



WHEN RECORDED RETURN TO:

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JEFFERY SMITH  
UTAH COUNTY RECORDER  
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RECORDED FOR PLEASANT GROVE CITY CORPORA

**DECLARATION OF CONDOMINIUM**

**FOR**

**SOMERSETT COURT,  
a Condominium**

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## DECLARATION OF CONDOMINIUM

FOR

### SOMERSETT COURT, a Condominium

THIS DECLARATION OF CONDOMINIUM for SOMERSETT COURT, a Condominium ("Declaration") is made and executed by D.R. HORTON, INC., a Delaware corporation ("Declarant"), for itself, its successors and assigns, pursuant to the provisions of Title 57, Chapter 8, *Utah Code Annotated*, as amended ("Act").

#### RECITALS.

A. Declarant holds both legal and equitable title to the real property located in the County of Utah, State of Utah, hereinafter more particularly described on the attached Exhibit A, upon which Declarant desires to develop a condominium project.

B. The covenants, conditions and restrictions contained in this Declaration and in the Exhibits hereto shall be enforceable equitable servitudes and shall run with the land.

C. Recorded simultaneously herewith is a Condominium Plat of the Project as required by the Act.

D. Declarant shall cause the incorporation and organization of the Association, which Association will maintain the Common Areas and Facilities within the Project as hereinafter described, provide for the management and operation of the Common Areas, levy and collect Common Assessments, and administer and enforce the terms of this Declaration.

E. All capitalized terms used in this Declaration and not defined in connection with their initial use shall be defined as set forth in Article 1, below. All of the foregoing Recitals are incorporated into and made a part of this Declaration for all purposes.

F. The Project shall be known as "Somerset Court" and is intended to be a condominium project pursuant to the Act.

#### ARTICLE 1 DEFINITIONS

Unless the context clearly indicates otherwise, certain terms as used in this Declaration and the foregoing Recitals shall have the meanings set forth in this Article 1.

1.1. "Act" shall mean the Utah Condominium Ownership Act (Title 57, Chapter 8, *Utah Code Ann.*).

1.2. "Amendment" shall mean any amendment to this Declaration made in accordance with this Declaration and the Act.

1.3. “Articles” shall mean the Articles of Incorporation of the Somerset Court Condominium Association.

1.4. “Association” shall mean the Somerset Court Condominium Association, a Utah non-profit corporation, organized for the purposes set forth in this Declaration.

1.5. “Buildings” shall mean the buildings constructed as part of the Project, as described in Section 2.1.

1.6. “Bylaws” shall mean the Bylaws of the Association, a copy of which is attached hereto as Exhibit C, as amended from time to time.

1.7. “City” shall mean City of Pleasant Grove, a Utah municipal corporation and body politic of the State of Utah, and any agency thereof.

1.8. “Common Area Manager” shall mean the professional firm or company designated by the Association to manage, in whole or in part, the affairs of the Association and the Common Areas and Facilities.

1.9. “Common Areas and Facilities” shall mean all portions of the Project other than the Units, as described in Article 4 hereof. The undivided interest in the Common Areas and Facilities appurtenant to each Unit is allocated among each Unit in the Project based on the Square Footage of such Unit, determined as described in Section 4.2 hereof, and is set forth in Exhibit B hereto.

1.10. “Common Assessments” shall mean those assessments described in Article 18 to fund the Common Expenses, and include Regular Common Assessments, Special Common Assessments, Reinvestment Fee and any other assessments levied by the Association.

1.11. “Common Expense Fund” shall mean one or more deposit or investment accounts of the Association into which are deposited the Common Assessments.

1.12. “Common Expenses” shall mean (i) all expenses of the administration, maintenance, repair, or replacement of the Common Areas and Facilities; (ii) certain premiums for insurance (including deductibles) obtained by the Management Committee on behalf of the Association for the benefit of the Project; (iii) all expenses of repair, maintenance, operation, replacement, upgrades, expansions and lease payments associated with utilities, drinking water, pressurized irrigation, sewer, storm water systems, cable, fiber optics, television, internet, voice and data services, wireless technology, support hardware and software, and all other telecommunications, technology and equipment software, wiring, hardware and related improvements and facilities servicing the Units; and (iv) all other expenses denominated as Common Expenses by the Management Committee, this Declaration or by the Act, which are assessed by the Management Committee against the Owners.

1.13. “Condominium Documents” shall mean this Declaration, the Plat, the Articles, the Bylaws, resolutions of the Association, and Association Rules, as each document may be amended from time to time.

1.14. “Cost of Living Index” shall mean the Consumer Price Index for Urban Wage Earners and Clerical Workers: U.S. City Average, All Items 1982-1984 = 100 compiled by the Bureau of Labor Statistics, United States Department of Labor. The Index for December 2016 is the reference base index. Declarant may select any other comparable index which measures changes in the cost of living.

1.15. “County” shall mean Utah County, Utah.

1.16. “Declarant” shall mean D. R. Horton, Inc, a Delaware corporation, or any successor in interest as provided in the Act and in Article 24 below.

1.17. “Declaration” shall mean this Declaration of Condominium, and all amendments, modifications and supplements hereto.

1.18. “Developmental Rights” shall mean the right to exercise any of the rights set forth in Article 8 hereof.

1.19. “Eligible Mortgagee” shall mean and refer to a First Mortgagee that has requested notice of certain matters from the Association in accordance with Section 16.1 of this Declaration.

1.20. “Limited Common Areas and Facilities” shall mean a portion of the Common Areas and Facilities designated by this Declaration or the Act, and as may be shown on the Plat, for the exclusive use of one or more, but fewer than all, of the Units.

1.21. “Management Committee” shall mean the management committee of the Association, appointed or elected in accordance with this Declaration and the Bylaws.

1.22. “Mortgage” shall mean any mortgage, deed of trust or other security instrument (including the seller’s rights under a contract for deed) by which a Unit or any part thereof or interest therein is encumbered. A “First Mortgage” is a Mortgage having priority as to all other Mortgages encumbering a Unit or any part thereof or interest therein.

1.23. “Mortgagee” shall mean any person or entity named as the mortgagee or beneficiary under any Mortgage by which the interest of any Owner is encumbered, or any successor to the interest of such person under such Mortgage. A “First Mortgagee” shall mean any person or entity holding a First Mortgage including any insurer or guarantor of a First Mortgage.

1.24. “Owner” shall mean any person or entity, including Declarant, at any time owning a Unit within the Project, or any portion thereof or interest therein. The term “Owner” shall not refer to any Mortgagee, unless such Mortgagee has acquired title for other than security purposes.

1.25. “Period of Declarant Control” shall mean the period of time that Declarant has sole authority to appoint and remove the members of the Management Committee of the Association, as set forth in Section 8.4.

1.26. “Plat” shall mean the Condominium Plat of Somersett Court Plat A recorded in the Office of the County Recorder for Utah County, State of Utah, as it may be amended from time to time pursuant to this Declaration and the Act. The initial Plat may be amended at such time as the Buildings are constructed in the event there are material changes in the Buildings or Unit boundaries or elevations as constructed. Such an amendment to the Plat is expressly authorized and may be undertaken by Declarant without the joinder or consent of any other Owners.

1.27. “Project” shall mean the Property, the Units, the Common Areas and Facilities and all improvements submitted by this Declaration to the provisions of the Act.

1.28. “Property” shall mean that certain real property situated in the County of Utah, State of Utah, more particularly described in Exhibit A, on which the Units and other improvements are located.

1.29. “Regular Common Assessments” shall mean the annual assessments levied by the Association to pay the budgeted Common Expenses.

1.30. “Special Common Assessments” shall mean assessments which the Association may levy from time to time, in addition to the Regular Common Assessments, for unexpected Common Expenses or other purposes as provided herein.

1.31. “Square Feet” or “Square Footage” shall mean for purposes of calculating the undivided interest in the Common Areas and Facilities appurtenant to each Unit, the gross square feet of ground or floor space within each Unit, as calculated by Declarant in its sole and exclusive discretion, as set forth in the Plat and Exhibit B hereto. Because this Declaration and the Plat are prepared and recorded prior to construction of the Project, based on the architectural plans and specifications for the Project, there will likely be differences in Square Footage between the Plat and the as-built Project. The Square Footage shall be determined as Declarant shall exclusively assign and as measured and unilaterally calculated by Declarant during the Declarant Control Period, and thereafter, the Management Committee, on a consistent basis, as set forth in the Plat and Exhibit B hereto. Certain spaces within the Units, including, without limitation, crawl spaces, garages and other areas may, but need not, be omitted from the calculation of Square Footage or be partially discounted by the use of a ratio. The calculation of square footage as contained in this Declaration and as shown on the Plat is final and binding upon all Owners irrespective of any later measurement of such square footages. In the event of any disagreement or uncertainty as to the calculation of Square Footage in the Project and/or as to which Units and improvements are constructed, Declarant, so long as it has any Developmental Rights hereunder, and thereafter, the Management Committee, shall have the sole and exclusive power (but without obligation to take any corrective action) to make such determination, and such Declarant’s or the Management Committee’s determination shall be conclusive, final and unappealable.

1.32. “Subsidy Agreement” shall have the meaning set forth in Section 18.1.1.

1.33. “Supplemental Plat” shall mean any amendment to the Plat made in accordance with this Declaration and the Act.

1.34. “Total Votes of the Association” shall mean the total number of votes appertaining to all Units, as described in Article 19 hereof.

1.35. “Transition Period” shall have the meaning set forth in Section 8.4.

1.36. “Unconstructed Unit” shall mean any Unit for which a certificate of occupancy has not been issued by the City.

1.37. “Unit” shall mean and refer to an individual portion of the Project designated as a Unit on the Plat and designed for separate ownership and occupancy as described in Section Article 3 hereof, for which a certificate of occupancy has been issued by the City.

1.38. “Unit Number” shall mean the number, letter or combination of numbers and letters that identifies only one Unit in the Project.

## ARTICLE 2 DESCRIPTION OF THE PROPERTY AND THE IMPROVEMENTS AND SUBMISSION TO THE ACT

2.1. Improvements. The initial improvements will consist of a cluster of fifteen (15) individual Buildings, containing a total of forty (40) multi-story townhome style Units connected by private streets, driveways, landscaping and other Common Areas and Facilities. The Buildings will be wood-framed. Building exteriors will be structural brick, block, metal panels, cement board, wood-look siding, stucco systems, hard-coat plaster, vinyl windows and sliding doors. The Buildings will be supplied with teleconnectivity, electricity, natural gas, water, and sewer service.

2.2. Submission to the Act. Declarant hereby submits the Property, the Buildings and all other improvements thereon to the provisions of the Act. All of the Project is and shall be held, conveyed, hypothecated, encumbered, leased, subleased, rented, used and improved as a single-family residential condominium project. All of the Project 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 the Project and division thereof into Units; 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 Declarant, the successors and assigns of Declarant, and any person acquiring, leasing, subleasing or owning an interest in the real property and improvements comprising the Project, their assigns, tenants, subtenants, heirs, executors, administrators, devisees and successors.

## ARTICLE 3 DESCRIPTION OF UNITS

3.1. Unit Boundaries. The boundary lines of each Unit are as set forth on the Plat and consist of the inside face of each Unit’s demising wall studs, lowermost floor, uppermost ceiling, and the exterior surfaces of windows and doors. The Units shall include any tile, paint, paper, carpeting, or any other wall, ceiling, or floor covering, interior and exterior window frames, windows, shutters, interior and exterior doors and door frames. All Units will include an enclosed garage as part of the Unit, as shown on the Plat. A Unit shall also include any fireplace

or stove hearth, facing brick, tile or firebox. A Unit shall further include fixtures and hardware and all improvements attached to or contained within the unfinished perimeter walls, ceilings, and floors. A Unit shall include any heating and refrigerating elements or related equipment, utility lines and outlets, electrical and plumbing fixtures, pipes, and all other related equipment required to provide heating, air-conditioning, hot and cold water, electrical, audio-visual services, internet or other utility services to the Unit and located within the unfinished perimeter walls, ceilings, and floors; provided, however, that a Unit shall not include any of the structural components of the Buildings or utility or service lines located within any Unit but serving more than one Unit. It is anticipated that the electricity, water and natural gas shall be separately metered to each Unit, but that the cost of all other utilities is included in the Common Expenses; provided, however, that Declarant or the Association may install sub-meters or separately measure utility usage in the future, in which case each Owner shall pay the actual cost of his, her or its utility usage. For purposes of this Declaration, the term "unfinished perimeter wall" means the interior surfaces of the studs, supports, and other wooden, metal, or similar structural materials which constitute the interior face of a wall of a Unit. The Plat and/or Exhibit B hereto contain the Unit Number of each Unit in the Project.

3.2. As Constructed. Notwithstanding the description of Units described in Section 3.1 above, for the purposes of interpreting this Declaration and the Plat, the boundaries of all Units constructed in substantial accordance with the Plat and this Declaration shall be conclusively presumed to be the actual boundaries rather than the description and depiction of the Units set forth on the Plat, regardless of the settling or lateral movement of the Units and regardless of minor variances between boundaries shown on the Plat and the constructed boundaries of the Units. It is acknowledged that the Plat is prepared from the architectural drawings of the Project, prior to construction, and that there will be variances between the boundaries and other features shown on the Plat and the actual construction of the Project.

#### ARTICLE 4

#### DESCRIPTION AND OWNERSHIP OF COMMON AREAS AND FACILITIES

4.1. Description of the Common Areas. The Common Areas and Facilities shall mean and include the Property on which all Units are located and all portions of the Project not included as part of any Unit, including, but not by way of limitation: the foundation, columns, girders, beams, supports, perimeter and supporting walls, chimneys, flues, chimney cases, roofs, patios, porches, decks, balconies, driveways and parking areas (but not garages included in the Units); the mechanical installations of the Buildings consisting of the equipment and materials making up any central services such as power, light, gas, hot and cold water, sewer, and heating and central air-conditioning which exist for use by one or more of the Owners, including the pipes, vents, ducts, flues, cable conduits, wires, telephone wire, and other similar utility installations used in connection therewith; the yards, sidewalks, walkways, paths, grass, shrubbery, trees, planters, roadways, landscaping, gardens and related facilities upon the Property; the pumps, tanks, motors, fans, storm drainage structures, compressors, ducts, and, in general, all apparatus, installations, and equipment of the Buildings existing for use of more than one Owner; and, in general, all other parts of the Project designated by Declarant as Common Areas and Facilities and existing for the use of one or more of the Owners. In the event of a conflict between this Declaration and the Plat, the provisions of the Declaration shall control.

4.2. Calculation of Undivided Interest. The undivided interest in the Common Areas and Facilities appurtenant to each Unit in the Project is based upon the Square Footage of each Unit. The percentage of undivided interest in the Common Areas and Facilities appurtenant to each Unit shall be determined by dividing the Square Footage of that Unit by the total Square Footage of all Units in the Project, as set forth in attached Exhibit B. Except as otherwise provided in this Declaration or the Act, the undivided interest appurtenant to each Unit shall have a permanent character and shall not be altered. The sum of the undivided interests in the Common Areas and Facilities allocated to all Units shall at all times equal one hundred percent (100%). Declarant is authorized to round the undivided interest of one or more Units in order to cause the total to equal one hundred percent (100%).

## ARTICLE 5 DESCRIPTION OF LIMITED COMMON AREAS AND FACILITIES

5.1. Description. Limited Common Areas and Facilities means those parts of the Common Areas and Facilities which are limited to and reserved for the use of the Owners of one or more, but fewer than all, of the Units. Without limiting the foregoing, the Limited Common Areas and Facilities shall include any space designated as Limited Common Areas and Facilities on the Plat, including, but not limited to, any balcony, deck, patio, entryway, porch or driveway adjacent to a Unit, any individual water and sewer service lines, and any plumbing or other installation servicing a Unit, including, but not limited to, all such items designated as Limited Common Areas and Facilities on the Plat or as provided for by the Act. The deck, balcony, patio, porch and/or driveway which are accessible from, associated with, and/or which adjoin a particular Unit, without further reference thereto, shall be used in connection with such Unit to the exclusion of the use thereof by the other Owners, except by invitation. All furniture and other personal property of Owners placed on such deck, balcony, patio and/or porch shall present a uniform appearance from the outside of the Units. All such furniture and personal property shall be installed only with the prior written approval of the Management Committee. The Management Committee shall have the right to establish rules limiting the style and type of furniture and other personal property that may be placed on decks, balconies, patios and/or porches. No reference thereto shall be required to be made in any instrument of conveyance, encumbrance, or other instrument.

5.2. Use. The use and occupancy of designated Limited Common Areas and Facilities shall be reserved to specific Units as shown on the Plat or as specified in this Declaration. Owners may not reassign Limited Common Areas and Facilities between or among Units in which they have an interest. Notwithstanding the foregoing or anything else to the contrary contained in any Condominium Documents, Declarant hereby reserves the right and grants to the Association the right to reassign Limited Common Areas and Facilities to the fullest extent permitted under the Act. Without requiring an Amendment to this Declaration, Declarant, during the Period of Declarant Control, and the Association thereafter, hereby reserve the right to maintain exclusive control over any Limited Common Areas and Facilities, or to grant exclusive control over any Limited Common Areas and Facilities to the Owner of the Unit to which such areas are appurtenant. Control of the Limited Common Areas and Facilities shall include maintenance, upkeep, repair, refurbishment, design and appearance, and the right to establish rules for use by tenants, licensees or invitees of such Limited Common Areas and Facilities.

5.3. Reallocation. Owners may not reallocate Limited Common Areas and Facilities between or among Units in which they have an interest. Notwithstanding the foregoing, Declarant hereby reserves the right and grants to the Association the right to reallocate Limited Common Areas and Facilities to the fullest extent permitted under the Act.

5.4. Rules and Regulations. The Association shall have the power to establish specific rules and regulations governing use of Limited Common Areas and Facilities.

## ARTICLE 6 NATURE AND INCIDENTS OF UNIT OWNERSHIP

6.1. Nature of Units. Each Unit is and shall hereafter be a parcel of real property which may be separately held, conveyed, devised, mortgaged, encumbered, leased, rented, used, occupied, improved and otherwise affected in accordance with the provisions of this Declaration.

6.2. Use of Property. Subject to the limitations contained in this Declaration, and subject to any rules and regulations adopted by Declarant or the Association, each Owner shall have the non-exclusive right to use and enjoy the Common Areas and Facilities and the exclusive right to occupy and use its Unit and any Limited Common Areas and Facilities designated for exclusive use by such Owner.

6.3. Alteration of Units. Each Owner shall have the exclusive right to paint, repaint, tile, wax, paper, carpet or otherwise decorate the interior surfaces of the walls, ceilings, floors and doors forming the boundaries of its Unit and the surfaces of all walls, ceilings, floors and doors within such boundaries; provided that the Management Committee shall establish uniform standards for style and paint color for the windows and window frames, and doors and door frames that form the boundary lines of each Unit. No Owner may change the type of wall covering that would have the potential for affecting sound transmission between Units without the prior approval of the Management Committee. Each Owner shall keep the interior of their Unit, including without limitation, interior walls, windows, ceilings, floors and permanent fixtures and appurtenances thereto, in a sanitary condition and in a good state of repair. In the event that any such Unit should develop an unsanitary condition or fall into a state of disrepair (including a failure to comply with the Management Committee's uniform standards) and in the event that the Owner of such Unit should fail to correct such condition or state of disrepair promptly following written notice from the Management Committee, the Management Committee shall have the right, at the expense of the Owner and without liability to the Owner for trespass or otherwise, to enter said Unit and correct or eliminate said unsanitary condition or state of disrepair. Owners of adjoining Units may not reassign or change the boundaries of such Units. No Owner may subdivide their Unit.

6.4. Right of Entry. The Management Committee shall have the right, but not the obligation, at the expense of the Owner and without liability to the Owner for trespass or otherwise, to enter into any Unit for the purpose of (i) maintenance, including, but not limited to, snow removal from any deck, balcony, porch or patio and window washing; (ii) repairs, including emergency repairs; and (iii) for the purpose of abating a nuisance, or a known or suspected dangerous or unlawful activity.

6.5. Restrictions on Amendment. Any Amendment to the provisions of this Article 6, whether in this Declaration or any other Condominium Document, shall require the consent of sixty-seven percent (67%) of the Total Votes of the Association.

## ARTICLE 7 TITLE TO UNITS

7.1. Manner in Which Title May Be Held. Title to a Unit within the Project may be held or owned by any person or entity and in any manner in which title to any other real property may be held or owned in the State of Utah.

7.2. Title Inseparable. Title to no part of a Unit 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 Unit. Every gift, devise, bequest, transfer, encumbrance, conveyance or other disposition of a Unit, or any part thereof, shall be construed to be a gift, devise, bequest, transfer, encumbrance or conveyance, respectively, of the entire Unit, together with all appurtenant rights created by law and by this Declaration, including appurtenant membership in the Association as herein set forth.

7.3. 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.

7.4. Right to Mortgage. Each Owner shall have the right to encumber its interest in a Unit with a Mortgage. However, no Owner shall attempt to or shall have the right to encumber the Common Areas and Facilities or any part thereof except the undivided interest therein appurtenant to its interest in a Unit. Any Mortgage of any Unit within the Project shall be subordinate to all of the provisions of this Declaration, and in the event of foreclosure the provisions of this Declaration shall be binding upon any Owner whose title is derived through foreclosure by private power of sale, judicial foreclosure, or otherwise.

7.5. Labor and Services; Indemnification. No labor performed or services or materials furnished with the consent of or at the request of an Owner may be the basis for the filing of a lien against the Unit of any other Owner, or against any part thereof, or against any other property of any other Owner (including interest in any portion of the Common Areas and Facilities) unless the other Owner has expressly consented to or requested the performance of such labor or furnishing of such services. Express consent shall be deemed to have been given by the Owner in the case of emergency repairs thereto. Labor performed or services or materials furnished for the Project, if authorized by the Association and provided for in the Declaration, shall be deemed to be performed or furnished with the express consent of each Owner. In such event, the Owner may remove his or her Unit from a lien against two or more Units or any part thereof by payment to the holder of the lien of the fraction of the total sums secured by such lien which is attributable to his or her Unit.

7.6. Legal Description of Units. Every contract for the sale of a Unit, and every other instrument affecting title to a Unit within the Project, may describe a Unit by the name of the Project, the recording date for this Declaration, the County wherein the Project is located and its Unit Number as indicated in this Declaration or as shown on the Plat. 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 Unit within the Project and all of the limitations on such ownership as described in this Declaration.

7.7. Notice of Ownership and Address. Any person, on becoming an Owner, will furnish the Common Area Manager with a photocopy of the recorded deed or other instrument or such other evidence as may be specified by the Management Committee under the Bylaws or the Association rules, vesting the person with the interest required to make him an Owner. At the same time, the Owner will provide the Association with the single name and address to which the Association will send any notices given pursuant to the Condominium Documents. In the event of any change in the facts reported in the original written notice, including any change of ownership, the Owner will give a new written notice to the Association containing all of the information required to be covered in the original notice. The Association will keep and preserve the most recent written notice received by the Association with respect to each Owner. Any notice to be provided to the Association under this Section 7.7 shall be given within thirty (30) days of the event that gave rise to the need to provide notice to the Association.

## ARTICLE 8 CERTAIN ADDITIONAL DEVELOPMENTAL RIGHTS

The following additional Developmental Rights are hereby granted or reserved by Declarant:

8.1. Completion of Improvements. Declarant hereby reserves an easement throughout the Project for a period of ten (10) years from the recording of this Declaration. The purpose of this easement is to allow Declarant to complete and inspect all improvements contemplated by the Declaration and the Plat.

8.2. Offices and Signs. Declarant hereby reserves the right to maintain sales offices, management offices, signs advertising the Project and models in any of the Units which it owns or leases, or on the Common Areas and Facilities of the Project, for so long as Declarant owns a Unit in the Project. Declarant may relocate sales offices, management offices and models to other Units or Common Areas and Facilities at any time during such period. Declarant shall have the right to maintain a reasonable number of promotional, advertising and/or directional signs, banners, flags or similar devices at any place or places within the Project.

8.3. Assignment of Parking. So long as Declarant owns a Unit in the Project, Declarant hereby reserves the right to assign parking spaces (excluding any areas designated as Limited Common Areas and Facilities for particular Units and any garages included in the Units) located within the Common Areas and Facilities to individual Owners pursuant to a license or easement agreement (in a form determined by Declarant). When (and only when) Declarant no longer owns any Unit in the Project, the Management Committee shall have the right to assign parking spaces (excluding any parking spaces or other areas that have been designated as Limited Common Areas and Facilities for particular Units and the garages included as part of a Unit) located within the Common Areas and Facilities to individual Owners and tenants pursuant to a license or easement agreement (in a form determined by the Management Committee).

8.4. Declarant Control Period. There is hereby established a Period of Declarant Control of the Association, during which period Declarant or persons designated by it shall have the authority to appoint and remove the Association officers and members of the Management Committee. The Period of Declarant Control shall terminate no later than the earlier of:

8.4.1. three (3) years after the first Unit is conveyed to an Owner (other than a person or entity constituting a Declarant hereunder or any affiliates of a Declarant); or

8.4.2. after Units to which three-fourths (3/4) of the undivided interest in the Common Areas and Facilities appertain have been conveyed to Owners (other than a person or entity constituting a Declarant hereunder or any affiliates of a Declarant).

Unless otherwise provided by the laws of the State of Utah, Declarant shall have a reasonable period of time not to exceed 180 days, to elect a new Management Committee (the "Transition Period"). All actions taken by the Management Committee during the Transition Period shall be valid and binding on the Association, except as set forth in Title 57, Chapter 8, Section 16.5 *Utah Code Ann.*, as amended from time to time. The Declarant may, at its option, terminate the Period of Declarant Control at any earlier date.

## ARTICLE 9 RESTRICTIONS ON USE

9.1. Use of Units. No Unit shall be used for any business, trade, or similar activity, except that an Owner occupant may conduct business activities within the Unit so long as: (a) the existence or operation of the activity is not apparent or detectable from outside the Unit; (b) the activity conforms to all zoning requirements; and (c) the activity is consistent with the residential character of the project and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other occupants, as may be determined in the sole discretion of the Management Committee. Notwithstanding the foregoing, nothing in this Section 9.1 shall prevent (i) Declarant or an affiliated person or entity or a duly authorized agent from using any Unit owned or leased by Declarant as sales offices and model Units or a property management office as provided in Section 8.2 hereof, or (ii) any Owner, including Declarant, or his or her duly authorized agent from renting or assigning use rights to his or her Unit from time to time.

9.2. Restrictions of Use of Units and Common Areas and Facilities. Subject to the Developmental Rights, the Units, and Common Areas and Facilities, including but not limited to the Limited Common Areas and Facilities, except as otherwise permitted in writing by the Management Committee, shall be used in accordance with the following restrictions:

9.2.1. No noxious, offensive or illegal activity shall be carried on in or upon any part of the Project nor shall anything be done on or placed in or upon any part of the Project which is or may become a nuisance or may cause unreasonable embarrassment, disturbance or annoyance to Owners.

9.2.2. Excessive noise or traffic in, on or about any Unit or the Project, especially after 10:00 p.m. and before 7:00 a.m.

9.2.3. No activities shall be conducted, or improvements constructed, in or upon any part of the Project which are or may become unsafe or hazardous to any person or property.

9.2.4. To the full extent permissible under state and federal law, no television, radio, shortwave, microwave, satellite, flag or other antenna, pole, tower or dish shall be placed, constructed or maintained upon any Unit or other parts of the Project unless such antenna, pole, tower or dish is fully and attractively screened or concealed so as not to be visible from the street, which means of screening or concealment shall be subject to the provisions of this Declaration and the regulation and prior approval of the Management Committee. Notwithstanding the foregoing, the Management Committee may not prohibit an Owner from displaying a United States flag or Utah State flag from a Unit or a Limited Common Area, if the display complies with the *United States Code*, Title 4, Chapter 1, The Flag, and *Utah Code Ann.* §§ 57-24-101 and 57-24-102. The Owner of a Unit may install on such Owner's Unit or Limited Common Areas and Facilities one flagpole no greater than 20 feet in height for the purpose of displaying a United States flag or Utah State flag. If an Owner desires to construct on such Owner's Unit or Limited Common Areas and Facilities more than one permanent flagpole with a maximum height of 20 feet as provided in the foregoing sentence, the Owner must obtain prior approval for such flagpole from the Management Committee. In addition to the display by an Owner of a United States flag or Utah State flag as provided above in this Section 9.2.4, an Owner of a Unit may display on such Owner's Unit or Limited Common Areas and Facilities at any time a maximum of three (3) non-commercial flags or banners, with the maximum square footage of each such flag or banner being no greater than 15 square feet in size, provided that the display of such flags or banners complies with all applicable laws and ordinances. If an Owner of a Unit desires to display at any time more than three non-commercial flags or banners having a maximum size of 15 square feet per flag or banner, such Owner must obtain prior written approval from the Management Committee. Notwithstanding the foregoing restrictions, this Declaration shall impose no limitations on the ability of Declarant to construct flagpoles within the Project and to display flags of such size as Declarant elects from any such flagpoles in connection with Declarant's efforts to market and sell Units within the Project. Unit identification signs may be installed, provided the size, color, content and location of such signs have been approved in writing by the Management Committee.

9.2.5. Owners shall have the right to maintain within such Owner's Unit an appropriate number of dogs, cats or other generally recognized house pets, as determined by the Management Committee, so long as they are kept and raised thereon solely as domestic pets and not for commercial purposes. All pets must be kept on a leash at all times when outside of a Unit. No animal shall be allowed to make an unreasonable amount of noise or to become a nuisance. Any structure for the care, housing or confinement of any animal shall be maintained within the Limited Common Areas and Facilities and shall be approved by the Management Committee. If a pet defecates on any portion of the Project, the Owner of such pet shall immediately remove all feces left upon the Project by such Owner's pet. If the Owner or resident of the Project fails to abide by the rules and regulations and/or covenants applicable to pets, the Management Committee may bar such pet from use of or travel upon the Project. The Management

Committee may subject ingress, egress, use or travel by a pet upon the Project to a user and maintenance fee, which may be a general fee for all similarly situated persons or a specific fee imposed for failure of an Owner, or resident of the Project to abide by the rules, regulations, and/or covenants applicable to pets. The Management Committee shall have the right to adopt additional limitations, rules and regulations (including size and breed restrictions) regarding pets within the Project.

9.2.6. The draperies, shades and other interior window coverings in Units shall present a uniform appearance from the outside of the Units.

9.2.7. Except as otherwise provided in the Declaration, no Unit, or portions thereof, may be further divided or subdivided (either physically or legally) or a fractional portion thereof sold or conveyed so as to be held in divided ownership (as opposed to community property, tenancy in common, or other form of joint undivided ownership).

9.2.8. No Owner shall, without the prior written consent of the Management Committee, make or permit to be made any exterior alteration, improvement or addition in or to any Unit or the Project. No Owner shall, without the prior written consent of the Management Committee, do any act that would impair the structural soundness or integrity of the Buildings or the safety of property, impair any easement or hereditament appurtenant to the Project, or make or permit to be made any alteration, improvement or addition to the Common Areas and Facilities (including Limited Common Areas and Facilities). No Owner shall, without the prior written consent of Declarant so long as Declarant or an affiliate of Declarant owns any land or improvements in the Project, improve or modify a Unit, any Limited Common Areas and Facilities or other Common Areas and Facilities in a manner that would increase the square footage of any Unit.

9.2.9. There shall be no obstruction of the Common Areas and Facilities by any Owner. Owners shall neither store nor leave any of its property in the Common Areas and Facilities, other than Limited Common Areas and Facilities appurtenant to its Unit, except with the prior consent of the Management Committee.

9.2.10. Nothing shall be done or kept in any Unit or in the Common Areas and Facilities or any part thereof which would result in cancellation of the insurance on the Project or any part thereof, nor shall anything be done or kept in any Unit which would increase the rate of insurance on the Project or any part thereof over what the Association but for such activity, would pay, without the prior written consent of the Management Committee. Nothing shall be done or kept in any Unit or in the Common Areas and Facilities or any part thereof which would be in violation of any statute or rule, ordinance, regulation, permit or other validly imposed requirement of any governmental body. No damage to, or waste of, the Common Areas and Facilities or any part thereof shall be committed by any Owner or guest, tenant, licensee or invitee of any Owner, and each Owner shall indemnify and hold the Association and the other Owners harmless against all loss resulting from any such damage or waste caused by him or her or his or her guests, tenants, licensees or invitees.

9.2.11. No Owner shall violate the rules and regulations for the use of Units and Common Areas and Facilities as adopted from time to time by Declarant or the Association.

9.2.12. Any lease agreement between an Owner and a tenant respecting a Unit shall be subject in all respects to the provisions of this Declaration, the Articles and Bylaws, and any failure by the tenant to comply with the terms of such documents shall be a default under the lease. All such lease agreements shall be in writing, and shall contain the following provisions: (i) the tenant agrees to comply with all of the terms and conditions of this Declaration, the Articles and Bylaws, (ii) the tenant agrees not to allow or commit any nuisance, waste, unlawful or illegal act upon the Project, and (iii) the tenant and the Owner acknowledge that the Association is an intended third party beneficiary of the lease agreement, that the Association shall have the right to enforce compliance with this Declaration, the Articles and Bylaws, and to abate any nuisance, waste, unlawful or illegal activity upon the Project; and that the Association shall be entitled to exercise all of the Owner's rights and remedies under the lease agreement to do so. Prior to a tenant's occupancy of a Unit, the Owner of such Unit must provide to the Association the name, address and telephone number of the tenant and a copy of the written lease agreement. At all times, the Project shall comply with the most stringent Owner-occupancy requirements promulgated by the FHA, VA, the FHLMC and FNMA.<sup>1</sup> The Association shall have the right and the obligation to enforce compliance with this Declaration, the Articles and Bylaws against any Owner and/or occupant of any Unit, and shall have all rights and remedies available under state or local law, in addition to its rights and remedies as a third party beneficiary under any lease agreement, to enforce such compliance. Other than the foregoing and the provisions of Section 9.3, there is no restriction on the right of any Owner to lease his or her Unit. An Owner shall be responsible and liable for any damage to the Project caused by its guests, tenants, licensees or invitees. The provisions of this Section 9.2.12 shall be incorporated by reference into every lease agreement entered into by and between an Owner and his or her tenant, whether or not this Section is expressly referenced therein.

9.2.13. Smoking shall be prohibited within the Common Areas and Facilities and the Limited Common Areas and Facilities appurtenant to any Unit. If the smoke or smoke odor from within any Unit becomes a nuisance to an adjacent or nearby Unit, the Owner of such Unit causing the nuisance shall employ every available method or system (at its sole cost and expense) to eliminate the nuisance to the satisfaction of the adjacent or nearby Unit Owner, including cessation (or causing cessation) of smoking within the Unit. Furthermore, the Management Committee shall be empowered to adopt additional rules and regulations concerning smoking within Units upon a vote or prior written consent of Owners entitled to vote at least sixty-seven percent (67%) of the Total Votes of the Association. Smoking shall include, but not be limited to, any practice by which a substance is burned or vaporized and the resulting smoke or vapor is breathed in to be tasted or inhaled. Smoking shall further include the carrying or use of cigarette, pipe, cigar, bidi, hookah, vaporizer, bong or any other device or instrument designed or

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<sup>1</sup> As of the date of this Declaration, at least fifty one percent (51%) of the Units are required to be Owner-occupied.

intended to be used to burn, vaporize, consume or transform any substance for the purpose of creating smoke or vapor that is breathed in to be tasted or inhaled.

9.2.14. The initial mailbox must be the one approved and provided by the Declarant at the mail station as designated by the Management Committee.

9.2.15. The pursuit of hobbies or other activities, including, but not limited to, the assembly and disassembly of motor vehicles and other mechanical devices which might tend to cause disorderly, unsightly, or unkempt conditions, shall not be pursued or undertaken on any part of the Project.

9.2.16. All rubbish, trash, refuse, waste, dust, debris and garbage shall be regularly removed from the Unit and shall not be allowed to accumulate thereon.

9.2.17. The use of firearms and incendiary devices or the painting of graffiti, within the Project is prohibited. The term firearms includes, but is not limited to, all guns, pistols, handguns, rifles, automatic weapons, semi-automatic weapons, BB guns, pellet guns, sling shots, wrist-rockets, blow-dart guns, and other firearms of all types, regardless of size.

9.2.18. No Owner or resident shall place upon any part of the Project any temporary structures, including but not limited to, tents, trailers, or sheds, without the prior written consent of the Management Committee. Anything to the contrary notwithstanding and until the occurrence of the events referred to herein, the Declarant may install and use temporary structures in the development of the Project and the marketing of the Units.

9.2.19. No Owner shall place upon any part of the Project any swamp cooler or evaporative cooler.

9.2.20. No plants or seeds infected with noxious insects or plant diseases or illegal plant species shall be brought upon, grown, or maintained upon the Project.

9.2.21. No exterior clotheslines shall be erected or maintained, and there shall be no outside drying or laundering of clothes or linens.

9.2.22. No solar energy device, solar energy collector panels, other energy conservation equipment or attendant hardware shall be constructed or installed within the Project without the prior written consent of the Management Committee.

9.3. Storage and Parking of Vehicles. The driving, parking, standing and storing of motor vehicles in, on or about the Project shall be subject to the following:

9.3.1. The parking rules and regulations adopted by the Management Committee from time to time.

9.3.2. Owners and residents shall be prohibited from parking in the guest parking spaces in the Common Areas and Facilities.

9.3.3. Except for purposes of loading or unloading passengers or supplies (for a period of time up to twelve (12) hours), no recreational, commercial or oversize vehicle parking is allowed in the Project.

9.3.4. No parking on any private road or any alleys, except in designated parking spaces, is allowed at any time in the Project. The Management Committee shall have the right to levy a Special Common Assessment, in the nature of a fine, against Owners of Units found to be in violation of this provision

9.3.5. No parking within private roads or alleys, except for the sole purpose of loading or unloading passengers or items, is allowed at any time in the Project.

9.3.6. No motor vehicle or trailer, including but not limited to any car, automobile, truck, van, or any other transportation vehicle or device of any kind may be parked or stationed in such a manner so as to block access to any Unit, Building or parking space, or so as to create an obstacle or potentially dangerous condition.

9.3.7. Residents may only park their motor vehicles within their garages and on their respective driveways in such a manner as not to obstruct, interrupt or overhang into the sidewalk and road right of way as shown on the recorded Plat for the Project. In order to assure that the garage appurtenant to each Unit shall have adequate space for the parking of motor vehicles, no garage shall be used for the storage of excessive personal items that would preclude the parking within the garage of motor vehicles. This restriction and prohibition are intended to prevent an Owner from utilizing the Owner's garage for storage to the degree that precludes the parking within the Owner's garage of the number of motor vehicles that could have been reasonably parked in such garage as originally designed and constructed. The Management Committee shall have the right to levy an Special Common Assessment, in the nature of a fine, against Owners of Units found to be in violation of this provision

9.3.8. All vehicles parked within the Project must have a current license plate and must be drivable and in good working order, with no fluid leaking from the vehicle.

9.3.9. No resident shall repair or restore any vehicle of any kind in, on or about any Unit or the Common Areas and Facilities, except for emergency repairs, and then only to the extent necessary to enable movement thereof to a proper repair facility.

9.3.10. No garage may be altered in such a manner that the number of motor vehicles which may reasonably be parked therein after the alteration is less than the number of motor vehicles that could have been reasonably parked in the garage as originally designed and constructed.

9.3.11. All guest parking areas shall be used solely for guest parking. No vehicle may be parked in guest parking areas for a period of time exceeding 48 consecutive hours.

9.3.12. Garage doors shall remain closed except when the garage is in use.

9.3.13. The Management Committee shall have the right to designate certain areas within the Project that are to be reserved for snow storage during the period of time beginning on November 1 and continuing through the subsequent March 30. During such period of time, there shall be no overnight parking within such designated snow storage areas.

9.3.14. Vehicles parked in violation of this Declaration may be impounded or towed without further notice, and at the vehicle owner's sole expense.

9.4. Association Rules. All Owners are given notice that use of their Units and the Common Areas and Facilities is limited by the rules and regulations of the Association as modified from time to time. By acceptance of a deed, lease or similar instrument, each Owner, tenant, resident or occupant of a Unit acknowledges and agrees that the use and enjoyment and marketability of the applicable Unit can be affected by this provision and that the rules and regulations may change from time to time.

## ARTICLE 10 ASSOCIATION AND MANAGEMENT COMMITTEE

10.1. Membership in Association. The persons or entities who are at the time of reference Owners shall, together with all other Owners, be members of the Association, the characteristics and nature of which are determined by the Act, the Declaration, the Bylaws, the Articles and other applicable Utah law. No tenant, resident or occupant of a Unit (other than an Owner) shall be or constitute a member of the Association. The Association shall be governed by the following provisions:

10.2. Management Committee. The management and maintenance of the Project and the administration of the affairs of the Association shall be conducted by a Management Committee consisting of not less than three (3) nor more than seven (7) natural persons as provided in the Bylaws. The members of the Management Committee shall be elected as provided in this Declaration and in the Bylaws. The day-to-day management of the Project and affairs of the Association shall be conducted by a Common Area Manager acting in accordance with Section 10.3.23.

10.3. Powers of Management Committee. Except as otherwise provided herein, the Management Committee shall have all the powers, duties and responsibilities as are now or may hereafter be provided by the Act, this Declaration and the Bylaws, including but not limited to the following:

10.3.1. To make and enforce all rules and regulations covering the operation and maintenance of the Project and the Units.

10.3.2. To engage the services of the Common Area Manager, accountants, attorneys or other employees or agents and to pay to said persons a reasonable compensation therefore.

10.3.3. To operate, maintain, repair, improve and replace the Common Areas and Facilities.

- 10.3.4. To determine and pay the Common Expenses.
- 10.3.5. To assess and collect the proportionate share of Common Expenses from the Owners, as provided in Article 18 hereinafter.
- 10.3.6. To enter into contracts, deeds, leases and/or other written instruments or documents and to authorize the execution and delivery thereof by the appropriate officers.
- 10.3.7. To open bank accounts on behalf of the Association and to designate the signatories therefore.
- 10.3.8. To purchase, hold, sell, convey, mortgage or lease any one or more Units in the name of the Association or its designee.
- 10.3.9. To bring, prosecute and settle litigation for itself, the Association and the Project, provided that it shall make no settlement which results in a liability against the Management Committee, the Association or the Project in excess of \$100,000 (as measured in year 2020 dollars and thereafter adjusted by the Cost of Living Index) without the prior approval of a majority of the Total Votes of the Association at a meeting or by written ballot distributed to Owners by mail; provided, any settlement which would be paid from proceeds of insurance which may be settled by the Association's insurance carrier and which in either case results in no actual liability of funds of the Association in excess of \$100,000 shall not require Association approval.
- 10.3.10. To obtain insurance for the Association with respect to the Units and the Common Areas and Facilities.
- 10.3.11. To repair or restore the Project following damage or destruction or a permanent taking by the power of or power in the nature of eminent domain or by an action or deed in lieu of condemnation not resulting in the removal of the Project from the provisions of the Act.
- 10.3.12. To own, purchase or lease, hold and sell or otherwise dispose of, on behalf of the Owners, items of personal property necessary to or convenient to the management of the business and affairs of the Association and the Management Committee and to the operation of the Project, including without limitation furniture, furnishings, fixtures, maintenance equipment, appliances and office supplies.
- 10.3.13. To pledge, hypothecate or otherwise encumber current or future Assessments for any purpose permitted under this Declaration.
- 10.3.14. To keep adequate books and records and implement the policies and procedures for the inspection of the books and records of the Project by Owners in accordance with the terms of the Bylaws. The Association or the Management Committee 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, and shall comply with the laws of the State of Utah regarding record requests, which has been established in accordance with the provisions of the Act, as amended from time to time. "Available" shall mean available for inspection, upon request, during normal business hours or under other reasonable circumstances.

10.3.15. To do all other acts necessary for the operation and maintenance of the Project, including the maintenance and repair of any Unit if the same is necessary to protect or preserve the Project.

10.3.16. To prepare, adopt, amend and disseminate budgets and other information from time to time in accordance with the terms of the Bylaws.

10.3.17. To grant easements and rights-of-way over the Common Areas and Facilities and to approve signage for the Project.

10.3.18. Subject to the limitations of Section 10.3.23 hereof, the Act and any other applicable law, the Management Committee may delegate to a Common Area Manager by written agreement some or all of the powers, duties and responsibilities referred to in this Section 10.3.

10.3.19. The Management Committee may convey or subject to a Mortgage all or portions of the Common Areas and Facilities of the Project if Owners entitled to cast a majority of the Total Votes of the Association agree to that action at a meeting or by written ballot distributed to Owners by mail. Any such agreement shall comply with all other applicable provisions of the Act.

10.3.20. Members of the Management Committee, the officers and any assistant officers, agents and employees of the Association (i) shall not be liable to the Owners as a result of their activities as such for any mistake of judgment, negligence or otherwise, except for their own willful misconduct or bad faith; (ii) shall have no personal liability in contract to an Owner or any other person or entity under any agreement, instrument or transaction entered into by them on behalf of the Association in their capacity as such; (iii) shall have no personal liability in tort to any Owner or any person or entity, direct or imputed, by virtue of acts performed by them, except for their own willful misconduct or bad faith, nor for acts performed for them in their capacity as such; and (iv) shall have no personal liability arising out of the use, misuse or condition of the Project, which might in any way be assessed against or imputed to them as a result or by virtue of their capacity as such.

10.3.21. When a member of the Management Committee is sued for liability for actions undertaken in his or her role as a member of the Management Committee, the Association shall indemnify him or her for his or her losses or claims, and undertake all costs of defense, until and unless it is proven that he or she acted with willful or wanton misfeasance or with gross negligence. After such proof the Association is no longer liable for the cost of defense, and may recover costs already expended from the member of the Management Committee who so acted. Members of the Management Committee

are not personally liable to the victims of crimes occurring at the Project. Punitive damages may not be recovered against the Association, but may be recovered from persons whose activity gave rise to the damages.

10.3.22. Neither the Management Committee nor the Common Area Manager shall sell any property of the Association except as permitted by the Act and this Declaration.

10.3.23. The Association acting through the Management Committee shall enter into a contract with a Common Area Manager for the management of the Project which complies with the requirements of Section 10.3 hereof as applicable to the Project. The Common Area Manager so engaged shall be responsible for managing the Project for the benefit of the Association and the Owners, and shall, to the extent permitted by law and by the terms of the agreement with the Association, be authorized to perform any of the functions or acts required to be performed by the Association itself.

10.4. No Liability for Latent Defects. NOTWITHSTANDING THE DUTY OF THE ASSOCIATION TO MAINTAIN AND REPAIR PORTIONS OF THE PROJECT, AND EXCEPT TO THE EXTENT COVERED BY ASSOCIATION INSURANCE AS DESCRIBED IN ARTICLE 12, THE ASSOCIATION SHALL NOT BE LIABLE TO OWNERS FOR INJURY OR DAMAGE, OTHER THAN FOR THE COST OF MAINTENANCE AND REPAIR, CAUSED BY ANY LATENT CONDITION OF THOSE PORTIONS OF THE PROJECT TO BE MAINTAINED AND REPAIRED BY THE ASSOCIATION, OR CAUSED BY THE ELEMENTS OR OTHER OWNERS OR PERSONS.

## **ARTICLE 11 MAINTENANCE, ALTERATION AND IMPROVEMENT**

11.1. Maintenance of Common Areas and Facilities. The maintenance, replacement and repair of the Common Areas and Facilities shall be the responsibility of the Association, and the cost thereof shall be a Common Expense. All incidental damages caused to a Unit by the maintenance, replacement and repairs of the Common Areas and Facilities or utility services shall be repaired promptly and the cost thereof charged to the Association as a Common Expense.

11.2. Right of Entry. Some of the Common Areas and Facilities are or may be located within the Units or may be conveniently accessible only through the Units. The Association, its agents and contractors, shall have the irrevocable right to have access to each Unit and to all Common Areas and Facilities from time to time during such reasonable hours as may be necessary for the cleaning, repair or replacement of any Common Areas and Facilities or for making any emergency repairs at any time and when necessary to prevent damage to the Common Areas and Facilities or to any Unit. The Association shall also have the irrevocable right to have access to any Unit when necessary in connection with any cleaning, maintenance, repair, replacement, painting, landscaping, construction or reconstruction for which the Association is responsible or for the purpose of abating a nuisance or a known or suspected dangerous or unlawful condition. Such entry shall be made with as little inconvenience to the

Owners as is practicable under the circumstances and any damage caused thereby shall be repaired by the Association.

11.3. Owner's Obligation to Maintain Units. Notwithstanding anything in this Declaration to the contrary, the Owner at the Owner's expense shall maintain and keep in repair the interior of the Unit, including the fixtures and utilities located in the Unit to the extent current repair shall be necessary in order to avoid damaging other Units or the Common Areas and Facilities. All fixtures, equipment, and utilities installed and included in a Unit serving only that Unit, commencing at a point where the fixtures, equipment and utilities enter the Unit, shall be maintained and kept in repair by the Owner of that Unit. An Owner shall not allow any action or work that will impair the structural soundness of the improvements, impair the proper functioning of the utilities, heating, ventilation, or plumbing systems or integrity of any Buildings, or impair any easement or hereditament. Except as otherwise provided in this Declaration, an Owner shall also have the obligation to maintain and keep in repair all appurtenant Limited Common Areas and Facilities at such Owner's expense. No Owner shall alter any Common Areas and Facilities without the prior written consent of the Association.

11.4. Failure to Maintain. In the event that portions of a Unit or other improvements are not properly maintained and repaired, and if the maintenance responsibility for the unmaintained improvement lies with the Owner of the Unit, or in the event that such improvements are damaged or destroyed by an event of casualty and the Owner does not take reasonable measures to diligently pursue the repair and reconstruction of the damaged or destroyed improvements to substantially the same condition in which they existed prior to the damage or destruction, then the Association, after written notice to the Owner and the expiration of a thirty (30) day cure period, and with the approval of the Management Committee, shall have the right to enter upon the Unit to perform such work as is reasonably required to restore the Unit and other improvements to a condition of good order and repair; provided, however, if such repair and reconstruction due to an event of casualty cannot be reasonably performed within such thirty (30) day cure period, the Owner shall have such time as reasonably required to perform such repair and reconstruction so long as the work has been commenced within such cure period and is diligently pursued to completion. All costs incurred by the Association in connection with the restoration shall be reimbursed to the Association by the Owner of the Unit, upon demand. All unreimbursed costs shall be a lien upon the Unit until reimbursement is made. The lien may be enforced in the same manner as a lien for an unpaid Assessment levied in accordance with Article 18 of this Declaration.

11.5. Mechanic's Liens. Subsequent to the filing of the Plat and recording of this Declaration, no labor performed or materials furnished for use and incorporated in any Unit with the consent of or at the request of the Owner of the Unit or the Owner's agent, contractor or subcontractor shall be the basis for the filing of a lien against a Unit of any other Owner not expressly consenting to or requesting the same, or against any interest in the Common Areas and Facilities except as to 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. Each Owner shall indemnify and hold harmless each of the other Owners and the Association from and against any liability or loss arising from the claim of any mechanic's lien for labor performed or for materials furnished in work on such Owner's Unit against the Unit of another Owner or against the Common Areas and Facilities, or any part thereof.

11.6. Enforcement by Association. At its own initiative or upon the written request of any Owner (if the Association determines that further action by the Association is proper), the Association shall enforce the indemnity provided by the provisions of Section 11.5 above by collecting from the Owner of the Unit on which the labor was performed or materials furnished the amount necessary to discharge by bond or otherwise any such mechanic's lien, including all costs and reasonable attorneys' fees incidental to the lien, and obtain a release of such lien. In the event that the Owner of the Unit on which the labor was performed or materials furnished refuses or fails to so indemnify within seven (7) days after the Association shall have given notice to such Owner of the total amount of the claim, or any portions thereof from time to time, then the failure to so indemnify shall be a default by such Owner under the provisions of this Section, and such amount to be indemnified shall automatically become a default Assessment determined and levied against such Unit, and enforceable by the Association in accordance with Article 18 below.

## ARTICLE 12 INSURANCE

12.1. Insurance Policies. The Association shall at all times maintain in force insurance meeting the following requirements:

12.1.1. Blanket Insurance. A "master" or "blanket" type policy of property insurance shall be maintained covering the entire Project, including: Common Areas and Facilities; Limited Common Areas and Facilities; all Buildings; all Units, including any fixtures, improvements, or betterments installed at any time in a Unit or the Limited Common Areas and Facilities appurtenant thereto; fixtures, machinery, building service equipment, personal property and supplies comprising a part of the Common Areas and Facilities maintained for the service of the Project or owned by the Association, but excluding items normally not covered by such policies. References herein to a "master" or "blanket" type policy of property insurance are intended to denote all inclusive insurance coverage. At a minimum, such "master" or "blanket" policy shall afford protection against all risks of direct physical loss commonly insured against, including fire and extended coverage perils, which are customarily covered with respect to projects similar to the Project in construction, location, and use. Such "master" or "blanket" policy shall be in an amount not less than one hundred percent (100%) of current replacement cost of all elements of the Project covered by such policy, excluding items normally excluded from coverage. Each Owner is an insured person under a property insurance policy. The insurance policy maintained for the Project shall include either of the following endorsements to assure full insurable value replacement cost coverage: (1) a blanket coverage and/or Guaranteed Replacement Cost Endorsement (under which the insurer agrees to replace the insurable property regardless of the cost) and, if the policy includes a co-insurance clause, an Agreed Amount Endorsement (which waives the requirement for co-insurance); or (2) a Replacement Cost Endorsement (under which the insurer agrees to pay up to one hundred percent (100%) of the property's insurable replacement cost but no more) and, if the policy includes a co-insurance clause, an Agreed Amount Endorsement (which waives the requirement for co-insurance). The deductible amount for such a policy covering the Common Areas and Facilities shall be determined by the Management Committee, subject to applicable law. The Association

shall set aside an amount equal to the amount of the property insurance policy deductible or, if the policy deductible exceeds \$10,000, an amount not less than \$10,000.

12.1.2. General Liability Insurance. The Association shall maintain in force, and pay the premium for a policy providing comprehensive general liability insurance coverage covering all of the Common Areas and Facilities, Building exteriors, walkways in the Project, all other areas of the Project that are under the Association's supervision, and any commercial spaces owned by the Association, if any, whether or not such spaces are leased to some third party. The coverage limits under such policy shall be in amounts generally required by private institutional mortgage investors for projects similar to the Project in construction, location, and use. Nevertheless, such coverage shall be for at least Two Million Dollars (\$2,000,000) for bodily injury, including deaths of persons, and property damage arising out of a single occurrence, or such additional coverage amount reasonably determined by the Management Committee. Coverage under such policy shall include, without limitation, legal liability of the insureds for property damage, bodily injuries and deaths of persons in connection with the operation, maintenance, or use of the Common Areas and Facilities, Building exteriors, and legal liability arising out of lawsuits related to employment contracts of the Association. Additional coverages under such policy shall include protection against such other risks as are customarily covered with respect to projects similar to the Project. If such policy does not include "severability of interest" in its terms, the policy shall include a special endorsement to preclude an insurer's denial of any Owner's claim because of negligent acts of the Association or any other Owner. Such policy shall provide that it may not be canceled or substantially modified, by any party, without at least thirty (30) days' prior written notice to the Association and to each First Mortgagee which is listed as a scheduled holder of a Mortgage in such policy. The foregoing coverage requirements may be satisfied in-part by a supplemental "umbrella" type policy.

12.1.3. Fidelity Bonds or Crime Insurance. The Association shall at all times maintain in force and pay the premiums for "blanket" fidelity bonds for all officers, members, and employees of the Association and for all other persons handling or responsible for funds of or administered by the Association whether or not that individual receives compensation for services. Furthermore, where the Association has delegated some or all of the responsibility for the handling of funds to the Common Area Manager, the Common Area Manager shall provide "blanket" fidelity bonds, with coverage identical to such bonds required of the Association, for the Common Area Manager's officers, employees and agents handling or responsible for funds of, or administered on behalf of, the Association. In addition, the Common Area Manager shall, within a reasonable time period, submit evidence to the Association that he or she has secured such fidelity insurance. The total amount of fidelity bond coverage required shall be based upon the Association's best business judgment and shall not be less than the estimated maximum amount of funds, including reserve funds, in the custody of the Association, or the Common Area Manager, as the case may be, at any given time during the term of each bond.

12.1.4. Designation of Insured. The name of the insured under each policy required to be maintained by Section 12.1 shall be the Association for the use and benefit

of the individual Owners. (Said Owners shall be designated by name if required by law.) Notwithstanding the requirement of the two immediately foregoing sentences, each such policy may be issued in the name of an authorized representative of the Association, including any trustee with whom the Association has entered into an Insurance Trust Agreement, or any successor to such trustee (each of whom shall be referred to herein as the "Insurance Trustee"), for the use and benefit of the individual Owners. Loss payable shall be in favor of the Association (or Insurance Trustee), as a trustee for each Owner and each such Owner's Mortgagee. Each Owner and each such Owner's Mortgagee, if any, shall be beneficiaries of such policy. Evidence of insurance shall be issued to each Owner and Mortgagee upon request.

12.1.5. Each policy required to be maintained by Section 12.1 shall contain the standard mortgage clause, or equivalent endorsement (without contribution), commonly accepted by private institutional mortgage investors in the area in which the Project is located. In addition, such mortgage clause or another appropriate provision of each such policy shall provide that the policy may not be canceled or substantially modified without at least ten (10) days' prior written notice to the Association and to each Mortgagee which is listed as a scheduled holder of a Mortgage in the policy.

12.1.6. Additional Provisions. Each policy required to be maintained by Section 12.1 shall provide, if available, for the following: recognition of any insurance trust agreement; a waiver of the right of subrogation against Owners individually; the insurance is not prejudiced by any act or neglect of individual Owners which is not in the control of such Owners collectively or the Association; and the policy is primary in the event the Owner has other insurance covering the same loss.

12.1.7. Management Committee Duties. In contracting for the policies of insurance required to be maintained by Section 12.1, the Management Committee shall make reasonable efforts to secure (where economically feasible and reasonably available) coverage commonly required by private mortgage investors for projects similar in construction, location and use.

12.1.8. Additional Insureds. Notwithstanding any of the foregoing provisions and requirements relating to property or liability insurance, there may be named as an insured on behalf of the Association, the Association's authorized representative, including any Insurance Trustee, who shall have exclusive authority to negotiate losses under any policy providing such property or liability insurance. Each Owner hereby appoints the Association, or any Insurance Trustee or substitute Insurance Trustee designated by the Association, as his or her attorney-in-fact for the purpose of purchasing and maintaining such insurance, including: the collection and appropriate disposition of the proceeds thereof; the negotiation of losses and execution of releases of liability; the execution of all documents; and the performance of all other acts necessary to accomplish such purpose. The Association, or any Insurance Trustee, shall receive, hold, or otherwise properly dispose of any proceeds of insurance in trust for the use and benefit of the Owners and their Mortgagees, as their interests may appear.

12.1.9. Insurance Provider Performance Requirements. Each insurance policy maintained pursuant to the foregoing Sections 12.1.1, 12.1.2, and 12.1.3 shall be written by an insurance carrier which is licensed to transact business in the State of Utah and which has a B general policyholder's rating or a financial performance index of 6 or better in the Best's Key Rating Guide or an A or better rating from Demotech, Inc., or which is written by Lloyd's of London. No such policy shall be maintained where: (1) under the terms of the carrier's charter, bylaws, or policy, contributions may be required from, or assessments may be made against, an Owner, a Mortgagee, the Management Committee, or the Association; (2) by the terms of the carrier's charter, bylaws, or policy, loss payments are contingent upon action by the carrier's board of directors, policyholders, or members; or (3) the policy includes any limiting clauses (other than insurance conditions) which could prevent the party entitled (including, without limitation, the Management Committee, the Association, or Owner) from collecting insurance proceeds. The provisions of this Article 12 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 hereunder, in such amounts and in such forms as the Association may deem appropriate from time to time.

12.1.10. Regular Review. All insurance policies shall be reviewed at least annually by the Management Committee in order to ascertain whether the coverage contained in the policies is sufficient to make any necessary repairs or replacement of the Project which may have been damaged or destroyed. In addition, such policies shall be reviewed to determine their compliance with the provisions of this Declaration.

12.2. Owner to Insure. Unless insured by the Association pursuant to Section 12.1 above, it shall be the responsibility of each Owner, at such Owner's expense, to maintain physical damage property insurance on such Owner's furnishings and any other personal property in the Owner's Unit. In addition, an Owner may obtain such other and additional insurance coverage on and in relation to the Owner's Unit as the Owner in the Owner's sole discretion shall conclude to be desirable. However, none of such insurance coverages obtained by such Owner shall affect any insurance coverage obtained by the Association or cause the diminution or termination of that insurance coverage, nor shall such insurance coverage of an Owner result in apportionment of insurance proceeds as between policies of insurance of the Association and the Owner. An Owner shall be liable to the Association for the amount of any such diminution of insurance proceeds to the Association as a result of insurance coverage maintained by the Owner, and the Association shall be entitled to collect the amount of the diminution from the Owner as if the amount were a default Assessment, with the understanding that the Association may impose and foreclose a lien for the payment due. Any insurance obtained by an Owner shall include a provision waiving the particular insurance company's right of subrogation against the Association and other Owners. Each Owner shall be responsible to provide insurance coverage for the amount of any additional value to any Unit caused by any improvement to the Unit made by such Owner and not initially made by Declarant, including, but not limited to, the value of structural upgrades or fixtures supplied by the Owner, or if the applicable insurance is to be provided by the Association, for any additional insurance costs associated with such increased value due to the improvements.

12.3. Payment by Owners. An Owner who owns a Unit that has suffered Unit Damage (defined below) as part of a Covered Loss (defined below) is responsible for an amount calculated by applying the Unit Damage Percentage (defined below) for that Unit to the amount of the deductible under the property insurance policy of the Association. If an Owner does not pay such amount within thirty (30) days after substantial completion of the repairs to the Unit, the Association may levy an assessment against the Owner for that amount. As used in this paragraph, "Covered Loss" means a loss, resulting from a single event or occurrence, that is covered by a property insurance policy of the Association, "Unit Damage" means damage to a Unit or to Limited Common Areas and Facilities applicable to that Unit, or both, and "Unit Damage Percentage" means the percentage of total damage resulting in a Covered Loss that is attributable to Unit Damage. If, in the exercise of the business judgment rule, the Management Committee determines that a Covered Loss is likely not to exceed the property insurance policy deductible of the Association and until it becomes apparent the covered loss exceeds the deductible of the property insurance of the Association and a claim is submitted to the property insurance insurer of the Association: (i) the Owner's policy is considered the policy for primary coverage to the amount of the policy deductible of the Association for Unit Damage; (ii) the Association is responsible for any Covered Loss to any Common Areas and Facilities; (iii) an Owner who does not have a policy to cover Unit Damage is responsible for that damage and the Association may recover any payments the Association makes to remediate the Unit Damage; and (iv) the Association need not tender the claim to the Association's insurer. The Association shall provide notice to an Owner of such Owner's payment obligations described in this Subsection.

### ARTICLE 13 DESTRUCTION OR DAMAGE

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

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

13.3. Association's Duties. In the event all or any part of the Project is damaged or destroyed, the Association shall proceed as follows:

13.3.1. The Association shall give timely written notice to any Eligible Mortgagee on a Unit who requests such notice in writing in the event of substantial

damage to or destruction of any part of the Common Areas or Facilities or a Unit subject to such First Mortgage.

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

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

13.3.4. If the proceeds of the insurance maintained by the Association are less than the estimated costs to repair and reconstruct the damaged or destroyed part of the Project and if less than seventy-five percent (75%) of the Project is damaged or destroyed, such repair and reconstruction shall nevertheless be carried out. The Association shall levy a Special Common Assessment sufficient to provide funds to pay the actual costs of such repair and reconstruction to the extent that such insurance proceeds are insufficient to pay such costs. Such Special Common Assessment shall be allocated and collected as provided in Section 18.1.2 hereof, except that the vote therein specified shall be unnecessary. Further levies may be made in like manner if the amounts collected (together with the proceeds of insurance) are insufficient to pay all actual costs of such repair and reconstruction.

13.3.5. If the proceeds of the insurance maintained by the Association are less than the estimated costs to repair and reconstruct the damaged or destroyed part of the Project and if seventy-five percent (75%) or more of the Project is damaged or destroyed, such damage or destruction shall be repaired and reconstructed, but only if within one hundred (100) days following the damage or destruction, Owners entitled to vote at least seventy-five percent (75%) of the votes of the Total Votes of the Association vote to carry out such repair and reconstruction. If, however, the Owners do not, within one hundred (100) days after such damage or destruction, elect by a vote of at least seventy-five percent (75%) of the votes of the Total Votes of the Association to carry out such repair and reconstruction and if, to the extent permitted by the Act, Eligible Mortgagees who represent at least fifty-one percent (51%) of the votes of Units subject to Mortgages held by Eligible Mortgagees do not approve such repair and reconstruction, the Association shall record in the office of the County Recorder of Utah County, State of Utah, a notice setting forth such facts. Upon the recording of such notice, the following shall occur:

13.3.5.1. the Project shall be deemed to be owned in common by the Owners;

13.3.5.2. Each Owner shall own an undivided interest in the Project equal to his or her ownership interest in the Common Areas and Facilities;

13.3.5.3. 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 respective Owner in the Project; and

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

13.3.6. In no event shall an Owner of a Unit or any other party have priority over the holder of any First Mortgage on such Unit with respect to the distribution to such Unit of any insurance proceeds.

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

13.5. Repair Fund. If repair or reconstruction is to occur, the insurance proceeds held by the Association and any amounts received from Common Assessments made pursuant to Section 18.1.2 hereof shall constitute a fund for the payment of costs of repair and reconstruction after casualty. It shall be deemed that the first money disbursed in payment for costs of repair and reconstruction shall be made from insurance proceeds; if there is a balance after payment of all costs of such repair and reconstruction, such balance shall be distributed to the Owners in accordance with their respective undivided percentage interest in the Common Areas and Facilities.

## ARTICLE 14 TERMINATION

14.1. Vote Required. Except as otherwise provided in Article 12 and Article 13, the Project may be terminated only by agreement of Owners entitled to vote all of the votes of all Units. Upon termination, the Property and the improvements thereon shall be deemed to be owned in common by the Owners. The undivided interest in the Property and the improvements

thereon owned in common which shall appertain to each Owner shall be the percentage of undivided interest appurtenant to each respective Unit as set forth in Exhibit B.

14.2. Removal from the Act. All of the Owners may remove the Project from the provisions of the Act by an instrument duly recorded to that effect, provided that the holders of all liens affecting any of the Units consent or agree by instruments duly recorded that their liens are transferred to the fractional ownership interest of the Owners in the Project. Provided further, as long as Declarant has ownership rights in the Project, its consent shall also be required to remove the Project from the provisions of the Act.

14.3. Termination Agreement. A termination agreement may provide that the entire Project shall be sold following termination. If, pursuant to the agreement, any real estate in the Project is to be sold following termination, the termination agreement shall set forth the minimum terms of the sale.

14.4. Sale of Property Following Termination. The Association, on behalf of the Owners, may contract for the sale of real estate in the Project, but the contract is not binding on the Owners until approved pursuant to Sections 14.1 and 14.2. If any real estate in the Project is to be sold following termination, title to that real estate on termination vests in the Association as trustee for all Owners, for the sole purpose of marketing and selling such real estate and distributing the proceeds thereof in accordance with the Owners' interests in the Property as provided in Section 14.1. Thereafter, the Association has all powers necessary and appropriate to effect the sale. Until the sale has been concluded and the proceeds of the sale distributed, the Association continues in existence with all powers it had before termination. Proceeds of the sale shall be distributed to Owners and Mortgagees as their interests may appear, based on the Owners respective undivided interest in the Common Areas and Facilities. Unless otherwise specified in the termination agreement, as long as the Association holds title to the real estate, each Owner and their successors in interest have an exclusive right to occupancy of the portion of the real estate that formerly constituted their Unit in accordance with the terms of this Declaration. During the period of that occupancy right, each Owner and their successors in interest remain liable for all Common Assessments and other obligations imposed on Owners by this Declaration.

14.5. Distribution of Proceeds. Following termination of the Project, the proceeds of any sale of real estate, together with the assets of the Association, shall be held by the Association as trustee for Owners and Mortgagees as their interests may appear. Following termination, Mortgagees holding Mortgages on the Units which were recorded before termination may enforce those liens in the same manner as any lienholder.

## ARTICLE 15 EMINENT DOMAIN

15.1. Notices. Whenever any proceeding is instituted that could result in the temporary or permanent taking, injury or destruction of all or part of the Common Areas and Facilities or one or more Units or portions thereof by the exercise of the power of or power in the nature of eminent domain or by an action or deed in lieu of condemnation, the Management Committee

and each Owner shall be entitled to notice thereof and the Management Committee shall, and the Owners at their respective expense may, participate in the proceedings incident thereto.

15.2. Condemnation of Common Areas and Facilities. With respect to the Common or Limited Common Areas and Facilities, any damages or awards shall be determined for such taking, injury or destruction as a whole and not for each Owner's interest therein. After such determination, each Owner shall be entitled to a share in the damages in the same proportion as his or her ownership interest in the Common Areas and Facilities. This provision does not prohibit a majority of the Owners from authorizing the Management Committee to use such damages or awards for replacing or restoring the Common Areas and Facilities so taken on the remaining land or on other acquired land, provided that this Declaration and the Plat are duly amended.

15.3. Condemnation of Units. With respect to one or more Units or portions thereof, the damages or awards for such taking shall be deposited with the Management Committee as trustee. Even though the damage or awards may be payable to one or more Owners, the Owners shall deposit the damages or awards with the Management Committee as trustee. In the event an Owner refuses to so deposit his or her award with the Management Committee, then at the option of the Management Committee, either a Special Common Assessment shall be made against the defaulting Owner and his or her Unit in the amount of this award or the amount of such award shall be set off against the sum hereafter made payable to such Owner.

15.4. Removal from the Act. In the event the Project is removed from the provisions of the Act pursuant to Article 14 above, the proceeds of the damages or awards shall be distributed or used in accordance with the Owners respective undivided interest in the Common Areas and Facilities.

15.5. Result of Condemnation. If one or more Units are taken, in whole or in part, and the Project is not removed from the provisions of the Act, the taking shall have the following effects:

15.5.1. If the taking reduces the size of a Unit and the remaining portion of the Unit may be made tenantable, the Unit shall be made tenantable. If the cost of such work exceeds the amount of the award, the additional funds required shall be assessed against the Owner of the Unit. The balance of the award, if any, shall be distributed to the Mortgagee to the extent of the unpaid balance of its Mortgage and the excess, if any, shall be distributed to the Owner.

15.5.2. If the taking destroys or so reduces the size of a Unit that it cannot be made tenantable, the award shall be distributed to the Mortgagee of the Unit to the extent of the unpaid balance of its Mortgage and the excess, if any, shall be distributed to the Owner thereof. The remaining portion of such Unit, if any, shall become a part of the Common Areas and Facilities and shall be placed in condition for use by all Owners in the manner approved by the Management Committee. The ownership interest in the Common Areas and Facilities appurtenant to the Units that continue as part of the Project shall be equitably adjusted to distribute the ownership of the Common Areas and Facilities among the reduced number of Owners.

15.6. Amendment Following Condemnation. Changes in Units, in the Common Areas and Facilities and in the ownership of the Common Areas and Facilities that are affected by the taking referred to in this Article 15 shall be evidenced by an amendment to this Declaration and the Plat, which need not be approved by the Owners.

## ARTICLE 16 MORTGAGEE PROTECTION

16.1. Notice to Mortgagee. Upon written request made to the Association by a First Mortgagee, or an insurer or governmental guarantor of a First Mortgage, which written request shall identify the name and address of such First Mortgagee, insurer or governmental guarantor and Unit Number, any such First Mortgagee, insurer or governmental guarantor (“Eligible Mortgagee”) shall be entitled to timely written notice of:

16.1.1. Any condemnation loss or any casualty loss which affects a material portion of the Project or any Unit on which there is a First Mortgage held, insured or guaranteed by such First Mortgagee, insurer or governmental guarantor;

16.1.2. Any delinquency in the payment of Common Assessments or charges owed by an Owner, whose Unit is subject to a First Mortgage held, insured or guaranteed by such First Mortgagee, insurer or governmental guarantor, which default remains uncured for a period of sixty (60) days;

16.1.3. Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association; and

16.1.4. Any proposed action which would require the consent of a specified percentage of Eligible Mortgagees as specified in Section 16.2 below or elsewhere herein.

16.1.5. Any judgment rendered against the Association.

16.2. Mortgage Approval. Except as provided elsewhere in this Declaration, or except as provided by the Act, the vote or prior written consent of Owners entitled to vote at least sixty-seven percent (67%) of the Total Votes of the Association (unless pursuant to a specific provision of this Declaration the consent of Owners entitled to vote a greater percentage of the votes in the Association is required, in which case such specific provisions shall control), and Eligible Mortgagees holding First Mortgages on Units having at least fifty-one percent (51%) of the votes of the Units subject to First Mortgages held by Eligible Mortgagees shall be required to:

16.2.1. Abandon or terminate the legal status of the Project after substantial destruction or condemnation occurs, or for such other reasons.

16.2.2. Make amendments of a material adverse nature to Eligible Mortgagees or amend any material provision of the Declaration, Articles, Bylaws or Plat. “Material provisions” include any provision affecting the following (an amendment to such

documents shall not be considered material if it is for the purpose of correcting technical errors, to comply with applicable law, or for clarification only):

- 16.2.2.1. Changes in the method of calculating the Common Assessments, obligations, maintenance fees, or other charges which may be levied against an Owner;
- 16.2.2.2. Reductions in reserves for maintenance, repair, and replacement of Common Areas and Facilities;
- 16.2.2.3. Responsibility for maintenance and repairs;
- 16.2.2.4. Reallocation of interests in the Common Areas and Facilities, except where otherwise specifically permitted by this Declaration, or rights to their use;
- 16.2.2.5. Convertibility of Units into Common Areas and Facilities or vice versa, except as otherwise permitted by this Declaration;
- 16.2.2.6. Substantial reduction in hazard or fidelity insurance requirements;
- 16.2.2.7. Imposition of any restrictions on the leasing of Units;
- 16.2.2.8. Imposition of any restrictions on Owner's right to sell or transfer his or her Unit;
- 16.2.2.9. Restoration or repair of the Project (after damage or partial condemnation) in a manner other than that specified in the Declaration;
- 16.2.2.10. The benefits of Eligible Mortgagees.

Any Mortgagee, insurer or governmental guarantor who receives a written request from the Association to approve additions or amendments to the constituent documents and who fails to deliver or post to the Association a negative response within sixty (60) days shall be deemed to have approved such request, provided the written request was delivered by certified or registered mail, with a "return receipt" requested.

16.3. Availability of Records. The Association shall maintain and have current copies of the Declaration, Articles, Bylaws, and other rules concerning the Project as well as its own books, records, and financial statements available for inspection by Owners or by holders, insurers, and guarantors of First Mortgages that are secured by Units in the Project, and shall comply with the laws of the State of Utah regarding record requests, which has been established in accordance with the provisions of Title 57, Chapter 8, Section 17 *Utah Code Ann.*, as amended from time to time. Generally, these documents shall be available during normal business hours.

16.4. Assessment Liens Subordinate. The lien or claim against a Unit for unpaid assessments or charges levied by the Association pursuant to this Declaration shall be

subordinate to the First Mortgage affecting such Unit if the First Mortgage was recorded before the delinquent assessment was due; and the First Mortgagee thereunder that comes into possession of or that obtains title to such Unit shall take the same free of such lien or claim for unpaid assessment or charges, but only to the extent of assessments or charges which accrue prior to foreclosure of the First Mortgage, exercise of a power of sale available thereunder, or taking of a deed or assignment in lieu of foreclosure. No assessment, charge, lien, or claim which is described in the preceding sentence as being subordinate to a First Mortgage shall be collected or enforced by the Association from or against a First Mortgagee, a successor in title to a First Mortgagee, or the Unit affected or previously affected by the First Mortgage concerned. All taxes, Common Assessments and charges that may become liens prior to the First Mortgage under Utah law relate only to the individual Units and not to the Project as a whole.

16.5. Reimbursement for Taxes and Charges. In the event any taxes or other charges which may or have become a lien on the Common Areas and Facilities are not timely paid, or in the event the required hazard insurance described in Section 12.1.1 lapses, is not maintained, or the premiums therefore are not paid when due, any Mortgagee or any combination of Mortgagees may jointly or singly, pay such taxes or premiums or secure such insurance. Any Mortgagee which expends funds for any of such purposes shall be entitled to immediate reimbursement therefore from the Association.

16.6. Insurance and Condemnation Proceeds. No provision of this Declaration or the Articles gives or may give an Owner or any other party priority over any rights of Mortgagees pursuant to their respective Mortgages in the case of a distribution to Owners of insurance proceeds or condemnation awards for loss to or taking of all or any part of the Units or the Common Areas and Facilities.

## ARTICLE 17 AMENDMENT

17.1. Amendment by Owners. Except as provided elsewhere in this Declaration, any amendment to this Declaration or the Plat shall require the affirmative vote of at least sixty-seven percent (67%) of the Total Votes of the Association cast in person or by proxy at a meeting duly called for such purpose or otherwise approved in writing by such Owners without a meeting. Any amendment authorized pursuant to this Section shall be accomplished through the recordation in the office of the Utah County Recorder of an instrument executed by the Association. In such instrument an officer or member of the Management Committee of the Association shall certify that the vote required by this Section for amendment has occurred.

17.2. Amendment by Declarant. Declarant alone may amend or terminate this Declaration prior to the closing of a sale of the first Unit. Notwithstanding anything contained in this Declaration to the contrary, this Declaration may also be amended unilaterally at any time and from time to time by Declarant: (a) if such amendment is necessary to bring any provision hereof into compliance with any applicable governmental statute, ordinance, rule, regulation or judicial determination which shall be in conflict therewith; (b) to make technical corrections to fix mistakes or remove/clarify ambiguities; (c) if such amendment is reasonably necessary to enable a title insurance company to issue title insurance coverage with respect to the Project or

any Unit; or (d) if Declarant deems such amendment necessary in its sole discretion, so long as such amendment does not cause a material adverse impact to the Project.

17.3. Amendment at Request of Governmental Agency. Anything in this Article 17 or Declaration to the contrary notwithstanding, Declarant also reserves the unilateral right to amend all or any part of this Declaration to such extent and with such language as may be requested by a State Department of Real Estate (or similar agency), FHA, VA, the FHLMC or FNMA, or as requested by any other federal, state or local governmental agency that requests such an amendment as a condition precedent to such agency's approval of this Declaration or approval of the sale of Units, or by any lending institution as a condition precedent to lending funds upon the security of any Unit(s) or any portions thereof. Any such amendment shall be effected by the recordation by Declarant of an Amendment duly signed by Declarant, specifying the nature of the qualifying reason for such amendment pursuant to this Section 17.3. Recordation of such an Amendment shall be deemed conclusive proof of the agency's or institution's request for such an amendment, and such Amendment, when recorded, shall be binding upon all Units and all persons having an interest therein. It is the desire of Declarant to retain control of the Association and its activities during the anticipated period of planning and development. If any amendment requested pursuant to the provisions of this Article 17 deletes, diminishes or alters such control, Declarant alone shall have the right to amend this Declaration to restore such control.

17.4. Plat Amendments. Notwithstanding anything contained in this Declaration to the contrary, because the Plat has been recorded prior to the construction of the Units, Declarant reserves the right to unilaterally amend the Plat at any time, and from time to time, if such amendment is necessary to make technical corrections, to satisfy the requirements of the City or any other governmental authority, to correct mistakes, remove/clarify ambiguities, to accurately reflect the "as-built" Units on the Plat, or if Declarant deems such amendment necessary in its sole discretion, so long as such amendment does not cause a material adverse impact to the Project.

## ARTICLE 18 ASSESSMENT OF UNITS BY THE ASSOCIATION

18.1. Levying Assessments. The making and collection of Common Assessments by the Association from Owners of Units for their share of Common Expenses shall be subject to the following provisions and any other provisions, if any, set forth in the Bylaws:

18.1.1. Liability for Payment of Common Expenses. Each Owner, including Declarant, for each Unit which it owns, but excluding Unconstructed Units, shall be liable for a proportionate share of the Common Expenses, such share being the same as the ownership interest in the Common Areas and Facilities appurtenant to the Unit owned by him or her. Two separate and distinct funds shall be created and maintained hereunder, one for operating expenses and one for capital reserves. Such combined expenses shall constitute the Common Expenses, and the funds received from Common Assessments under this Article 18 shall be the Common Expense Fund. Common Assessments shall include Regular Common Assessments, Special Common Assessments and any other assessments levied by the Association. Until the Association makes an

assessment for Common Expenses, Declarant shall pay all Common Expenses. After an assessment has been made by the Association, Regular Common Assessments must be made at least annually, based on a budget adopted at least annually by the Association in accordance with the provisions of this Declaration and the Bylaws. Declarant reserves the right to advance amounts to the Association as a loan to cover any operating deficits. Any such loan by the Declarant to the Association shall be repaid within three (3) years from the time it is made, upon the terms and conditions agreed to by the Association and Declarant. Additionally, at its option, Declarant may enter into a subsidy agreement with the Association as described in 18.6 (the "Subsidy Agreement"). Regular Common Assessments shall be levied against each separate Unit, and shall commence as to all Units in the Project on the first day of the month in which the closing of the first sale of a Unit occurs.

18.1.2. Special Assessments. In addition to the Regular Common Assessments, the Association may levy in any calendar year, Special Common Assessments applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement upon any Common Areas and Facilities, including the necessary fixtures and personal property related thereto, and other costs, expenses of operation or shortfalls in the collection of Common Assessments from the Owners. The portion of any Special Common Assessment levied against a particular Unit shall be equal to the percentage of undivided interest in the Common Areas and Facilities appurtenant to such Unit. These provisions with respect to the imposition or allocation of Special Common Assessments shall not apply when the special assessment against an Owner is a remedy utilized by the Management Committee to reimburse the Association for costs incurred in bringing the Owner and/or his or her Unit into compliance with the provisions of this Declaration, the Bylaws, rules and regulations of the Association, or any other governing instrument for the Project. The Management Committee shall provide notice by first class mail to all Owners of any Special Common Assessments not less than thirty (30) nor more than sixty (60) days prior to the date such Assessment is due.

18.1.3. Interest; Late Fees. All Common Assessments shall be due as determined pursuant to the Bylaws. Common Assessments and any installments thereof not paid on or before ten (10) days after the date when due shall bear interest at the rate of eighteen percent (18%) per annum, or at such lower rate of interest as may be set by the Management Committee, from the date when due until paid. Furthermore, Owners who do not pay their Common Assessments when due shall be subject to a reasonable late fee, established by the Management Committee from time to time. All payments of Common Assessments shall be first applied to accrued interest and late fees, costs of collection, and then to the Common Assessment payment first due. All Common Assessments to pay a judgment against the Association may be made only against the Units in the Project at the time the judgment was entered, in proportion to their liabilities for Common Expenses. If any Common Expense is caused by the misconduct of any Owner, the Association may assess that expense exclusively against such Owner's Unit(s). If the Owners' percentage interests in the Common Areas and Facilities are modified pursuant to any provision hereof, assessments for Common Expenses and any

installment thereof not yet due must be recalculated in accordance with the reallocated percentage interests of the Owners.

18.1.4. Lien for Assessments. There shall be a lien upon the applicable Unit for all unpaid Common Assessments, together with late fees, interest and costs (including attorneys' fees) charged pursuant to the Declaration and the Act. The recordation of this Declaration in the Office of the Utah County Recorder constitutes record notice and perfection of such assessment lien. To establish the priority of the lien pursuant to this Section 18.1.4, a written notice of lien shall be recorded setting forth the amount of the Common Assessment, the date(s) due, the amount remaining unpaid, the name of the Owner of the Unit and a description of the Unit. No notice of lien shall be recorded until there is a delinquency in payment of the Common Assessment. Such lien may be enforced by sale or foreclosure by the Management Committee or Common Area Manager conducted in accordance with the provisions of law applicable to the exercise of powers of sale or foreclosure in deeds of trust or mortgages or in any other manner permitted by law including specifically, but without limitation, the method recognized under the laws of the State of Utah for the enforcement of a mechanics lien which has been established in accordance with the provisions of Title 38, Chapter 1a, *Utah Code Ann.*, as amended from time to time.

18.1.5. Foreclosure. 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 to the Association any Common Assessments against the Unit which shall become due during the period of foreclosure, together with interest and late fees as set forth herein, and all such Common Assessments shall be secured by the lien being foreclosed. In furtherance of such foreclosure rights, the Association may bring an action at law against the Owner personally obligated to pay the same or the Association may foreclose the lien in accordance with the provisions of the Act. Declarant, Association and each Owner hereby convey and warrant pursuant to *Utah Code Ann.* Sections 57-1-20 and 57-8-45 to Founders Title Company, with power of sale, the Units and all improvements to the Units for the purpose of securing payment of Common Assessments under the terms of this Declaration. Provided, however, the Association reserves the right to substitute and appoint a successor trustee as provided for in Title 57, Chapter 1, *Utah Code Ann.* Each Owner hereby conveys all of its right, title and interest in its Unit to such trustee, in trust, with a power of sale, for the sole purpose of securing each Owner's obligations under the Declaration, including but not limited to the obligation to pay all Common Assessments. The Association may, through the Common Area Manager or other duly authorized agent, bid on the Unit at any foreclosure sale and acquire, hold, lease, mortgage and convey the same.

18.1.6. Priority of Lien. The lien of the Association has priority over each lien and encumbrance on a Unit except: (a) a lien or encumbrance recorded before recordation of this Declaration, (b) a first or second Mortgage on a Unit that is recorded before a recorded notice of lien by or on behalf of the Association, or (c) a lien of real estate taxes or other governmental assessments or charges against the Unit. The lien procedures

described herein do not prohibit actions to recover sums for which the Act creates a lien or prohibit the Association from taking a deed in lieu of foreclosure.

18.1.7. Nonjudicial Foreclosure. At least thirty (30) calendar days before initiating a nonjudicial foreclosure to enforce a lien for unpaid Common Assessments, the Association shall provide notice ("Foreclosure Notice") to the Owner that is the intended subject of the nonjudicial foreclosure. The Foreclosure Notice shall: (i) notify the Owner that the Association intends to pursue nonjudicial foreclosure with respect to the Owner's Unit to enforce the Association's lien for unpaid assessments; (ii) notify the Owner of the Owner's right to demand judicial foreclosure in the place of nonjudicial foreclosure; (iii) be sent to the Owner by certified mail, return receipt requested and be included with other Association correspondence to the Owner; and (iv) be in substantially the following form:

**NOTICE OF NONJUDICIAL FORECLOSURE  
AND RIGHT TO DEMAND JUDICIAL  
FORECLOSURE**

The Somersett Court Condominium Association, a Utah non-profit corporation (the "Association"), the association for the project in which your unit is located, intends to foreclose upon your unit and allocated interest in the common areas and facilities using a procedure that will not require it to file a lawsuit or involve a court. This procedure is being followed in order to enforce the Association's lien against your unit and to collect the amount of an unpaid assessment against your unit, together with any applicable late fees and the costs, including attorney fees, associated with the foreclosure proceeding. Alternatively, you have the right to demand that a foreclosure of your property be conducted in a lawsuit with the oversight of a judge. If you make this demand and the Association prevails in the lawsuit, the costs and attorney fees associated with the lawsuit will likely be significantly higher than if a lawsuit were not required, and you may be responsible for paying those costs and attorney fees. If you want to make this demand, you must state in writing that 'I demand a judicial foreclosure proceeding upon my unit,' or words substantially to that effect. You must send this written demand by first class and certified U.S. mail, return receipt requested, within 15 days after the date of the postmark on the envelope in which this notice was mailed to you. The address to which you must mail your demand is Somersett Court Condominium Association, 12351

Gateway Park Placc, Suite D-100, Draper, Utah  
84020.

18.1.8. Demand for Judicial Foreclosure. The Association may not use a nonjudicial foreclosure to enforce a lien if an Owner mails the Association a written demand for judicial foreclosure: (i) by U.S. mail, certified with a return receipt requested; (ii) to the address stated in the Foreclosure Notice; and (iii) within 15 days after the date of the postmark on the envelope of the Foreclosure Notice.

18.1.9. Liability upon Conveyance. In a voluntary conveyance of a Unit, the grantee of the Unit shall be jointly and severally liable with the grantor for all unpaid assessments against the grantor for his or her Common Assessments up to the time of the grant or conveyance, without prejudice to the grantee's rights to recover from the grantor the amounts paid by the grantee. The Management Committee, upon written request, shall furnish to an Owner a statement setting forth the amount of unpaid assessments against the Unit. This statement shall be furnished within ten (10) business days after receipt of the request and upon payment of a reasonable fee and is binding on the Association, the Management Committee, the Common Area Manager and every Owner, in favor of all who rely on such statement in good faith. The grantee shall not be liable for, nor shall the Unit conveyed be subject to a lien for, any unpaid assessments against the grantor in excess of the amount set forth in the statement furnished under this Section.

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

18.1.11. Lien Unaffected. The lien to secure unpaid assessments and fees or costs related to the collection of such 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 any First Mortgagee who obtains title to a Unit pursuant to the remedies in the Mortgage or through foreclosure will not be liable for assessments and fees or costs related to the collection of such unpaid Common Assessments, so long as such Common Assessments and fees or costs related to collection accrued before the acquisition of the title to the Unit by the First Mortgagee, but such acquisition shall not relieve any Owner from paying further Common Assessments.

18.2. Capital Reserves. The Association through the Management Committee shall include in the Common Assessments amounts representing sums to be used for the replacement of or additions to capital items or improvements in the Project. Said amounts shall be dedicated for the uses provided in this Section. Upon the transfer of a Unit, the capital reserves previously

paid by the transferring Owner shall remain the property of the Association, for the use and benefit of the Association in making future repairs, replacements, improvements and capital additions to the Project. In utilizing such reserves, there shall be no single improvement exceeding the sum of One Hundred Thousand Dollars (\$100,000) (as measured in year 2020 dollars and thereafter adjusted by the Cost of Living Index) made by the Management Committee without the same having been either identified as required under the reserve analysis provided for in Section 18.4 or having been first voted on and approved by the majority of the votes of those present in person or by proxy at a meeting of the Association duly called for that purpose or otherwise so approved without a meeting. The foregoing shall not apply in connection with damage or destruction referred to in Article 13 hereof or to such structural alterations or capital additions or capital improvements to the Common Areas and Facilities as are necessary in the Management Committee's reasonable judgment to preserve or maintain the integrity of the Common Areas and Facilities.

18.3. Use of Reserve Funds. The Management Committee shall not expend funds designated as reserves for any purpose other than for that which the reserve fund was established; provided that upon a majority vote of the Total Votes of the Association, reserves may be used for the repair, restoration, replacement or maintenance of major components of the Common Areas and Facilities for which the Association is responsible, or for litigation involving such matters. Nevertheless, the Management Committee may authorize the temporary transfer of money from the reserve account to the Association's operating account from time to time to meet short term cash flow requirements and pay other expenses. Any such funds so transferred shall constitute a debt of the Association, and shall be restored and returned to the reserve account within three (3) years of the date of the initial transfer; provided, however, the Management Committee may, upon making a documented finding that a delay in the restoration of such funds to the reserve account would be in the best interests of the Project and Association, delay such restoration until the time it reasonably determines to be necessary. The Management Committee shall exercise prudent fiscal management in the timing of restoring any transferred funds to the reserve account and shall, if necessary, levy a Special Common Assessment to recover the full amount of the expended funds within the time limit specified above. Any such Special Common Assessment shall not be subject to the limitations set forth in Section 18.1.2 hereof.

18.4. Reserve Analysis. Following the Period of Declarant Control, at least once every six (6) years, the Management Committee shall cause a study to be conducted of the reserve account of the Association and its adequacy to satisfy anticipated future expenditure requirements. The Management Committee shall, thereafter, at least once every three (3) years review the reserve account study and shall consider and implement necessary adjustments to reserve account requirements and funding as a result of that review. Any reserve account study shall include, at a minimum:

18.4.1. Identification of the major components which the Association is obligated to repair, replace, restore or maintain which, as of the date of the study, have a useful life of thirty (30) years or less.

18.4.2. Identification of the probable remaining useful life the components identified in Section 18.4.1 above, as of the date of the study.

18.4.3. An estimate of the cost of repair, replacement, restoration or maintenance of each major component identified in Section 18.4.1 above, during and at the end of its useful life.

18.4.4. An estimate of the total annual contribution necessary to defray the cost to repair, replace, restore or maintain each major component during and at the end of its useful life, after subtracting total reserve funds as of the date of the study.

For the purposes of this Section, the term "reserve account requirements" means the estimated funds which the Management Committee has determined are required to be available at a specified point in time to repair, replace or restore those major components which the Association is obligated to maintain.

18.5. Assignment of Leases. If an Owner shall at any time lease his or her Unit and fails to pay Common Assessments and/or Patio Lease Assessments within sixty (60) days after such assessments become due and payable, the Management Committee may, at its option, so long as such default shall continue, demand and receive from any tenant of the Owner the rent due or becoming due, and the payment of such rent to the Management Committee shall be sufficient payment and discharge of such tenant and the Owner for such assessments to the extent of the amount so paid. The Management Committee shall provide notice in accordance with this Section 18.5, subject to subsequent changes to the Act and other applicable laws.

18.5.1. The Management Committee shall provide notice to the Owner in accordance with the provisions of this Declaration, which shall state: (i) the amount of the assessment due, including any interest, late fee, collection cost, and attorney fees; (ii) that any costs of collection, including attorney fees, and other assessments that become due may be added to the total amount due and to be paid through the collection of lease payments; and (iii) that the Association intends to demand payment of future lease payments from the Owner's tenant if the Owner does not pay the amount owing within fifteen (15) days.

18.5.2. If an Owner fails to pay the amount owing within fifteen (15) days after the Management Committee gives the Owner notice, the Management Committee may exercise the rights of the Association by delivering a written notice to the tenant.

18.5.3. The Management Committee shall provide notice to the tenant stating that: (i) due to the Owner's failure to pay an assessment within the required time, the Management Committee has notified the Owner of its intent to collect all lease payments until the amount owing is paid; (ii) the law requires the tenant to make all future lease payments, beginning with the next monthly or other periodic payment, to the Association until the amount owing is paid; and (iii) the tenant's payment of lease payments to the association of unit owners does not constitute a default under the terms of the lease with the Owner. The Management Committee shall mail a copy of such notice to the Owner.

This Section 18.5 shall be incorporated by reference into every lease agreement entered into by and between an Owner and his or her tenant, whether or not this Section is expressly referenced therein.

18.6. Declarant Right to Subsidize the Community Association. At the election of Declarant, and upon Declarant executing and delivering to the Association a written Subsidy Agreement incorporating the terms of this Section 18.6, the following provisions shall apply:

18.6.1. In lieu of paying Common Assessments, and so long as the Subsidy Agreement is in effect, Declarant shall contribute its share of capital reserves and subsidize the Association for the amount by which the cost of operating and administering the Association exceeds the total amount of Common Assessments levied against the Units (excluding Unconstructed Units) owned by Owners other than Declarant. The total amount paid by Declarant as a subsidy shall not exceed the amount Declarant would have otherwise paid as Common Assessments levied against the Units owned by Declarant.

18.6.2. The subsidy may be in the form of cash or in the form of "in-kind" contributions of goods or services, or in any combination of the foregoing, and any subsidies made by Declarant in the form of "in-kind" contributions of goods or services shall be valued at the fair market value of the goods or services contributed.

18.6.3. Declarant shall make payments or contributions in respect of its subsidy obligations under this Section 18.6 at such times as the Management Committee may reasonably request from time to time (but shall not be required to make such payments or contributions more often than monthly).

18.6.4. At the end of each fiscal year of the Association, either: (a) Declarant shall pay or contribute to the Association such additional funds, goods or services (or any combination thereof) as may be necessary, when added to all other funds, goods and services paid or contributed by Declarant during such fiscal year, to satisfy in full Declarant's subsidy obligations under this Section 18.6 for such fiscal year; or (b) the Association shall pay to Declarant or credit against Declarant's subsidy obligation for the immediately following fiscal year, as Declarant may elect, the amount, if any, by which the total of all payments or contributions paid or made by Declarant during such fiscal year exceeded the total subsidy obligation of Declarant for such fiscal year under this Section 18.6.

18.7. Reinvestment Fee. Each purchaser of a Unit within the Project shall pay to the Association at closing a "Reinvestment Fee" immediately upon becoming the Owner of the Unit (i.e., at closing of the purchase) in such amount as is established from time to time by the Management Committee, to reimburse the Association for costs incurred by the Association in connection with transfer of title to such new Owner and for the payment of other Common Expenses and/or reserves, as the Management Committee may determine in its sole and exclusive discretion. Currently, the Reinvestment Fee shall be one half percent (0.5%) of the gross sales price of any Unit unless otherwise determined by the Management Committee; provided, however, that in no event shall the reinvestment fee exceed one half percent (0.5%) of the gross sales price of any Unit. The Management Committee shall have the right to collect and enforce the payment of the Reinvestment Fee in the same manner as enforcement and collection of unpaid Common Assessments as further described in this Article 18. In the event that the Reinvestment Fee is not paid at closing to the Association, then the Management Committee

shall have the right to impose a penalty against the new Owner of the Unit in an amount as determined by the Management Committee from time to time in its sole and exclusive discretion.

18.7.1. For purposes of this Section 18.7, "gross sales price" shall mean, in the case of a transfer that is in all respects a bona fide sale, the greater of: (a) the gross sales price stated in the agreement for purchase and sale; (b) the gross sales price stated on the settlement statement prepared by a third-party escrow or title agent; or (c) the total consideration given for the transfer (or the equivalent thereof which would have been received by the transferor had the transaction been an arms-length, third-party cash transaction, in the event the transfer is not an arms-length, third-party cash transaction) of the Unit subject to transfer. In case of a transfer that is a lease for a period of twenty (20) or more years or is otherwise not in all respects a bona fide sale, the gross sales price of the Unit subject to transfer shall be the fair market value of the Unit as determined by the Management Committee. A transferee may make written objection to the Management Committee's determination of value for a non arms-length transfer within fifteen (15) days after the Management Committee has given notice of such determination, in which event the Management Committee shall obtain an appraisal, at the transferee's sole expense, from a certified real estate appraiser of good reputation, who is qualified to perform appraisals in Utah, who is familiar with Salt Lake County and local area real estate values, and who shall be selected by the Management Committee. The appraisal so obtained shall be binding on both the Management Committee and the transferee. Notwithstanding any provision herein to the contrary, where a transferee does not object within the fifteen (15) day period established above, the transferee shall be deemed to have waived all right of objection concerning gross sales price, and the Association's determination of such shall be binding.

18.7.2. No such Reinvestment Fee shall be payable and a transfer shall not be deemed to have occurred with respect to (a) the creation of any Mortgage, (b) any foreclosure of a First Mortgage, (c) the exercise of a power of sale available under a First Mortgage, (d) the taking of a deed or assignment in lieu of a foreclosure by a First Mortgagee, (e) the conveyance by a First Mortgagee of a deed to a Unit, or part thereof or interest therein, to a grantee if such First Mortgagee shall have obtained title to such Unit, or part thereof or interest therein, pursuant to subclause (b), (c) or (d) above, (f) any transfer, sale or conveyance by Declarant, or (g) any transfer to a family trust or other closely held entity solely for estate or business planning purposes. For purposes of this Section 18.7, a "transfer" shall mean, whether in one transaction or in a series of related transactions, any sale, conveyance, assignment, lease, or other transfer of any beneficial ownership of or interest in any Unit, including but not limited to (i) the conveyance of fee simple title to any Unit, (ii) the transfer of more than 50 percent (50%) of the outstanding shares of the voting stock of a corporation which, directly or indirectly, owns one or more Units, and (iii) the transfer of more than 50 percent (50%) of the interest in net profits or net losses of any partnership, limited liability company, joint venture or other entity which, directly or indirectly, owns one or more Units. Declarant, during the Period of Declarant Control, and thereafter the Management Committee, shall have the right to determine in their respective sole and exclusive judgment whether or not a "transfer" has occurred for the purposes of levying a Reinvestment Fee.

A separate notice of the Reinvestment Fee required by this Section 18.7 has been or shall be Recorded.

## ARTICLE 19 VOTING

19.1. Voting Rights. At any meeting of the Association, each Owner of a Unit, including Declarant, either in person or by proxy, shall be entitled to vote the number of votes appurtenant to each respective Unit as set forth in Exhibit B. The number of votes for each Unit shall be the undivided interest in the Common Areas and Facilities appurtenant to such Unit multiplied by 100 and rounded to the nearest whole vote. The voting rights appurtenant to each Unit shall vest upon execution and recording of this Declaration. In no event shall any tenant, occupant or resident of a Unit (other than an Owner) have any voting rights under this Declaration or any other Condominium Documents.

19.2. Permanent Character. The number of votes appurtenant to each Unit shall have a permanent character, and, except as otherwise permitted and provided for in this Declaration, shall not be altered without the unanimous consent of all Owners expressed in a duly recorded Amendment.

## ARTICLE 20 EASEMENTS

20.1. Encroachment on Units. If any part of the Common Areas and Facilities encroaches or shall hereafter encroach upon a Unit or Units, an easement for such encroachment and for the maintenance of the same shall and does exist. If any part of a Unit encroaches or shall hereafter encroach upon the Common Areas and Facilities, or upon an adjoining Unit or Units, an easement for such encroachment and for the maintenance of the same shall and does exist. Such easements shall extend for whatever period the encroachment exists. Such encroachments shall not be considered to be encumbrances either on the Common Areas and Facilities or the Units. Encroachments referred to herein include, but are not limited to, encroachments caused by error in the original construction of any improvement constructed or to be constructed within the Project, by error in the Plat, by settling, rising or shifting of the earth, or by changes in position caused by repair or reconstruction of the Project or any part thereof.

20.2. Declarant's Easements. Declarant shall have the right to grant easements, licenses, leases, and other use rights in and to portions of the Common Areas and Facilities of the Project, at Declarant's sole discretion, without the vote or concurrence of Owners, Mortgagees or the Association, which may benefit Owners. In addition, Declarant shall have an easement under, over, upon and across the Common Areas and Facilities as necessary or convenient for the purpose of exercising any of the rights or benefits granted to or reserved by Declarant under this Declaration (including, but not limited to, all Developmental Rights).

20.3. Ingress and Egress. Each Owner shall have the right to ingress and egress over, upon and across the Common Areas and Facilities as necessary for access to the Unit he or she is occupying and to any Limited Common Areas and Facilities appurtenant to his or her Unit, and shall have the right to the horizontal, vertical and lateral support of his or her Unit.

20.4. Association Easement. The Association shall have an easement to make such use of the Common Areas and Facilities as may be necessary or convenient to perform the duties and functions that each is obligated or permitted to perform pursuant to this Declaration, including, without limitation, the right to construct and maintain in the Common Areas and Facilities for use by the Owners and the Association.

20.5. Construction Easement. Declarant shall have a temporary construction easement over the Common Areas and Facilities for the purpose of doing all things that are reasonably necessary as a part of constructing all Units and Common Areas and Facilities as well as other physical improvements. The Owners of Units which have already been constructed do hereby acknowledge and agree that there will be construction activities, traffic, noises, dust, odors and vibrations which may temporarily disrupt their quiet enjoyment of their Units and the Common Areas and Facilities appurtenant thereto, and such Owners do hereby waive any right to object to such construction activity. Declarant's construction activities pursuant to the easement granted hereunder shall not be deemed to be a violation of the restrictions set forth in Article 8 hereof.

20.6. Easement for Infrastructure. Declarant, for itself and its successors and assigns, including Owners, retains a right and easement in and about the Buildings for the construction and installation of any duct work, additional plumbing, or other additional services or utilities in the Common Areas and Facilities in connection with the improvement or alteration of any Unit, including the right of access to such areas of the Common Areas and Facilities as is reasonably necessary to accomplish such improvements. In the event of a dispute among Owners with respect to the scope of the easement reserved in this Section, the decision of the Management Committee shall be final.

20.7. Grant Implied. All conveyances of Units within the Project hereafter made, whether by Declarant or otherwise, shall be construed to grant and reserve such easements as are provided herein, even though no specific reference to such easements appears in any such conveyance.

20.8. Utility Easement. There is hereby created a general easement upon, across, over, in, and under all of the Property for ingress and egress and for installation, replacement, repair, and maintenance of all utilities, including but not limited to water, sewer, gas, telephone, electricity, and a cable communication system. By virtue of this easement, it shall be expressly permissible and proper for the companies providing electrical, telephone, data transmission, and other communication services to erect and maintain the necessary equipment on or beneath the Property and to affix and maintain electrical, communications, and telephone wires, circuits, and conduits under the Property. Any utility company using this general easement shall use its best efforts to install and maintain the utilities provided without unduly disturbing the uses of the Owners, the Association, and Declarant; shall prosecute its installation and maintenance activities as promptly as reasonably possible; and shall restore the surface to its original condition as soon as possible after completion of its work. Should any utility company furnishing a service covered by the general easement request a specific easement by separate recordable document, Declarant or the Management Committee shall have, and are hereby given, the right and authority to grant such easement upon, across, over, or under any part or all of the Property without conflicting with the terms hereof. The easements provided for in this Section

20.8 shall in no way affect, avoid, extinguish, or modify any other recorded easement on the Property.

20.9. Public Safety Easement. A general easement is hereby granted to all police, sheriff, fire protection, ambulance, and all other similar emergency agencies or persons to enter upon all streets and upon the Property in the proper performance of their duties.

20.10. Streets, Parking and Facilities. Declarant reserves (a) the right to dedicate any access roads and streets serving the Property to public use, to grant road easements with respect thereto and to allow such street or road to be used by owners of adjacent land; and (b) the right to enter into, establish, execute, amend, and otherwise deal with contracts and agreements for the use, lease, repair maintenance or regulation of parking or recreational facilities, which may or may not be a part of the Property for the benefit of the Owners, or the Association.

## **ARTICLE 21 NOTICES**

Any notice permitted or required to be delivered as provided herein may be delivered either personally, by first class mail, by express mail or overnight courier service providing proof of delivery, or by electronic (e-mail) or facsimile transmission. Consent to electronic notice is deemed granted in the event an Owner provides a fax number or e-mail address to the Association. Notice to Owners shall be addressed to each Owner at the address given by such Owners to the Management Committee for the purpose of service of such notice or to the Unit of such Owner if no such address has been given to the Management Committee. Notice shall be deemed given when actually received if personally delivered or sent by overnight courier; if faxed or e-mailed, when the fax or e-mail is received, except that if the fax or e-mail is received at a time other than the normal business hours of the office at which it is received, on the next regular business day; and if by mail, the earlier of the day actually received or the third business day after the notice is deposited in the United States Mail, properly addressed and postage prepaid. Such address may be changed from time to time by notice in writing to the Management Committee.

## **ARTICLE 22 NO WAIVER**

The failure of the Management Committee or its agents or designees to insist, in one or more instances, upon the strict performance of any of the terms, covenants, conditions or restrictions of this Declaration, the Bylaws, and the rules and regulations, to exercise any right or option herein or therein contained or to serve any notice or to institute any action shall not be construed as a waiver or a relinquishment for the future of such term, covenant, condition or restriction; but such term, covenant, condition or restriction shall remain in full force and effect. The receipt and acceptance by the Management Committee or its agents or designees of the payment of any assessment from an Owner with knowledge of the breach of any covenant hereof shall not be deemed a waiver of such breach, and no waiver by the Management Committee of any provision hereof shall be deemed to have been made unless expressed in writing and signed by the Management Committee.

## ARTICLE 23 ENFORCEMENT

23.1. Compliance with Condominium Documents. All Owners, guests or tenants of an Owner, and persons under Owner's control, shall strictly comply with the provisions of the Declaration, the Bylaws, and the rules and regulations and decisions issued pursuant thereto. The Association and any aggrieved Owner shall have a right of action against Owners who fail to comply with provisions of the Declaration or the decisions of the Association. Owners shall have a similar right or action against the Association. Notwithstanding the foregoing or anything else to the contrary contained herein, in no event shall any tenant, occupant or resident of a Unit (other than an Owner) have any right to enforce any provision of this Declaration or any decision of the Association against any person or entity whatsoever (including, without limitation, the Association, Declarant, any Owner or any other tenant, resident or occupant of a Unit or any portion of the Project). Failure to so comply shall be grounds for: (i) an action to recover sums due for damages or injunctive relief or both, maintainable by the Association, through the Management Committee or its agent or designee, or in an appropriate case, by an aggrieved Owner; and/or (ii) the Management Committee to impose monetary penalties, temporary suspensions of an Owner's right to the use of a Unit or the Common Areas and Facilities, or other appropriate discipline so long as any such Owner has been given notice and has had an opportunity to present a written or oral defense to the charges in a hearing. The Management Committee shall determine whether the Owner's defense shall be oral or written. After the hearing, but before any disciplinary action is taken, the Owner shall be notified of the decision of the Management Committee. The Management Committee may delegate to the Common Area Manager, the power and authority to carry out disciplinary actions duly imposed.

23.2. No Forfeiture; Exceptions. The Association shall not be empowered to cause the absolute forfeiture of an Owner's right, title or interest in the Project on account of the Owner's failure to comply with the provisions of the Declaration or the rules and regulations for the Project except pursuant to:

23.2.1. The judgment of a court; or

23.2.2. A foreclosure for the failure of an Owner to pay assessments duly levied by the Association.

23.3. Judicial Authority Required. The Association shall only be empowered to cause or require alteration or demolition of any construction to enforce any restrictions contained in this Declaration pursuant to judicial proceedings.

## ARTICLE 24 DECLARANT

The term "Declarant" as used herein shall mean and include Declarant and any person or persons who might acquire title from it to all or some of the unsold Units (other than sales of Units in the ordinary course of Declarant's business) through purchase, assignment or other transfer including foreclosure or deed in lieu of foreclosure; or, in the situation where, any person purchases all, or some of the remaining Units in a sale in the nature of a bulk sale. The

person acquiring any of such property from Declarant shall be considered a Declarant with respect to that portion of the property so acquired and shall have the right to develop the property and/or sell or lease such property in accordance with the terms and provisions of this Declaration and the Act. Any right or any interest reserved or contained in this Declaration for the benefit of Declarant, may be transferred or assigned by Declarant, either separately or with one or more other such rights or interests, to any person, corporation, partnership, association, or other entity, only by written instrument executed by both Declarant and the transferee or assignee and recorded in the Office of the Recorder of Utah County, Utah. Upon such recording, Declarant's rights and obligations under this Declaration shall cease and terminate to the extent provided in such instrument.

## ARTICLE 25 DISPUTE RESOLUTION

25.1. Mediation. The Bound Parties (defined below) agree that it is in the best interests of all concerned to encourage the amicable resolution of disputes involving the Project without the emotional and financial costs of litigation. Accordingly, each Bound Party agrees to first submit such Claim to the mediation procedures set forth in Section 25.2 in a good faith effort to resolve such Claim. If mediation fails, the Arbitration Provision (defined below) below shall apply.

25.2. Mediation Procedures. The Bound Party asserting a Claim ("Claimant") against another Bound Party ("Respondent") shall give written notice ("Notice") to each Respondent and to the Management Committee stating plainly and concisely: (i) the nature of the Claim, including the persons involved and the Respondent's role in the Claim; (ii) the legal basis of the Claim (i.e., the specific authority out of which the Claim arises); (iii) the Claimant's proposed resolution or remedy; and (iv) the Claimant's desire to meet with the Respondent to discuss in good faith, ways to resolve the Claim.

25.2.1. The Claimant and Respondent shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation. If requested in writing, accompanied by a copy of the Notice, the Management Committee may appoint a representative to assist the parties in negotiating a resolution of the Claim.

25.2.2. If the parties have not resolved the Claim through negotiation within 30 days of the date of the Notice (or within such other period as the parties may agree upon), the Claimant shall have 30 additional days to submit the Claim to mediation with an entity designated by the Management Committee (if the Association is not a party to the Claim) or to an independent agency providing dispute resolution services in Salt Lake County. If the Claimant does not submit the Claim to mediation within such time, or does not appear for the mediation when scheduled, the Claimant shall be deemed to have waived the Claim, and the Respondent shall be relieved of any and all liability to the Claimant (but not third parties) on account of such Claim.

25.2.3. If the parties do not settle the Claim within 60 days after submission of the matter to mediation, or within such time as determined reasonable by the mediator,

the mediator shall issue a notice of termination of the mediation proceedings indicating that the parties are at an impasse and the date that mediation was terminated. The Claimant shall thereafter be entitled to commence arbitration proceedings.

25.2.4. Any settlement of the Claim through negotiation or mediation shall be documented in writing and signed by the parties. If any party thereafter fails to abide by the terms of such agreement, then any other party may file suit or initiate administrative proceedings to enforce such agreement without the need to again comply with the procedures set forth in this Section. In such event, the party taking action to enforce the agreement or award shall, upon prevailing, be entitled to recover from the non-complying party (or if more than one non-complying party, from all such parties in equal proportions) all costs incurred in enforcing such agreement or award, including, without limitation, attorney's fees and court costs.

25.3. Opt-Out Right. IF AN OWNER DOES NOT WANT THE FOLLOWING ARBITRATION PROVISION TO APPLY, THE OWNER MUST SEND A LETTER TO DECLARANT, SIGNED BY THE OWNER (AND ANY CO-OWNER OF THE SAME UNIT) AND ADDRESSED TO SOMERSETT COURT CONDOMINIUM ASSOCIATION, 12351 GATEWAY PARK PLACE, SUITE D-100, DRAPER, UTAH 84020, ATTN: ARBITRATION OPT-OUT. THE LETTER MUST BE SENT WITHIN THIRTY (30) DAYS AFTER THE CONVEYANCE OF AN OWNER'S UNIT TO SUCH OWNER, AND MUST STATE THAT THE OWNER DOES NOT WANT ARBITRATION TO APPLY TO THE MATTERS DESCRIBED IN THIS ARTICLE 25. ANY OPT OUT WILL RENDER THIS ARBITRATION PROVISION NULL AND VOID BUT WILL HAVE NO OTHER EFFECT ON THE OWNER'S RIGHTS.

25.4. Arbitration Terms Defined. In the arbitration provision described in this Article 25 ("Arbitration Provision"), the following capitalized words, phrases or terms have the meanings set forth below:

25.4.1. "Institutional Party" means each Declarant and its affiliates; the Association during the Period of Declarant Control; any third party that provides any product or service to a Consumer Party in connection with this Declaration, if and only if such third party is named as a co-party with another Institutional Party in a Claim asserted by a Consumer Party; their successors and assigns; and the agents, representatives, members, employees, officers and/or directors of the foregoing entities.

25.4.2. "Consumer Party" means the Owners; their heirs, successors and assigns; and the Association after the Period of Declarant Control.

25.4.3. "Bound Party" means any Institutional Party or Consumer Party who asserts a Claim or has a Claim asserted against such party.

25.4.4. "Claim" means any claim, dispute or controversy between an Institutional Party and a Consumer Party, other than an Exempt Claim, arising out of or relating in any way to this Declaration or any other documents governing the Project, the Property, or the Units, including any such claim, dispute or controversy regarding or arising over the

marketing and sale of Units; the terms of this Declaration or any other documents governing the Project; the design, specifications, surveying, planning, supervision, testing, observation of construction or construction of an improvement to, or survey of, the Property; or the maintenance or use of the Property. This includes, without limitation, disputes concerning the validity, enforceability, arbitrability or scope of this Arbitration Provision or this Declaration; disputes involving alleged fraud or misrepresentation, breach of contract, negligence or violation of statute, regulation or common law; and disputes involving requests for declaratory relief, injunctions or other equitable relief.

25.4.5. "Exempt Claim" means any of the following Claims, which will not be subject to this Arbitration Provision: (i) any individual action brought by a Consumer Party in small claims court or a relevant state's equivalent court, unless such action is transferred, removed, or appealed to a different court; (ii) any action to effect a judicial or non-judicial foreclosure; (iii) any eviction or other summary proceeding to secure possession of real property or an interest therein; (iv) any action in any bankruptcy proceeding to assert, collect, protect, realize upon or obtain possession of the collateral for any amount owed; (v) any action to quiet title; (vi) any action insofar as it seeks provisional or ancillary remedies in connection with any of the foregoing; (vii) any self-help remedy, such as the refusal of an Institutional Party to allow a Consumer Party to use a Unit, or any individual action in court by one party that is limited to preventing the other party from using a self-help remedy and that does not involve a request for damages or monetary relief of any kind; and (viii) any dispute concerning the validity and effect of Section 25.10 below, the ban on class actions and certain other proceedings (the "Class Action Ban"). Notwithstanding the prior sentence, at the request of a Consumer Party, the Institutional Parties will agree to arbitrate under this Arbitration Provision any matter covered by items (ii)–(vi) above if arbitration will afford the parties substantially the same rights and remedies as a court action. Any dispute regarding the question of whether arbitration will afford the parties substantially the same rights and remedies as a court action is also an Exempt Claim and shall be determined exclusively by the court and not by an arbitrator. If one or more Institutional Parties are allowed to proceed outside arbitration with respect to any of the matters covered by items (ii)–(vi) above, the Consumer Party may assert in court on an individual basis any related defenses or Claims such Consumer Party may have.

25.4.6. "Administrator" means either of the following companies to be selected by the Bound Party initiating the arbitration: National Arbitration Forum ("NAF"), P.O. Box 50191, Minneapolis, MN 55405, <http://www.arb-forum.com>, or the American Arbitration Association ("AAA"), 1633 Broadway, 10th Floor, New York, NY 10019, <http://www.adr.org>. However, neither NAF nor AAA may serve as Administrator, without the consent of all Bound Parties asserting or defending a Claim, if it adopts or has in place any formal or informal policy that is inconsistent with and purports to override the terms of the Class Action Ban.

25.5. Arbitration of Claims. Unless a Consumer Party has opted out of this Arbitration Provision, upon the election of any Consumer Party or Institutional Party asserting or defending a Claim, such Claim shall be resolved by binding individual (and not class) arbitration. Notice of

an election to arbitrate a Claim may be given after a lawsuit begins and may be given in papers filed in the lawsuit. Any arbitration will be conducted in accordance with this Arbitration Provision and, to the extent consistent with this Arbitration Provision, the rules of the Administrator in effect at the time the Claim is filed.

25.6. Fees. If a Consumer Party cannot obtain a waiver of any fees of the Administrator or arbitrator, the Institutional Parties will consider in good faith any request for them to pay such fees for the Consumer Party. Each Bound Party shall bear the fees and expenses of that Bound Party's attorneys, experts, and witnesses, provided that the Institutional Parties will bear the reasonable fees and expenses incurred by a Consumer Party if the Consumer Party prevails on a Claim the Consumer Party has asserted against the Institutional Parties. Also, the Institutional Parties will pay any arbitration, attorneys' and/or other fees and expenses they are required to pay by applicable law or they are required to pay in order to enforce this Arbitration Provision. If a participatory arbitration hearing is requested, it will take place in Salt Lake County, Utah or, if the Administrator determines that such location would be unfair to a Consumer Party, at a location reasonably convenient to such Consumer Party and the Institutional Parties.

25.7. Governing Law. This Arbitration Provision shall be governed by the Federal Arbitration Act, 9 U.S.C. §§ 1-16 (the "FAA") and not state arbitration laws, provided that Utah law shall govern to the extent that state law is relevant under the FAA in determining the enforceability of this Arbitration Provision. The arbitrator shall be obligated to follow applicable substantive laws, statutes of limitations and privilege rules related to any Claim. The arbitrator shall award the remedies, if any, that would be available in an individual court proceeding if arbitration had not been elected. This includes, without limitation, compensatory, statutory and punitive damages (which shall be governed by the constitutional standards applicable in judicial proceedings); declaratory, injunctive and other equitable relief; and attorneys' fees and costs. Upon the timely request of any Bound Party, the arbitrator shall write a brief explanation of the grounds for his or her decision. In addition to the Bound Parties' rights under the Administrator's rules to obtain information prior to the hearing, any Bound Party may ask the arbitrator for more information from the other party. The arbitrator will decide the issue in his or her sole discretion, after allowing the other Bound Party the opportunity to object.

25.8. Appeal of Arbitrator's Decision. Any court with jurisdiction may enter judgment upon the arbitrator's award. The arbitrator's decision will be final and binding, except for any appeal right under the FAA. However, for Claims involving more than \$50,000, any Bound Party may appeal the award to a three-arbitrator panel appointed by the Administrator, which will reconsider from the start any aspect of the initial award that is appealed. The panel's decision will be final and binding, except for any appeal right under the FAA. Fees and costs associated with an appeal shall be governed by Section 25.6 above.

25.9. Jury Trial Waiver. IF A BOUND PARTY ELECTS TO ARBITRATE A CLAIM, NO BOUND PARTY WILL HAVE THE RIGHT TO PURSUE THAT CLAIM IN COURT OR HAVE A JURY DECIDE THE CLAIM.

25.10. Class Action Ban. NO BOUND PARTY MAY PARTICIPATE IN A CLASS ACTION IN COURT OR IN CLASS-WIDE ARBITRATION, EITHER AS A

REPRESENTATIVE, CLASS MEMBER OR OTHERWISE. NO BOUND PARTY MAY PARTICIPATE IN A PRIVATE ATTORNEY GENERAL PROCEEDING IN COURT OR IN ARBITRATION. NO CLAIMS BY OR AGAINST A BOUND PARTY MAY BE JOINED OR CONSOLIDATED WITH CLAIMS BY OR AGAINST ANY OTHER PERSON (EXCEPT FOR CLAIMS INVOLVING THE HEIRS AND SUCCESSORS OF SUCH CONSUMER PARTIES). THE ARBITRATOR SHALL HAVE NO AUTHORITY TO CONDUCT A CLASS-WIDE ARBITRATION, PRIVATE ATTORNEY GENERAL ARBITRATION OR MULTI-PARTY ARBITRATION INCONSISTENT WITH THIS SECTION. Notwithstanding any language in this Arbitration Provision to the contrary, any dispute about the validity or effect of the above Class Action Ban shall be resolved by a court and not an arbitrator or the Administrator.

25.11. Severability. If a determination is made that any part of this Arbitration Provision is unenforceable (other than the Class Action Ban) or that this Arbitration Provision is unenforceable as to any party or parties, this provision shall nonetheless remain enforceable in all other respects and as to all other parties. If the Class Action Ban is held to be unenforceable in connection with any Claim subject to the Class Action Ban, this Arbitration Provision (other than this sentence) shall be null and void in such proceeding, provided that the Institutional Party seeking to enforce the Class Action Ban shall have the right to appeal at the earliest possible time any holding that the Class Action Ban is unenforceable.

25.12. Notice of Claim; Right to Address. Prior to asserting a Claim, the Bound Party with the Claim (the "Claimant") shall give the Bound Party that is the subject of the Claim written notice of the Claim and a reasonable opportunity, not less than thirty (30) days, to resolve the Claim. The Claimant's claim notice must include the Claimant's name, address and telephone number. Any claim notice must explain the nature of the Claim and the relief that is demanded. A Consumer Party may only submit a claim notice on his or her own behalf and not on behalf of any other party. The Claimant must reasonably cooperate in providing any information about the Claim that the other Bound Party reasonably requests. If: (i) a Consumer Party submits a claim notice in accordance with this Section on his or her own behalf (and not on behalf of any other party); (ii) the Institutional Party refuses to provide the requested relief; and (iii) an arbitrator subsequently determines that the Consumer Party was entitled to such relief (or greater relief), the arbitrator shall award the Consumer Party at least \$7,500 (not including any arbitration fees and attorneys' fees and costs to which the Consumer Party may be entitled under this Arbitration Provision or applicable law).

## **ARTICLE 26 DRONES**

The operation of a drone in the Project, if allowed by the Association, must comply with all Federal Aviation Administration rules and the Association's rules and regulations. No Owner or any other person may operate, cause, allow or authorize the operation of a drone in the airspace above any portion of the Project in such a way as to invade the privacy of any Owner, guests, residents or vendors, whether equipped with a camera or otherwise. Prior written approval of the Management Committee must be given for the operation of a drone in a manner inconsistent with the Association's rules and regulations. For purposes of this Article 26, a "drone" is defined as an unmanned aircraft and all of the associated support equipment, control

station, data links, telemetry, communications and navigation equipment, etc., necessary to operate the unmanned aircraft.

**ARTICLE 27  
AGENT FOR SERVICE OF PROCESS**

The agent for service of process under the Act until the expiration of the Period of Declarant Control under Section 8.4 shall be Jonathan Thornley, whose address is 12351 Gateway Park Place, Suite D-100, Draper, Utah 84020. Thereafter, the agent for service of process shall be the Common Area Manager, or such other persons as the Management Committee may designate.

**ARTICLE 28  
SEVERABILITY**

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

**ARTICLE 29  
CONFLICT**

In case of any conflict between this Declaration and the Articles or the Bylaws of the Association, this Declaration shall control. In case of any conflict between the Articles and the Bylaws, the Articles shall control. The foregoing notwithstanding, in the event of any inconsistency between this Declaration or the Articles or the Bylaws, on the one hand, and or any applicable law, including the Act or the Federal Fair Housing Administration Act, on the other, then in all events the applicable law shall control.

**ARTICLE 30  
CAPTIONS**

The captions in this Declaration are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of this Declaration or the intent of any provision hereof.

**ARTICLE 31  
LAW CONTROLLING**

This Declaration and the Plat and all issues and disputes arising out of either, shall be construed and controlled by and under the laws of the State of Utah.

**ARTICLE 32  
EFFECTIVE DATE**

This Declaration shall take effect when recorded in the office of the County Recorder for Utah County, State of Utah.

*[Intentionally Left Blank; Signature Page Follows]*



**EXHIBIT A****Legal Description of Property**

A portion of the SW1/4 of Section 20, Township 5 South, Range 2 East, Salt Lake Base and Meridian, Pleasant Grove, Utah, more particularly described as follows:

Beginning at a point on a fence line located N00°15'19"W along the Section line 1,376.41 feet and East 1,833.96 feet from the Southwest Corner of Section 20, T5S, R2E, SLB&M; thence N21°01'58"W along said fence 62.15 feet; thence N19°50'09"W along said fence 205.30 feet; thence N05°07'35"E along the extension and along the Easterly lines of those Real Properties described in Deed Entry Nos. 8283:2016 and 14010:1990 of the Official Records of Utah County 317.68 feet to the Southerly line of 400 North Street; thence S88°53'25"E along said street 180.49 feet to a point on a fence line; thence S01°14'01"W along said fence 147.97 feet; thence S87°52'49"E along said fence and along the Southerly line of COOK PROPERTY Subdivision, according to the Official Plat thereof on file in the Office of the Utah County Recorder 213.22 feet; thence S00°41'35"W along said plat 344.74 feet to the Northerly line of Lot 29, WEST CENTER Subdivision, according to the Official Plat thereof on file in the Office of the Utah County Recorder; thence N89°29'11"W along said lot 6.47 feet; thence S00°42'49"W along said lot 18.77 feet; thence West 122.33 feet; thence Northerly along the arc of a non-tangent curve to the right having a radius of 93.94 feet (radius bears: S88°10'40"E) a distance of 10.19 feet through a central angle of 06°12'51" (chord: N04°55'46"E 10.18 feet); thence N08°02'05"E 9.85 feet; thence Northerly along the arc of a non-tangent curve to the left having a radius of 13.00 feet (radius bears: N79°34'26"W) a distance of 12.12 feet through a central angle of 53°25'56" (chord: N16°17'24"W 11.69 feet); thence S67°29'50"W 89.91 feet; thence S69°14'09"W 117.06 feet to the point of beginning.

Contains: 4.00 acres+/-

**EXHIBIT B****Schedule of Units, Square Footage,  
Votes and Undivided Interests in Common Areas**

<b>Unit Identifying Number</b>	<b>Approx. Sq. Footage of Unit<sup>1</sup></b>	<b>No. of Votes per Unit</b>	<b>Undivided Interest Per Unit<sup>2</sup></b>
1	1816	3	2.51%
2	1792	2	2.47%
3	1816	3	2.51%
4	1816	3	2.51%
5	1792	2	2.47%
6	1816	3	2.51%
7	1816	3	2.51%
8	1792	2	2.47%
9	1816	3	2.51%
10	1816	3	2.51%
11	1816	3	2.51%
12	1816	3	2.51%
13	1816	3	2.51%
14	1816	3	2.51%
15	1792	2	2.47%
16	1816	3	2.51%
17	1816	3	2.51%
18	1816	3	2.51%
19	1816	3	2.51%
20	1792	2	2.47%
21	1816	3	2.51%
22	1816	3	2.51%
23	1792	2	2.47%
24	1816	3	2.51%
25	1816	3	2.51%
26	1792	2	2.47%
27	1816	3	2.51%
28	1816	3	2.51%
29	1816	3	2.51%
30	1816	3	2.51%
31	1792	2	2.47%
32	1816	3	2.51%
33	1816	3	2.51%

1. The approximate square footage of each Unit set forth in the foregoing table includes the garage and crawl space of each Unit. As a result, the foregoing approximate square footage of each Unit set forth herein does not constitute the livable square footage of such Unit.
2. May total slightly more or less than 100% due to rounding. Other effects of rounding may also be present in the table.

B-1

Unit Identifying Number	Approx. Sq. Footage of Unit <sup>1</sup>	No. of Votes per Unit	Undivided Interest Per Unit <sup>2</sup>
34	1792	2	2.47%
35	1816	3	2.51%
36	1816	3	2.51%
37	1792	2	2.47%
38	1816	3	2.51%
39	1816	3	2.51%
40	1816	3	2.51%
<b>Total</b>	<b>72400</b>	<b>100</b>	<b>100.00%</b>

1. The approximate square footage of each Unit set forth in the foregoing table includes the garage and crawl space of each Unit. As a result, the foregoing approximate square footage of each Unit set forth herein does not constitute the livable square footage of such Unit.
2. May total slightly more or less than 100% due to rounding. Other effects of rounding may also be present in the table.

**EXHIBIT C**  
**Association Bylaws**  
**[Attached]**

## BYLAWS

### SOMERSETT COURT CONDOMINIUM ASSOCIATION

The administration of Somerset Court Condominium Association ("Association") shall be governed by the Utah Revised Nonprofit Corporation Act (Title 16, Chapter 6a, Utah Code Annotated) ("Act"), the Declaration of Condominium for Somerset Court, a condominium, recorded in the Office of the Utah County Recorder, State of Utah ("Declaration"), the Articles of Incorporation for Somerset Court Condominium Association ("Articles") and these Bylaws (as the Declaration, Articles and these Bylaws may from time to time be amended). Terms which are capitalized in these Bylaws and which are not otherwise defined herein shall have the meaning set forth in the Declaration.

#### 1. BYLAWS APPLICATION.

All present and future Owners, Mortgagees, lessees and occupants of Units and their employees and guests, and any other persons who may use the facilities of the Project in any manner are subject to the Declaration, these Bylaws and all rules and regulations made pursuant hereto and any amendments hereof. The acceptance of a deed or conveyance of a Unit, or the occupancy of any Unit, shall constitute an agreement that the provisions of the Declaration and these Bylaws and any rules and regulations made pursuant hereto, as they may be amended from time to time, are accepted, ratified and will be complied with.

#### 2. MANAGEMENT COMMITTEE.

2.1. The management and maintenance of the Project and the administration of the affairs of the Association shall be conducted by the Management Committee consisting of not less than three (3) nor more than seven (7) members. The initial Management Committee shall be appointed by the Declarant.

2.2. The Declaration establishes a Period of Declarant Control of the Association, during which period the Declarant or persons designated by it have authority to appoint and remove the officers and members of the Management Committee. The Period of Declarant Control shall terminate no later than the earlier of: (i) three (3) years after the first Unit is conveyed to an Owner (other than a person or entity constituting a Declarant under the Declaration); or (ii) after Units to which three-fourths  $\frac{3}{4}$  of the undivided interest in the Common Areas and Facilities appertain have been conveyed to Owners (other than a person or entity constituting a Declarant under the Declaration), whichever last occurs.

2.3. Within one hundred eighty (180) days following the termination of the Period of Declarant Control, the Owners shall elect a Management Committee of three (3) but not more than seven (7) members. The members and officers of the Management Committee shall take office upon election. Thereafter, at every annual meeting, the Association shall elect the members of the Management Committee to fill those positions becoming vacant at such meeting, pursuant to the terms of this Section 2.

2.4. At least ninety (90) days prior to each annual meeting of the Association, the Management Committee may elect from the Owners a nominating committee of not less than

three (3) members. The Management Committee may, but shall not be obligated to, inquire of the Owners to identify those having an interest in serving on the Management Committee. In the event that a nominating committee is formed, it shall recommend to the Association at least one nominee for each position on the Management Committee to be filled at that particular annual meeting. Nominations for positions on the Management Committee may also be made by petition filed with the Secretary of the Association at least seven (7) days prior to the annual meeting of the Association, which petition shall be signed by one (1) or more Owners and the nominee named therein indicating his or her willingness to serve as a member of the Management Committee, if elected.

2.5. Voting for the Management Committee shall be by secret ballot (which may be delivered electronically as directed by the Management Committee). At any meeting of the Association, each Owner, either in person or by proxy, shall be entitled to the number of votes set forth in the Declaration for each Unit owned. The positions on the Management Committee shall be as follows: President, Vice President, and Secretary-Treasurer. The initial members of the Management Committee shall be the following persons and each shall hold the office indicated:

Krisel Travis	President
David Andrus	Vice President
Jonathan Thornley	Secretary-Treasurer

2.6. Members of the Management Committee shall serve as follows:

2.6.1. Members of the Management Committee shall serve for terms of two (2) years beginning immediately upon their election by the Association; provided, however, that the members of the Management Committee elected at the first annual meeting following the termination of the Period of Declarant Control to the positions of Vice President and Secretary-Treasurer shall serve for initial terms of one (1) year, and the member of the Management Committee elected to the office of President shall serve for an initial term of two (2) years. If there are more than three members of the Management Committee elected at the first annual meeting following the termination of Declarant control, one-half of the additional members elected shall serve for one (1) year terms and the other half shall be elected to two (2) year terms. Thereafter, all members of the Management Committee elected shall serve for two-year terms. The members of the Management Committee shall serve until their respective successors are elected, or until death, resignation, or removal, whichever occurs first.

2.6.2. Any member of the Management Committee who fails to attend three (3) consecutive Management Committee meetings or fails to attend at least twenty-five percent (25%) of the Management Committee meetings held during any fiscal year shall be deemed to have tendered his or her resignation, and upon acceptance by the Management Committee his or her position shall be vacant.

2.7. Any member of the Management Committee may resign at any time by giving written notice to the President of the Association or to the remaining Management Committee members. The Owners, by a two-thirds (2/3) vote, either at a meeting of such Owners, or by written consent, may remove any member of the Management Committee with or without cause, other than a member appointed by Declarant during the Period of Declarant Control.

2.8. If vacancies shall occur in the Management Committee by reason of the death or resignation of a Management Committee member, the Management Committee members then in office shall continue to act, and such vacancies shall be filled by a vote of the Management Committee members then in office, though less than a quorum; provided, however, that the Management Committee acting to fill such vacancy. Any vacancy in the Management Committee occurring by reason of removal of a Management Committee member by the Association may be filled by election at the meeting at which such Management Committee member is removed or any subsequent regular or special meeting of the Association. A vacancy resulting from a removal shall only be filled by the vote or written consent of a majority of the votes of the Association entitled to vote for that member of the Management Committee.

2.9. The members of the Management Committee shall receive no compensation for their services unless expressly approved by the vote or written assent of a majority of the Total Votes of the Association; provided, however, that members of the Management Committee shall be reimbursed by the Association for transportation expenses actually incurred and a reasonable per diem payment for attendance at regular and special meetings of the Management Committee. Any member of the Management Committee may be employed by the Association in another capacity and receive compensation for such employment; provided further, that such employment shall be approved by vote or in writing by all members of the Management Committee not including the member to be employed.

2.10. The Management Committee, for the benefit of the Project and the Association, shall manage the business, property and affairs of the Project and the Association and enforce the provisions of the Declaration, these Bylaws and the rules and regulations governing the Project. The Management Committee is authorized to adopt rules and regulations governing the use and operation of the Project, which shall become effective then (10) days after adoption by the Management Committee. The Management Committee shall have the powers, duties and responsibilities with respect to the Project as contained in the Declaration, the Articles and these Bylaws.

2.11. The meetings of the Management Committee shall be held annually at such times and places within the Project, or some other reasonable and suitable location in Utah County, unless a meeting at another location would significantly reduce the cost to the Association and/or the inconvenience to Management Committee members, as the Management Committee shall determine. A majority of the Management Committee shall constitute a quorum, and if a quorum is present, the decision of a majority of those present shall be the act of the Management Committee. The Management Committee shall annually elect all of the officers of the Association. The election of officers shall be conducted at the first meeting of the Management Committee held subsequent to the annual meeting of the Association.

2.12. Written notice of the time and place of Management Committee meetings shall be circulated electronically or posted at a prominent place or places within the Project not less than ten (10) days prior to the meeting.

2.13. Special meetings of the Management Committee may be called by electronic notice or written notice signed by any two (2) members of the Management Committee. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. Special meetings shall be held within the Project or some other reasonable location in Utah County unless a meeting at another location would significantly reduce the cost to the Association and/or inconvenience to the members of the Management Committee. Written notice of any special meeting shall be circulated electronically or posted in a manner prescribed for notice of regular meetings of the Management Committee and shall be sent to all members of the Management Committee not less than seventy-two (72) hours prior to the scheduled time of the meeting; provided, however, that notice of such meeting need not be given to any member signing a waiver of notice or a written consent to the holding of such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the U.S. mail, with first-class postage thereon prepaid. If an agenda is prepared for a special meeting, the meeting need not be restricted to discussions of those items listed on the agenda.

2.14. Notices of all regular Management Committee meetings shall be given in writing or electronically to each member of the Management Committee not less than thirty (30) days nor more than sixty (60) days prior to the meeting, provided that this requirement shall not apply to any member of the Management Committee who has signed a waiver of notice or a written consent to the holding of a meeting. In lieu of noticing each meeting separately, the Management Committee may establish an annual meeting schedule which will be distributed semi-annually electronically or in writing to each member of the Management Committee.

2.15. The Management Committee members shall act only as a Management Committee, and individual Management Committee members shall have no powers as such. Regular and special meetings of the Management Committee shall be open to all members of the Association; provided, however, that the Association members who are not on the Management Committee may not participate in any deliberation or discussion unless expressly so authorized by the vote of a majority of a quorum of the Management Committee. The Management Committee may, with the approval of a majority of a quorum of its members, adjourn the meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

2.16. Any or all of the members of the Management Committee may participate in an annual, regular, or special meeting by, or the meeting may be conducted through the use of, any means of communication by which all persons participating in the meeting may hear each other during the meeting.

2.17. Any action that is required or permitted to be taken at a meeting of the Management Committee may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the Management Committee members, and an explanation of

the action so taken is circulated electronically within three (3) days after the written consent of all Management Committee members has been obtained.

2.18. After the election of the members of the first Management Committee following termination of the Period of Declarant Control, Declarant may execute, acknowledge and record an affidavit stating the names of the members of the newly elected Management Committee. Thereafter, any two (2) persons who are designated of record as being members of the most recent Management Committee, whether or not they shall still be members, may execute, acknowledge and record an affidavit stating the names of all of the members of the then current Management Committee. The most recently recorded evidence or copy of such affidavits shall be prima facie evidence that the persons named therein are all of the incumbent members of the Management Committee and shall be conclusive evidence thereof in favor of all persons who rely thereon in good faith.

2.19. The fiscal year shall be January 1 through December 31.

2.20. When a member of the Management Committee is sued for liability for actions undertaken in his or her role as a member of the Management Committee, the Association shall indemnify him or her for his or her losses or claims, and undertake all costs of defense, until and unless it is proven that he or she acted with willful or wanton misfeasance or with gross negligence. After such proof the Association is no longer liable for the cost of defense, and may recover costs already expended from the member of the Management Committee who so acted. Members of the Management Committee are not personally liable to the victims of crimes occurring at the Project. Punitive damages may not be recovered against the Association, but may be recovered from persons whose activity gave rise to the damages.

2.21. An officer, employee, agent or director of a corporate Owner of a Unit, a trustee or designated beneficiary of a trust that owns a Unit, a partner of a partnership that owns a Unit, a member of a limited liability company that owns a Unit, and a fiduciary of an estate that owns a Unit may be considered an Owner for the purpose of determining eligibility for membership of the Management Committee. However, in no event shall a tenant of a Unit be deemed to be an Owner or otherwise be eligible for membership on the Management Committee. In all events where the person serving or offering to serve as an officer or member of the Management Committee is not the record Owner, they shall file proof of authority in the records of the Association.

2.22. The Management Committee or the officers appointed thereby may delegate to the Common Area Manager, or such other persons as it so determines, all of the duties and obligations of the Management Committee set forth herein and in the Declaration to the extent such duties and obligations are properly delegable.

2.23. The Management Committee or the officers appointed thereby reserve the right to make whatever tax and other elections which they deem necessary, including but not limited to, filing an election under Section 528 of the Internal Revenue Code.

2.24. During the Period of Declarant Control, Declarant shall have a right to disapprove any action, policy or program of the Association, the Management Committee and any

committee which, in the sole and exclusive judgment of the Declarant, would tend to impair rights of the Declarant or any affiliate of Declarant under the Declaration or these Bylaws, or interfere with development, construction of any portion of the Project, or diminish the level of services being provided by the Association. No such action, policy or program shall become effective or be implemented until and unless:

2.24.1. The Declarant shall have been given written notice of all meetings and proposed actions approved at meetings of the Association, the Management Committee or any committee thereof by certified mail, return receipt requested, or by personal delivery at the address it has registered with the Secretary of the Association, as it may change from time to time, which notice shall, except in the case of the regular meetings held pursuant to the Bylaws, set forth in reasonable particularity the agenda to be followed at said meeting; and

2.24.2. The Declarant shall be given the opportunity at any such meeting to join in or to have its representatives or agents join in discussion from the floor of any prospective action, policy, or program which would be subject to the right of disapproval set forth herein. The Declarant, its representatives or agents shall make their concerns, thoughts, and suggestions known to the Management Committee and/or the members of the subject committee. The Declarant shall have and is hereby granted an exclusive right to disapprove any such action, policy, or program authorized by the Association, the Management Committee or any committee thereof, if the approval of the Management Committee, any committee, or the Association is necessary for such action. This right may be exercised by the Declarant, its successors, assigns, representatives, or agents at any time within ten (10) days following the meeting held pursuant to the terms and provision thereof. This right to disapprove may be used to block proposed actions but shall not extend to the requiring of any action or counteraction on behalf of the Management Committee, any committee, or the Association. The Declarant shall not use its right to disapprove to reduce the level of services which the Association is obligated to provide or to prevent capital repairs or any expenditure required to comply with applicable laws and regulations.

### 3. MEETINGS OF THE ASSOCIATION.

3.1. The first meeting of the Association shall be held within one year after the closing of the sale of the first Unit sold in the Project. Thereafter, there shall be an annual meeting of the Association held at the Project or at a meeting place reasonably close thereto, at the date and time selected by the Management Committee.

3.2. Special meetings of the Association may be called by the Declarant, the President, a majority of the Management Committee, or Owners representing at least twenty-five percent (25%) or more of the Total Votes of the Association and may be held at the Project or at a meeting place reasonably close thereto, to consider matters which, by the terms of the Declaration, require the approval of all or some of the Owners or for any other reasonable purpose. Special meetings shall be called by written notice signed by the Declarant, a majority of the Management Committee or by Owners representing at least twenty-five percent (25%) or more of the Total Votes of the Association, which shall be delivered not less than fifteen (15)

days prior to the date fixed for said meeting, to each Owner in the manner described in Section 3.3 below.

3.3. Notice of the annual meeting of the Association and of any special meetings of the Association shall be hand delivered, sent by facsimile (fax) or electronic (e-mail) transmission, or sent by first-class or certified mail, no fewer than ten (10) nor more than sixty (60) days prior to the date fixed for said meeting to each Owner of record at such Owner's address as shown in the records of the Association or to any other mailing address designated in writing by the Owner. Consent to electronic notice is deemed granted in the event an Owner provides a fax number or e-mail address to the Association. Such notice shall specify the place, date and hour of the meeting and a description of any matters that must be approved by the Owners for which the Owners' approval is sought at such meeting. The notice of a special meeting shall also include a description of the purposes for which the meeting is called. If any annual or special meeting of the Owners is adjourned to a different date, time or place, notice need not be given of the new date, time and place if the new date, time and place are announced at the meeting before adjournment. Notwithstanding the foregoing sentence, if the adjournment is for more than thirty (30) days, or if after the adjournment a new record date for the adjourned meeting is or must be fixed pursuant to these Bylaws or applicable law, notice of the adjourned meeting must be given pursuant to the requirements of this Section 3.3 to Owners entitled to vote at the meeting.

3.4. The presence in person or by proxy of Owners holding twenty-five percent (25%) or more of the Total Votes of the Association at any meeting of the Association held in response to notice to all Owners of record properly given shall constitute a quorum. In the absence of a quorum at an Association meeting, a majority of those present in person or by proxy may adjourn the meeting to another time, but may not transact any other business. An adjournment for lack of a quorum by those in attendance shall be to a date not less than five (5) nor more than thirty (30) days from the original meeting date. The quorum for an adjourned meeting shall be ten percent (10%) of the Total Votes of the Association. If the time and place for an adjourned meeting is not fixed by those in attendance at the original meeting, or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given to members in the manner prescribed for regular meetings of the Association. At any special meeting of the Association, only those matters of business, the general nature of which was given in the notice of the special meeting, may be voted upon by the Owners. Unless otherwise expressly provided in the Act, the Declaration and these Bylaws, any action may be taken at any meeting of the Owners upon a majority vote of the Owners who are present in person or by proxy.

3.5. Any or all of the Owners may participate in an annual, regular, or special meeting by, or the meeting may be conducted through the use of, any means of communication by which all persons participating in the meeting may hear each other during the meeting.

3.6. In the event of a procedural dispute, Robert's Rules of order (latest edition) shall govern the conduct of the Association's meeting when not in conflict with the Declaration or these Bylaws.

3.7. Any action that may be taken at any regular or special meeting of the Association may be taken without a meeting if the following requirements are met:

3.7.1. A written or electronic ballot is distributed to every Owner entitled to vote setting forth the proposed action, providing an opportunity to signify approval or disapproval of the proposal and providing a reasonable time for the Owner to return the ballot to the Association.

3.7.2. The number of votes cast by ballot within the specified time under Section 3.7.1 equals or exceeds the quorum required to be present at a meeting authorizing the action.

3.7.3. The number of approvals of the action equals or exceeds the number of votes required to approve the action at a meeting at which the total number of votes cast was the same as the number of votes cast by written ballot.

3.7.4. The written ballot distributed to Owners affords an opportunity for the Owner to specify a choice between approval and disapproval of each order of business proposed to be acted upon by the Association and further provides that the vote of the Owners shall be cast in accordance with the choice specified.

3.8. At each meeting of the Owners, each Owner entitled to vote shall be entitled to vote in person or by proxy. For any Unit owned by more than one Owner, all of the Owners of such Unit may sign a certificate designating one of the co-Owners as the Owner authorized to cast the votes appurtenant to such Unit. In such event, the Management Committee may rely on such certificate as being sufficient evidence of the authority of the Owner casting the votes appurtenant to such Unit. In the absence of such a certificate, if only one of several Owners of a Unit is present at a meeting of the Association, that Owner is entitled to cast all the votes allocated to that Unit. If more than one of the Owners of a Unit is present, the votes allocated to that Unit may be cast only in accordance with the agreement of a majority in interest of such Owners. Absent a certificate of authorization, there shall be deemed to be majority agreement if any one of the Owners casts the votes allocated to the Unit owned without protest made promptly to the person presiding over the meeting by any of the other Owners of such Unit. The right to vote by proxy shall exist only where the instrument authorizing such proxy to act shall have been executed by the Owner (or all of the Owners of a Unit if there is more than one Owner) or by its attorney (or all of the Owner's attorneys if there is more than one Owner) thereunto duly authorized in writing. The instrument authorizing the proxy to act shall be delivered, at the beginning of the meeting, to the Secretary of the Association, or such other officer or person who may be acting as the Secretary at the meeting. The Secretary of the meeting shall enter a record of all such proxies in the minutes of the meeting. An Owner may revoke a proxy given pursuant to this Section only by actual notice of revocation to the Association. A proxy is void if it is not dated or purports to be revocable without notice.

3.9. Minutes of the annual and special meetings of the Association shall be made available to members within a reasonable time after the meeting.

3.10. The rights and obligations of any Owner shall not be assigned, transferred, pledged, conveyed or alienated in any way except upon transfer of ownership of an Owner's Unit, and then only to the transferee of ownership of the Unit. A transfer of ownership of a Unit may be effected by deed, intestate succession, testamentary disposition, foreclosure or such other legal process as is now in effect or as may hereafter be established under or pursuant to applicable law. Any attempt to make a prohibited transfer shall be void. Any transfer of ownership of a Unit shall operate to transfer the membership in the Association appurtenant to said Unit to the new Owner thereof. Each transferee shall notify the Association of his, her or its purchase of a Unit. A change in the ownership of a Unit shall be effective for voting purposes from the time the deed or other instrument effecting such change is recorded; the Management Committee shall thereafter be given written notice of such change and provided satisfactory evidence thereof.

#### 4. OFFICERS.

4.1. So long as there are three (3) members of the Management Committee, the officers shall be President, Vice President, and Secretary-Treasurer, and shall be selected annually by the Management Committee from among the members of the Management Committee. If there are more than three (3) members of the Management Committee, the Management Committee may appoint additional Vice Presidents and such other assistant officers as the Management Committee may deem necessary. All officers and employees of the Association shall serve at the will of the Management Committee, and officers may be removed and replaced by the Management Committee. No officer shall receive compensation for serving as such. The Management Committee shall require that officers (and other employees of the Association) be subject to fidelity bond coverage.

4.2. The President shall be the chief executive of the Management Committee and shall preside at all meetings of the Association and of the Management Committee and may exercise the power ordinarily allowable to the presiding officer of an association, including the appointment of committees. The President shall exercise general supervision over the Project and its affairs. He or she shall sign, and the Secretary shall witness, on behalf of the Association, all conveyances, mortgages and contracts of material importance to its business. He or she shall do and perform all acts which the Management Committee may require.

4.3. The Vice President, if any, shall perform the functions of the President in his or her absence or inability to serve.

4.4. The Secretary shall keep minutes of all proceedings of the Management Committee and of the meetings of the Association and shall keep such books and records as may be necessary and appropriate for the records of the Owners and the Management Committee.

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

4.6. Any officer may prepare, execute, certify and record amendments to the Declaration on behalf of the Association.

5. COMMON EXPENSES; ASSESSMENTS.

5.1. All Common Expenses shall be assessed in accordance with the Declaration.

5.2. No Owner shall be exempt from liability for Common Expenses by waiver of the use or enjoyment of any of the Project or by abandonment of his or her Unit.

5.3. The Treasurer shall keep detailed records of all receipts and expenditures, including expenditures affecting the Project, specifying and itemizing the maintenance, repair and replacement expenses of the Project and any other expenses incurred. Such records shall be available for examination by the Owners during regular business hours. In accordance with the actions of the Management Committee in assessing Common Expenses against the Units, the Treasurer shall keep an accurate record of such Common Assessments and of the payments thereof by each Owner.

5.4. All Common Assessments shall be a separate, distinct and personal liability of the Owners at the time each Common Assessment is made. The Management Committee shall have the rights and remedies contained in the Act and in the Declaration to enforce the collection of Common Assessments.

5.5. Any person who shall have entered into a written agreement to purchase a Unit, by written request directed to the Management Committee, shall be entitled to obtain a written statement from the Treasurer setting forth the amount of the monthly, quarterly, annual or other periodic Common Assessments and the amount of unpaid Common Assessments charged against such Unit and its Owner(s), and if such statement does not reveal the full amount of the unpaid Common Assessments as of the date it is rendered, neither the purchaser nor the Unit shall be liable for the payment of an amount in excess of the unpaid Common Assessments shown thereon, provided that the former Owner shall remain so liable. Any such excess which cannot be promptly collected from the former Owner-grantor shall be reassessed by the Management Committee as a Common Expense to be collected from all Owners, including without limitation the purchaser of such Unit, his or her successors and assigns. The new Owner shall, and the former Owner shall not, be liable for any Common Assessments made after the date of transfer of title, even though the expenses incurred or the advances made by the Management Committee for which the Common Assessment is made relate in whole or in part to any period prior to that date. The Management Committee is authorized to require a reasonable fee for furnishing such statements.

5.6. In addition to the statements issuable to purchasers, the Management Committee shall, upon ten (10) days' prior written request therefore, provide to any Owner, to any person who shall have entered into a binding agreement to purchase a Unit and to any Mortgagee, on request at reasonable intervals a current statement of unpaid Common Assessments for Common Expenses with respect to a Unit. The Management Committee is authorized to require a reasonable fee for furnishing such statements.

5.7. In all cases where all or part of any Common Assessments for Common Expenses and capital contributions and for any expenses of and advances by the Management Committee cannot be promptly collected from the persons or entities liable therefore under the Declaration

or these Bylaws, the Management Committee shall reassess the same as a Common Expense without prejudice to its right of collection against such persons or entities, or without prejudice to its lien for such Common Assessments.

## 6. LITIGATION.

6.1. If any action is brought by a member of the Management Committee on behalf of the Association, the expenses of suit, including reasonable attorneys' fees, shall be a Common Expense. Except as otherwise provided, if any action is brought against the Owners or against the Management Committee or the officers, employees or agents thereof in their capacities as such, with the result that the ultimate liability asserted would, if proved, be borne by all the Owners, the expenses of suit, including attorneys' fees, shall be a Common Expense. If any action is brought against one or more, but less than all Owners, with the result that the ultimate liability would, if proved, be borne solely by such Owners, the expenses of suit, including attorneys' fees, shall not be charged to or borne by the other Owners, as a Common Expense or otherwise.

6.2. Except as otherwise provided by the Act, any action brought against the Association, the Management Committee or the officers, employees or agents thereof, in their respective capacities as such, or the Project as a whole, shall be directed to the Management Committee, and shall be defended by the Management Committee; and the Owners and Mortgagees shall have no right to participate in such defense other than through the Management Committee. Actions against one or more, but less than all Owners, shall be directed to such Owners, who shall promptly give written notice thereof to the Management Committee, and shall be defended by such Owners.

## 7. ABATEMENT AND ENJOINMENT OF VIOLATIONS BY OWNERS.

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

7.1.1. To enter the Unit in which or as to which such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Owner or Owners, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Management Committee shall not thereby be deemed guilty in any manner of trespass provided that items of construction may not be altered or demolished without proper judicial proceedings; and/or

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

7.2. These remedies are cumulative to other remedies provided in the Declaration and these Bylaws, any rules or regulations adopted by the Management Committee, or in any other applicable laws.

## 8. ACCOUNTING.

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

8.2. A budget for each fiscal year shall be adopted by the Management Committee and distributed to all members of the Association prior to the beginning of the fiscal year to which the budget applies.

8.3. The Management Committee shall distribute to the Owners an unaudited financial statement, prepared by an independent public accountant approved by the Association, within one hundred twenty (120) days after the close of each fiscal year.

8.4. The membership register, including mailing addresses and telephone numbers, books of account and minutes of meetings of the Association, of the Management Committee and of committees of the Management Committee and all other records of the Project maintained by the Association, Common Area Manager or managing company shall be made available for inspection and copying by any member of the Association or his or her duly appointed representative at any reasonable time and for a purpose reasonably related to his or her interest as an Owner, at the office where the records are maintained. Upon receipt of an authenticated written request from an Owner along with the fee prescribed by the Management Committee to defray the costs of reproduction, the Common Area Manager or other custodian of records of the Association shall prepare and transmit to the Owner a copy of any and all records requested. The Association may, as a condition to permitting an Owner to inspect the membership register or to its furnishing information from the register, require that the Owner agree in writing not to use, or allow the use, of information from the membership register for commercial or other purposes not reasonably related to the regular business of the Association and the Owner's interest in the Association. The Management Committee shall establish reasonable rules with respect to:

8.4.1. Notice to be given to the custodian of the records by the Owner desiring to make the inspection or obtain copies;

8.4.2. Hours and days of the week when such an inspection may be made; and

8.4.3. Payment of the cost of reproducing copies of documents requested by an Owner.

Every member of the Management Committee shall have the absolute right at any time to inspect all books, records and documents of the Association and to inspect all real and personal properties owned or controlled by the Association. This right of inspection shall include the right to make extracts and copies of records, subject only to the right of the Association to require that the Management Committee member agree in writing not to use, or allow the use of, the information from the membership register for commercial or other purposes not reasonably related to the business of the Association and the Management Committee member's interest in such Association.

9. SPECIAL COMMITTEES.

The Management Committee by resolution may designate one or more special committees, each committee to consist of three (3) or more Owners, which to the extent provided in said resolution shall have and may exercise the powers set forth in said resolution. Such special committee or committees shall have such name or names as may be determined from time to time by the Management Committee. All special committees shall keep regular minutes of their proceedings and report the same to the Management Committee when required. The members of such special committee or committees designated shall be appointed by the Management Committee or the President. The Management Committee or the President may appoint Owners to fill vacancies on each of said special committees occasioned by death, resignation, removal or inability to act for any extended period of time.

10. RENTAL OR LEASE OF UNITS BY OWNERS.

10.1. Any Owner who rents or leases his or her Unit for thirty (30) days or more in duration shall advise the Management Committee or Common Area Manager in writing that the Unit has been leased or rented. The provisions of Section 7 of these Bylaws shall apply with equal force to renters or lessees of Units.

10.2. Any Owner who rents or leases or otherwise permits any other person to utilize his or her Unit shall be responsible for the conduct of his or her tenants or occupants, and upon written notice from the Management Committee or the Common Area Manager, said Owner shall be responsible for correcting violations of the Declaration, Bylaws or rules and regulations committed by such tenants or occupants.

10.3. If an Owner fails to correct violations by tenants within seventy-two (72) hours of such notice, the Management Committee or Common Area Manager shall be deemed to be the agent of the Owner and empowered to take any enforcement action the Owner would be entitled to take, the reasonable costs of such action, including but not limited to fees and costs paid to third parties, to be assessed to the Owner and payable within thirty (30) days of Common Assessment. Such costs shall be collected and enforced in the same manner as Common Expenses under the Declaration.

10.4. The power of the Management Committee or Common Area Manager hereunder shall include but not be limited to any and all legal remedies available under the laws of the State of Utah. Any Owner by the act of renting, leasing or otherwise permitting any other person to utilize his or her Unit shall be deemed to have consented to these procedures and shall indemnify and save harmless the Management Committee and the Common Area Manager from and against any and all liability therefor. It is expressly understood that the remedies available to the Management Committee or Common Area Manager shall include but not be limited to the right to seek eviction of the tenant without any liability to the Owner.

10.5. As provided for in Section 19.6 of the Declaration, if an Owner shall at any time lease his or her Unit and shall default in the payment of Common Assessments, the Management Committee may, at its option, so long as such default shall continue, demand and receive from any tenant of the Owner the rent due or becoming due, and the payment of such rent to the

Management Committee shall be sufficient payment and discharge of such tenant and the Owner for such assessments to the extent of the amount so paid. This Section 10 shall be incorporated by reference into every lease agreement entered into by and between an Owner and his or her tenant, whether or not this Section is expressly referenced therein.

#### 11. AMENDMENT OF BYLAWS.

Except as otherwise provided in the Act, the Declaration or these Bylaws, the Bylaws may be amended by the vote of Owners holding a majority of the Total Votes of the Association present in person or by proxy at a meeting duly called for such purpose, or by written ballot without a meeting. Provided, however, the percentage of the voting power necessary to amend a specific clause or provision shall not be less than the percentage of affirmative votes prescribed for action to be taken under that clause. Upon such an affirmative vote, the Management Committee shall acknowledge the amended Bylaws and notify the Owners, writing, of such amendment, setting forth the fact of the required affirmative vote of the Owners and the amendment shall be effective upon recording in the Office of the Utah County Recorder. Notwithstanding anything to the contrary contained or implied herein, Declarant reserves the right, without the consent of any other Owners, to amend any provisions of these Bylaws to comply with the then existing statutes, regulations or other requirements of any federal, state or local regulatory authority affecting the Project.

#### 12. SEVERABILITY.

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

#### 13. WAIVER.

The failure of the Management Committee to insist upon strict performance of any provisions hereof shall not be construed as a waiver for future purposes with respect to any such provision or option. No provision of these Bylaws shall be deemed to have been waived unless such waiver is in writing and signed by the Management Committee.

#### 14. CAPTIONS.

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

#### 15. EFFECTIVE DATE.

These Bylaws shall take effect as of the date of the Declaration, having been duly adopted by the Management Committee.

16. COUNTERPARTS.

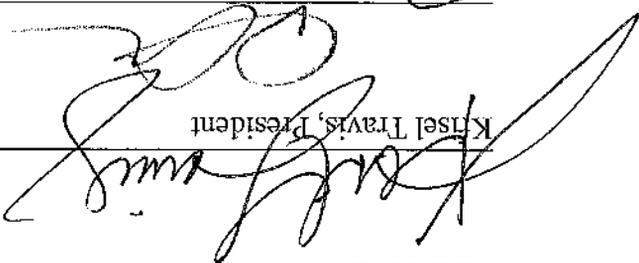
These Bylaws may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

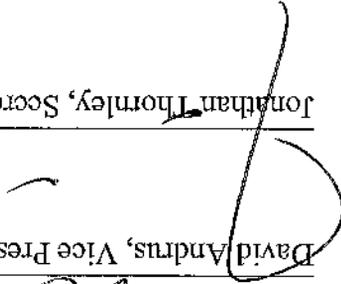
17. SEAL.

The Management Committee may by resolution provide a corporate seal which shall be circular in form and shall have inscribed thereon the name of the Association, the state of incorporation and the words "Corporate Seal."

[SIGNATURES ON NEXT PAGE]

MANAGEMENT COMMITTEE

  
 \_\_\_\_\_  
 Kristel Travis, President

  
 \_\_\_\_\_  
 David Andrus, Vice President

  
 \_\_\_\_\_  
 Jonathan Thornley, Secretary-Treasurer

EXECUTED this 8 day of September, 2020.