to be a Member of the Association. The Association shall reallocate the voting rights and the undivided interest in the Common Areas appertaining to such Unit in accordance with the Act. If any partial taking results in the taking of a portion of a Unit and a determination is made by judicial decree with respect to whether the Owner of such Unit shall continue to be an Owner in the Project, then the Association shall take all steps necessary to effectuate such judicial decree.

**13.5 Appointment of Association.** In the event of condemnation of the Project, the Association shall be appointed as attorney in fact to represent the Unit Owners in any related proceedings, negotiations, settlements or agreements.

#### **ARTICLE XIV COMPLIANCE WITH DECLARATION AND BYLAWS**

**14.1 Compliance.** Each Owner shall comply with the provisions of this Declaration, the Articles of Incorporation and Bylaws of the Association, rules and regulations promulgated by the Association, and the decisions and resolutions of the Association adopted pursuant thereto, as the same may be lawfully amended from time to time. Failure to comply with any of the same shall be grounds for an action to recover sums due and for damages or injunctive relief, or both, maintainable by the Association or by an aggrieved Owner.

**14.2 Enforcement and Remedies.** The obligations, provisions, covenants, restrictions and conditions contained in the Declaration, or in any supplemental or amended Declaration, 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. The obligations, provisions, covenants, restrictions and conditions contained in the Declaration, or in any supplemental or amended Declaration, with respect to a person or entity or property of a

person or entity other than the Association or the Declarant, shall be enforceable by the Declarant or the Association, by action of its Board of Trustees, 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.

**ARTICLE XV  
DECLARANT'S SALES PROGRAM**

**15.1 Declarant's right to Promote and Sell the Project.** Notwithstanding any other provisions of this Declaration, until Declarant ceases to own more than one Unit (hereinafter referred to as the "Occurrence"), Declarant, its successors or assigns shall have the following rights in furtherance of any sales, promotional or other activities designed to accomplish or facilitate the sale of Units owned by Declarant.

**(a) Sales Office and Model Units.** Declarant, its successors and assigns, shall have the right to maintain sales office and model Units. Such sales office may be located in a Unit ( at any location) owned by Declarant or may be located on the Common Areas of Limited Common Areas (other than driveways, walkways and patios of or leading to Units not owned by Declarant) in the Project. Declarant shall have the right to maintain any number of model Units it may desire using the Units Declarant Owns.

**(b) Promotional Devices.** Declarant, its successors and assigns, shall have the right to maintain a reasonable number of promotional places on the Project, but any such devices shall be of sizes and in locations as are reasonable and customary, and shall comply with then-existing Salt Lake County sign ordinances.

**(c) Right to Use the Common Areas and Facilities.** Declarant shall have the right to use the Common Areas and Facilities and Limited Common Areas (other than driveways, walkways and patios of or leading to Units not owned by Declarant) of the Project to entertain prospective purchasers or to otherwise facilitate Unit sales, provided said use is reasonable as to both time and manner.

**ARTICLE XVI  
MORTGAGE PROTECTION**

**16.1 Mortgage Protection.** No breach of any of the covenants, conditions, restrictions, and 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 and limitations contained herein shall be binding upon an Owner whose title is derived through foreclosure or Trustee's sale.

**16.2 Priority of Liens.** No enforcement of any lien provision herein contained shall defeat or render invalid the lien of any Mortgage. All sums assessed in accordance with the provisions herein shall constitute a lien on each respective Condominium prior and superior to all other liens except (1) all taxes, bonds, assessments and other levies which, by law, would be superior thereto; and (2) the lien or charge of any recorded Mortgage on such Condominium made in good faith and for value and recorded prior to the date on which any such assessment or assessments become due.

**16.3 Prior Liens Relate Only to Individual Units.** All taxes, assessments and charges which may become liens prior to the first Mortgage under local law shall relate only to the individual Condominium and to the Project as a whole.

**16.4 Mortgage Holder Rights in Event of Foreclosure.** Any Mortgagee of a Mortgage of Record which obtains title to a Condominium by the foreclosure of the Mortgage on the Condominium or by deed or assignment on lieu of foreclosure, or any purchaser at a foreclosure sale, shall take the Condominium free of any claims for unpaid assessments and charges against the Condominium which accrued prior to the date of the acquisition of title to such Condominium by such acquirer (except for claims for the pro rata reallocation of such assessments or charges to all Condominiums in the Project, including the mortgaged Condominium). Any unpaid assessments shall be deemed to be Common Expenses collectible from all of the Condominiums in the Project, including the Condominium that has been acquired in accordance with the provisions of this Section.

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**16.5 Amendment.** No provision of the Article XVI shall be amended without the prior written consent of at least two thirds of all first Mortgagees as appear on the official records of Salt Lake County, State of Utah, as of the date of such amendment.

**ARTICLE XVII**  
**GENERAL PROVISIONS**

**17.1 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 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.

**17.2 Construction.** The provisions of this Declaration shall be in addition and supplemental to the Act and to all other provisions of law. Wherever used herein, unless the context shall otherwise provide, the singular number shall include the plural, the plural shall include the singular, and the use of any gender shall include all genders. The Article and section headings set forth herein are for convenience and reference only and are not intended to describe, interpret, define or otherwise affect the context, meaning, or intent of this Declaration or any Article, section, or 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 provision hereof.

**17.3 Registration of Mailing Address.** Each Owner shall register from time to time with the Association his current mailing address. All notices or demands intended to be served upon any Owner may be 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 notice or demands intended to be served upon the Association may be sent by first class U.S. registered or certified mail, postage prepaid, addressed to the Association at the address of its offices as may be furnished to the Owners in writing from time to time. Any notice or demand referred to in this Declaration shall be deemed given when deposited in the U.S. Mail, postage prepaid, and in the form provided for in this Section.

**17.4 Audit.** Any Owner may at any reasonable time, upon appointment and at his own expense, cause an audit inspection to be made of the books and records maintained by the Association.

**17.5 Amendment.** Except as provided below or elsewhere in the Declaration, this Declaration may be amended upon the approval of Owners holding at least sixty percent (60%) of the total votes of the Association. In addition, approval must be obtained from Mortgagees where required by other provisions of this Declaration. Any amendments approved by the Owners shall be accomplished at a meeting of the Owners duly held in accordance with the provisions of the Articles, Bylaws and this Declaration, which properly approved amendments shall be evidenced by instruments which are duly recorded in the office of the County Recorder for Salt Lake County, State of Utah.

**17.6 Effective Date.** This Declaration shall take effect upon recording.

**17.7 Agent for Service.** The initial person to receive service of process shall be Rod Engar, 5189 S. Dans Hills Circle, Taylorsville, Utah 84118. He shall continue in this capacity until the Board of Trustees shall appoint another agent for service of process. Thereafter, the agent for service of process shall be the registered agent of the Association as shown on the corporate records maintained in the office of the Division of Corporations and Commercial Code, State of Utah.

**17.8 Limitation on Association's Liability.** The Association shall not be liable for any failure of water service or other utility service 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 the Project, or resulting from electricity, water, rain, snow or ice which may leak or flow from outside or from any parts of one of the Buildings, or from any of its pipes, drains, conduits, appliances, or equipment, or from any other place. No diminution or abatement of any assessments under this Declaration shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs, maintenance, or improvements to the Project or any part thereof, or from any action taken to comply with any law, ordinance or order of a governmental authority.

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**17.9 Owner's Obligations.** All obligations of an Owner under and by virtue of the provisions contained in this Declaration shall continue, notwithstanding that he may be leasing, renting or selling his Condominium under contract. The Owner of a condominium within the Project shall have no obligation for expenses or other obligations accruing after he conveys title to such Condominium.

**17.10 Transfer of Control.** The Declarant shall transfer control of the Association to the Unit Owners no later than the earlier of:

(a) Within one hundred twenty (120) days after 60% of the Units have been conveyed to unit purchasers (eleven of the eighteen units in the project); or,

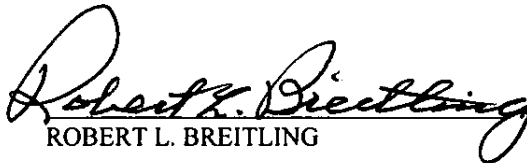
(b) Three years after the first Unit is conveyed.

**17.11 Rights of Action.** The Association and/or any aggrieved Unit Owner shall have a right of action against Unit Owners who fail to comply with the provisions of the Project documents or the decisions made by the Association. Unit Owners shall also have a right of action against the Association for failure of the Association to comply with the provisions of the Project documents or the decisions made by the Association.

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

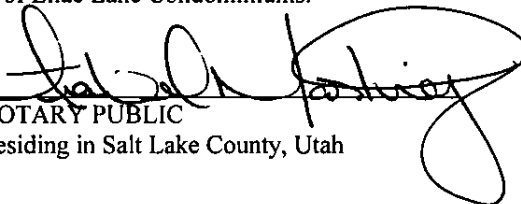
DECLARANT:

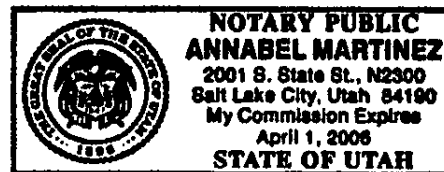
  
\_\_\_\_\_  
ROD P. ENGAR

  
\_\_\_\_\_  
ROBERT L. BREITLING

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

The foregoing document was acknowledged before me this 11<sup>th</sup> day of April, 2003, by Rod P. Engar and Robert L. Breitling, the owners and developers of Lilac Lane Condominiums.

  
\_\_\_\_\_  
NOTARY PUBLIC  
Residing in Salt Lake County, Utah



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Exhibit "A"

LEGAL DESCRIPTION FOR THE PROPERTY

A PARCEL OF LAND LOCATED IN THE NORTHEAST QUARTER OF SECTION 7, TOWNSHIP 3 SOUTH, RANGE 1 EAST, SALT LAKE BASE AND MERIDIAN, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING ON THE SOUTH LINE OF 9400 SOUTH STREET SAID POINT ALSO BEING ON THE WEST LINE AND LINE EXTENDED OF WASHINGTON SQUARE NO. 1 SUBDIVISION AS RECORDED WITH THE OFFICE OF THE SALT LAKE COUNTY RECORDER, SAID POINT BEING NORTH 89°27'05" WEST 926.50 FEET AND SOUTH 01°00'00" WEST 30.29 FEET FROM SAID NORTHEAST CORNER OF SECTION 7, AND RUNNING THENCE SOUTH 01°00'00" EAST ALONG SAID WEST LINE OF WASHINGTON SQUARE NO 1 SUBDIVISION 249.39 FEET TO THE NORTH LINE OF AMERICAN VILLA NO. 4 SUBDIVISION AS RECORDED WITH THE OFFICE OF THE SALT LAKE COUNTY RECORDER; THENCE NORTH 89°44'15" WEST ALONG SAID NORTH LINE OF AMERICAN VILLA NO. 4 SUBDIVISION 402.17 FEET TO THE EAST LINE OF AMERICAN VILLA NO. 1 SUBDIVISION AS RECORDED WITH THE OFFICE OF THE SALT LAKE COUNTY RECORDER; THENCE NORTH 00°02'49" EAST ALONG THE EAST LINE OF SAID AMERICAN VILLA NO. 1 SUBDIVISION 251.32 FEET TO THE SOUTH LINE OF SAID 9400 SOUTH STREET; THENCE SOUTH 89°27'05" EAST ALONG SAID SOUTH LINE 398.04 FEET TO THE POINT OF BEGINNING.

LESS AND EXCEPTING THAT PORTION OF LAND THAT FALLS WITHIN 9400 SOUTH STREET, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE WEST LINE AND LINE EXTENDED OF WASHINGTON SQUARE NO. 1 SUBDIVISION AS RECORDED WITH THE OFFICE OF THE SALT LAKE COUNTY RECORDER, SAID POINT BEING NORTH 89°27'05" WEST 926.50 FEET AND SOUTH 01°00'00" EAST 30.29 FEET FROM SAID NORTHEAST CORNER OF SECTION 7, AND RUNNING THENCE SOUTH 01°00'00" EAST ALONG SAID WEST LINE OF WASHINGTON SQUARE NO. 1 SUBDIVISION 15.09 FEET; THENCE NORTH 89°27'05" WEST TO THE EDGE OF AMERICAN VILLA NO. 1 SUBDIVISION 398.29 FEET; THENCE NORTH 00° 02'49" WEST ALONG SAID EAST LINE 15.08 FEET; THENCE SOUTH 89°27'05" EAST 398.04 FEET TO THE POINT OF BEGINNING.

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Exhibit "B"

BYLAWS OF

LILAC LANE CONDOMINIUM OWNERS' ASSOCIATION

(A Utah Non-Profit Association)

ARTICLE I  
OFFICES

The Lilac Lane Condominium Owners' Association (the "Association") may have offices within the State of Utah, as the Board of Trustees may designate or as the business of the Association may require from time to time.

ARTICLE II  
DEFINITIONS

Except as otherwise provided herein or as otherwise required by the context, all terms defined in the Declaration of Condominium for the Lilac Lane Condominiums, a Utah condominium project (the "Declaration") shall have such defined meanings when used in these Bylaws.

ARTICLE III  
MEMBERS

Section 1. Annual Meetings. The annual meeting of members of the Association shall be held on the second Saturday in May each year at the hour of 10:00 o'clock a.m., beginning with the year following the year in which the Articles of Incorporation are filed, for the purpose of electing Trustees (if the members then have responsibility for so doing) and transacting such other business as may come before the meeting. If the election of Trustees shall not be held on the day designated herein for the annual meeting of the members, or at any adjournment thereof, the Board of Trustees shall cause the election to be held at a special meeting of the members to be convened as soon thereafter as may be convenient. The Board of Trustees may from time to time, by resolution, change the date and time for the annual meeting of the members.

Section 2. Special Meetings. Special meetings of the members for any purpose or purposes, unless otherwise prescribed by statute, may be called from time to time by the Board of Trustees or by the president, and shall be immediately called by the president upon written request of members holding not less than thirty percent (30.0%) of the total votes of the Association (three of the ten Unit Owners), such written request to state the purpose or purposes of the meeting and to be delivered to the Board of Trustees or the president. In case of failure to call such a meeting within twenty (20) days after such request, such members may call the same.

Section 3. Place of Meetings. The Board of Trustees may designate any place in Salt Lake County, State of Utah, as the place of meeting for any annual meeting or for any special meeting called by the Board of Trustees. A waiver of notice signed by all of the members may designate any place, within the State of Utah, as the place for holding such meeting.

Section 4. Notice of Meetings. The Board of Trustees shall cause written or printed notice of time, place, and purpose of all meetings of the members, whether annual or special, to be delivered not more than fifty (50) nor less than ten (10) days prior to the meeting, to each member of record entitled to vote at such meeting. If mailed, such notice shall be deemed to have been delivered when deposited in the U.S. Mail addressed to the member at his registered address, with first class postage thereon prepaid. Each member shall register with the Association such member's current mailing address for the purposes of notice hereunder. Such registered address may be changed from time to time by notice in writing to the

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Association. If no address is registered with the Association, the member's Unit address shall be deemed to be his registered address for the purposes of notice hereunder.

Section 5. Fixing of Record Date. Upon purchasing a Unit in the Project, each Owner shall promptly furnish to the Association a certified copy of the recorded instrument by which ownership of such Unit has been vested in such Owner, which copy shall be maintained in the records of the Association. For the purposes of determining members entitled to notice of, or to vote at any meeting of the members, or any adjournment thereof, the Board of Trustees may designate a record date, which shall not be more than fifty (50) nor less than ten (10) days prior to the meeting. If no record date is designated, the date on which the notice of the meeting is mailed shall be deemed to be the record date for determining members entitled to notice of or to vote at the meeting. The persons or entities appearing on the records of the Association on such record date as the Owners of record of Units in the Project shall be deemed to be the members of record entitled to notice of and to vote at the meeting of the members and any adjournments thereof.

Section 6. Quorum. At any meeting of the members, the presence of members holding, or holders of proxies entitled to cast, a minimum of sixty percent (60.0%) of the total votes of the Association (eleven of the eighteen Unit Owners) shall constitute a quorum for the transaction of business. In the event a quorum is not present at a meeting, the members present (whether represented in person or by proxy), though less than a quorum, may adjourn the meeting to a later date. Notice thereof shall be delivered to the members as provided above. At the reconvened meeting, the members and proxy holders present, regardless of number, shall constitute a quorum for the transaction of business.

Section 7. Proxies. At each meeting of the members, each member entitled to vote shall be entitled to vote in person or by proxy; provided, however, that the right to vote by proxy shall exist only where the instrument authorizing such proxy to act shall have been executed by the member himself or by his attorney thereunto duly authorized in writing. If a membership is jointly held, the instrument authorizing a proxy to act must have been executed by all holders of such membership or their attorneys thereunto duly authorized in writing. Such instrument authorizing a proxy to act shall be delivered at the beginning of the meeting to the secretary of the Association or to such other officer or person who may be acting as secretary of the meeting. The secretary of the meeting shall enter a record of all such proxies in the minutes of the meeting.

Section 8. Votes. With respect to each matter, other than the election of Trustees, submitted to a vote of the members, each member entitled to vote at the meeting shall have the right to cast, in person or by proxy, the number of votes appertaining to the Unit of such member, as shown in the Declaration. The affirmative vote of a majority of the votes entitled to be cast by members present or represented by proxy at a meeting at which a quorum was initially present shall be necessary for the adoption of any matter voted on by members, unless a greater proportion is required by the Articles of Incorporation, these Bylaws, the Declaration, or Utah law.

Section 9. Informal Action by Members. Any action that is required or permitted to be taken at a meeting of the members may be taken without a meeting, if a consent in writing, setting forth the action so taken, shall be signed by all of the members entitled to vote with respect to the subject matter thereof.

#### ARTICLE IV BOARD OF TRUSTEES

Section 1. General Powers. The property, affairs, and business of the Association shall be managed by the Board of Trustees. The Board of Trustees may exercise all of the powers of the Association, whether derived from law, the Articles of Incorporation, these Bylaws, or the Declaration, except those powers which are by law or by the foregoing documents vested solely in the members. The Board of Trustees shall, among other things, prepare or cause to be prepared, plan and adopt an estimated annual budget for the estimated annual common expenses, provide the manner of assessing and collecting assessments, and keep or cause to be kept sufficient books and records with a detailed account of the receipts and expenditures affecting the Project and its administration, and specifying the maintenance and repair expenses of the Common Areas. The books and records shall be available for examination by all

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members at convenient hours on working days that shall be set and announced for general knowledge. All books and records shall be kept in accordance with good accounting procedures and shall be audited at least once a year as required by the Declaration. The Board of Trustees may by written contract delegate, in whole or in part, to a professional management organization or person such of its duties, responsibilities, functions and powers as are properly delegable.

**Section 2. Initial Board of Trustees.** The initial Board of Trustees shall be composed of three (3) Trustees. The Trustees specified in the Articles of Incorporation, and any replacements duly appointed by Declarant, shall serve until the first meeting of the members held after the members obtain the responsibility for electing Trustees, and until their successors are duly elected and qualified. The Trustees specified in the Articles of Incorporation, and any replacements duly appointed by the Declarant, are required to be members of the Association or residents of the State of Utah, and the Trustees elected by the members must be members of the Association.

**Section 3. Permanent Board of Trustees.** After the Declarant turns over to the members responsibility for electing Trustees, the Board of Trustees shall be composed of three (3) Trustees, or up to five (5) Trustees if the number is increased pursuant to the provisions of the Articles of Incorporation and the Declaration.

**Section 4. Regular Meetings.** The regular annual meeting of the Board of Trustees shall be held without other notice than this Bylaw, and at the same place and date as the annual meeting of the members. The Board of Trustees may provide by resolution the time and place, within Salt Lake County, State of Utah, for the holding of additional regular meetings without other notice than such resolution.

**Section 5. Special Meetings.** Special meetings of the Board of Trustees may be called by or at the request of any of the Trustees. The person or persons authorized to call special meetings of the Board of trustees may fix any place, within Salt Lake County, State of Utah, as the place for holding any special meeting of the Board of Trustees called by such person or persons. Notice of any special meeting shall be give at least five (5) days prior thereto by written notice delivered personally, or mailed to each Trustee at his registered address. If mailed, such notice shall be deemed to have been delivered when deposited in the U.S. Mail so addressed, with first class postage thereon prepaid. Any Trustee may waive notice of a meeting. The attendance of a Trustee at a meeting shall constitute a waiver of notice of such meeting, except where a Trustee attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

**Section 6. Quorum and Manner of Acting.** A majority of the then authorized number of Trustees shall constitute a quorum for the transaction of business at any meeting of the Board of Trustees. Except as otherwise required by these Bylaws, the Articles of Incorporation, or the Declaration, the act of a majority of the Trustees present at any meeting at which a quorum is present shall be the act of the Board of Trustees. The Trustees shall act only as a Board, and individual Trustees shall have no powers as such.

**Section 7. Compensation.** No Trustee shall receive compensation for any services that he may render to the Association as a Trustee; provided, however, that a Trustee may be reimbursed for expenses incurred in performance of his duties as a Trustee to the extent such expenses are approved by the Board of Trustees.

**Section 8. Resignation and Removal.** A Trustee may resign at any time by delivering a written resignation to either the president or the Board of Trustees. Unless otherwise specified therein, such resignation shall take effect upon delivery. Any Trustee (other than a Trustee appointed by the Declarant) may be removed at any time, for or without cause, by the affirmative vote of the Owners of a minimum of sixty percent (60.0%) of the total number of votes (six of the ten Unit Owners) appurtenant to all Units in the Project, at a special meeting of the members duly called for such purpose.

**Section 9. Vacancies.** If vacancies shall occur in the Board of Trustees by reason of the death, resignation or disqualification of a Trustee (other than a Trustee appointed by Declarant), or if the authorized number of Trustees shall be increased, the Trustees then in office shall continue to act, and such

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

Section 10. Amendments. While Declarant is in control of the Association, then the provisions of this Article may be amended, modified or repealed only if such amendment, modification or repeal is approved by the affirmative vote of Owners holding at least sixty percent (60.0%) of the total number of votes (eleven of the eighteen Unit Owners) appurtenant to all Units in the Project.

#### ARTICLE V OFFICERS

Section 1. Officers. The officers of the Association shall be a president, a secretary, and a treasurer who shall be elected by the Board of Trustees, and such other officers as may from time to time be appointed by the Board of Trustees.

Section 2. Election, Tenure and Qualifications. The officers of the Association shall be elected by the Board of Trustees at the annual meeting of the Association. The current president will act as or appoint the meeting Chair who will preside at the elections. Each member of the Board of Trustees will have one vote. The successful candidate will be the one that receives more than 50% or more votes of the ballots cast of those in attendance or voting by proxy. If there are three or more candidates and none of the candidates has received more than a 50% majority vote, then the candidate receiving the lowest number of votes will be dropped from the ballot and a vote will again take place. This process will continue until a candidate has obtained more than a 50% majority vote.

Once the election for president has been decided, the chair will call for elections for the office of secretary. The same procedure will be followed until a consensus vote has been reached for the office of secretary. The chair will then call for elections for treasurer. Again the same procedure will be followed until a treasurer has been elected. In the event the Board of Trustees chooses to expand the Board to five members, the same process will be followed in electing members to the Board of Trustees once the other officers have been elected. Each such officer (whether chosen at a regular annual meeting of the Board of Trustees or otherwise) shall hold his office until the next ensuing regular annual meeting of the Board of Trustees and until his successor shall have been chosen and qualified, or until his death, or until his resignation, disqualification or removal in the manner provided in these Bylaws, whichever first occurs. Any one person may hold any two or more of such offices; provided, however, that the president may not also be the secretary. No person holding two or more offices shall act in or execute any instrument in the capacity of more than one office. There are no term limitations.

Section 3. Subordinate Officers. The Board of Trustees may from time to time appoint such other officers or agents as it may deem advisable, each of whom shall have such title, hold office for such period, have such authority, and perform such duties as the Board of Trustees may from time to time determine. The Board of Trustees may from time to time delegate to any officer or agent the power to appoint any such subordinate officers or agents and to prescribe their respective titles, terms of office, authorities and duties. Subordinate officers need not be Trustees or members of the Association.

Section 4. Removal. Any officer may resign at any time by delivering a written resignation to the president or to the Board of Trustees. Any officer or agent may be removed by the Board of Trustees whenever, in its judgement, the best interests of the Association will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election of appointment of an officer or agent shall not of itself create contract rights.

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Section 5. Vacancies. If any vacancy shall occur in any office by reason of death, resignation, removal, disqualification or any other cause, or if a new office shall be created, such vacancies or newly created offices may be filled by the Board of Trustees at any regular or special meeting.

Section 6. President. The president shall be the principal executive officer of the Association and, subject to the control of the Board of Trustees, shall in general supervise and control all of the business affairs of the Association. (S)He shall, when present, preside at all meetings of the members of the Board of Trustees. (S)He may sign, with the secretary or any other proper officer of the Association thereunto authorized by the Board of Trustees, any deeds, mortgages, bonds, contracts or other instruments which the Board of Trustees has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Trustees or these Bylaws to some other officer or agent of the Association, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties incident to the office of president and such other duties as may be prescribed by the Board of Trustees from time to time.

Section 7. Secretary. The secretary shall (a) keep the minutes of the Association and of the Board of Trustees in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the Association and see that the seal of the Association is affixed to all documents, the execution of which has been duly authorized; and (d) in general perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to him by the President of the Board of Trustees.

Section 8. Treasurer. The treasurer shall (a) have charge and custody of and be responsible for all funds of the Association; (b) receive and give receipt for moneys due and payable to the Association from any source whatsoever, and deposit all such moneys in the name of the Association in such banks, financial institutions, or other depositories as shall be determined by the Board of Trustees; (c) keep charge of the Association checking account, pay bills and write checks and maintain an accurate current accounting of all income and expenditures; (d) create an annual report of all income and all expenditures to be presented at the annual meeting of the association; (e) help prepare a budget for the coming year to be presented at the annual meeting of the Association, and (e) in general perform all of the duties incident to the office of the treasurer and such other duties as from time to time may be assigned by the Board of Trustees.

Section 9. Assistant Secretaries and Assistant Treasurers. The Board of Trustees may appoint assistant secretaries and assistant treasurers who shall perform such duties as shall be assigned to them by the secretary or treasurer, respectively, or by the Board of Trustees.

Section 10. Compensation. No officer shall receive compensation for any services that he may render to the Association as an officer; provided, however, that an officer may be reimbursed for expenses incurred in performance of his duties as an officer to the extent such expenses are approved by the Board of Trustees.

## ARTICLE VI COMMITTEES

Section 1. Designation of Committees. The Board of Trustees may from time to time by resolution designate such committees as it may deem appropriate in carrying out its duties, responsibilities, functions and powers. No committee shall receive compensation for services that he may render to the Association as a committee member; provided, however, that a committee member may be reimbursed for expenses incurred in performance of his duties as a committee member to the extent that such expenses are approved by the Board of Trustees. In the event the Board of Trustees expands the Board to five members, the two "non-officer" board members will be appointed to chair two of the committees so designated.

Section 2. Proceedings of Committees. Each committee designated hereunder by the Board of Trustees may appoint its own presiding and recording officers and may meet at such places and times upon such notice as such committee may from time to time determine. Each such committee shall keep a record of its proceedings and shall regularly report such proceedings to the Board of Trustees.

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Section 3. Quorum and Manner of Acting. At each meeting of any committee designated hereunder by the Board of Trustees, the presence of members constituting at least a majority of the authorized membership of such committee (but in no event less than two members) shall constitute a quorum for the transaction of business, and the act of a majority of the members present at any meeting at which a quorum is present shall be the act of such committee. The members of any committee designated by the Board of Trustees hereunder shall act only as a committee, and the individual members thereof shall have no powers as such.

Section 4. Resignation and Removal. Any member of any committee designated hereunder by the Board of Trustees may resign at any time by delivering a written resignation to the president, the Board of Trustees, or the presiding officer of the committee of which he is a member. Unless otherwise specified herein, such resignation shall take effect upon delivery. The Board of Trustees may at any time, for or without cause, remove any member of any committee.

Section 5. Vacancies. If any vacancy shall occur in any committee designated by the Board of Trustees hereunder, due to disqualification, death, resignation, removal or otherwise, the remaining members shall, until the filling of such vacancy, constitute the then total authorized membership of the committee and, provided that two or more members are remaining, may continue to act. Such vacancy may be filled at any meeting of the Board of trustees.

#### ARTICLE VII INDEMNIFICATION

Section 1. Indemnification -- Third-Party Actions. The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Association) by reason of the fact that he is or was a Trustee or officer of the Association, against expenses (including attorney's fees), judgements, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit, or proceeding, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by an adverse judgment, order settlement or conviction or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Association or, with respect to any criminal action or proceeding, that the person had reasonable cause to believe that his conduct was unlawful.

Section 2. Indemnification -- Association Actions. The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Association by reason of the fact that he is or was a Trustee or officer of the Association, against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association; provided, however, that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for gross negligence or intentional misconduct in the performance of his duty to the Association, unless and only to the extent that the court in which such action or suit was brought shall determine, upon application, that despite the adjudication of liability, and in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 3. Determination. To the extent that a person has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Sections 1 or 2 of Article VII hereof, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith. Any other indemnification

under Sections 1 or 2 of Article VII hereof shall be made by the Association only upon a determination that indemnification of the person is proper in the circumstances because he has met the applicable standard of conduct set forth in Sections 1 or 2 hereof. Such determination shall be made either (a) by the Board of Trustees by a majority vote of disinterested Trustees or (b) by independent legal counsel in a written opinion, or (c) by the members by the affirmative vote of fifty-one percent (51%), or higher, of the total votes of the association at a meeting duly called for such purpose.

Section 4. Advances. Expenses incurred in defending a civil or criminal action, suit or proceeding as contemplated in this Article may be paid by the Association in advance of the final disposition of such action, suit or proceeding upon a majority vote of a quorum of the Board of Trustees and upon receipt of an undertaking by or in behalf of the person to repay such amount or amounts unless it is ultimately determined that he is entitled to be indemnified by the Association as authorized by this article or otherwise.

Section 5. Scope of Indemnification. The indemnification provided for by this article shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any provision in the Association's Articles of Incorporation, Bylaws, agreements, vote of disinterested members or Trustees, or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office. The indemnification authorized by this article shall apply to all present and future Trustees, officers, employees or agents of the Association and shall inure to the benefit of the heirs and personal representatives of all such persons and shall be in addition to all other rights to which such persons may be entitled as a matter of law.

Section 6. Insurance. The Association may purchase and maintain insurance on behalf of any person who was or is a Trustee, officer, employee or agent of the Association, or who was or is serving at the request of the Association as a trustee, director, officer, employee or agent of another corporation, entity or enterprise (whether for profit or not for profit), against any liability asserted against him or incurred by him in any such capacity or arising out of his status as such, whether or not the Association would have the power to indemnify him against such liability under the laws of the State of Utah, as the same may hereafter be amended or modified.

Section 7. Payments and Premiums. All indemnification payments made, and all insurance premiums for insurance maintained, pursuant to this article shall constitute expenses of the Association and shall be paid with funds from the Common Expense Fund referred to in the Declaration.

#### ARTICLE VIII FISCAL YEAR

The fiscal year of the Association shall begin on the 1st day of April of each year and shall end on the 31<sup>st</sup> day of March next following; provided, however, that the first fiscal year shall begin on the date of incorporation.

#### ARTICLE IX RULES AND REGULATIONS

The Board of Trustees may from time to time adopt, amend, repeal and enforce reasonable rules and regulations governing the use and operation of the Project; provide, however, that such rules and regulations shall not be inconsistent with the rights and duties set forth in the Articles of Incorporation, the Declaration, or these Bylaws. The members shall be provided with copies of all rules and regulations adopted by the Board of Trustees, and with copies of all amendments and revisions thereof. The Secretary of Veterans Affairs shall also be provided with copies of all rules and regulations adopted by the Board of Trustees, and with copies of all amendments and revisions thereof.

#### ARTICLE X AMENDMENTS

Except as otherwise provided by law, the Articles of Incorporation, the Declaration or these

Bylaws, these Bylaws may be amended, modified or repealed and new bylaws may be made and adopted by the members upon the affirmative vote of at least sixty percent (60.0%) of the total votes (eleven of the eighteen Unit Owners) of the Association; provided, however, that such action shall not be effective unless and until a written instrument setting forth (a) the amended, modified, repealed or new bylaw, (b) the number of votes cast in favor of such action, and (c) the total votes of the Association, shall have been executed and verified by the current president of the Association and recorded in the office of the County Recorder of Salt Lake County, State of Utah.

Date: March 18, 2003.  
[Signature]

BOARD OF TRUSTEES:

\_\_\_\_\_  
\_\_\_\_\_

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Exhibit "C"  
(Legal Description for Common Areas)

The common areas shall be defined on the official condominium plat both by areas filled in according to the legend and by the printed dimensions for the common areas on the plat.

Exhibit "D"  
(Ownership Percentages and Addresses)

<u>Building No.</u>	<u>Unit No.</u>	<u>Address</u>	<u>Percentage of Ownership</u>	
<u>Notes</u>			<u>In Common Areas</u>	
AA	1	524 East 9430 South	5.55%	1
	2	520 East 9430 South	5.55%	1
BB	3	514 East 9430 South	5.55%	1
	4	515 East 9430 South	5.55%	1
CC	5	9416 South 530 East	5.55%	1
	6	9412 South 530 East	5.55%	1
DD	7	9421 South 530 East	5.55%	1
	8	9417 South 530 East	5.55%	1
	9	9413 South 530 East	5.55%	1
EE	10	551 East 9430 South	5.55%	1
FF	11	557 East 9430 South	5.55%	1
	12	561 East 9430 South	5.55%	1
GG	13	567 East 9430 South	5.55%	1
	14	566 East 9430 South	5.55%	1
HH	15	556 East 9430 South	5.55%	1
	16	550 East 9430 South	5.55%	1
JJ	17	544 East 9430 South	5.55%	1
	18	540 East 9430 South	5.55%	1
			100%	18
Votes				

Exhibit "E"

**DRINKING WATER RECHARGE AREA PROTECTION AGREEMENT**

**WHEREAS** the property owned by the Lilac Lane Condominium Owners Association (ASSOCIATION) lies on a Recharge Area of a Ground Water Aquifer providing drinking water to the city; and,

**WHEREAS** it is the desire of the ASSOCIATION to maintain the purity of the water sources for the City's drinking water; and,

**WHEREAS** it is the desire of the ASSOCIATION to cause its OWNERS (OWNERS) to be aware of the RECHARGE AREA and also, to be committed to maintaining the purity of the drinking water.

**THIS AGREEMENT**, when signed below, establishes both an awareness that the property owned by the ASSOCIATION rests upon a recharge area of a ground water aquifer providing drinking water to the city, and a commitment to protect and maintain the purity of the water supply.

I, \_\_\_\_\_, new OWNER(S), is/are aware of the drinking water recharge area described above and agree to refrain from discharging or allowing anyone else to discharge any hazardous substances into the storm drainage system, including all of the drainage boxes for either the sumps or the catch basins, or in any other location on the property of the Association. Such hazardous substances include but are not limited to: gasoline, motor oils, household cleaning chemicals, pesticides, herbicides, fertilizers, paints, etc.

Agreed and signed this \_\_\_\_\_ day of \_\_\_\_\_, 2003.

\_\_\_\_\_  
OWNER

\_\_\_\_\_  
OWNER

\_\_\_\_\_  
Printed Name of Owner

\_\_\_\_\_  
Printed Name of Owner

\_\_\_\_\_  
ASSOCIATION OFFICER.

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