

WHEN RECORDED, RETURN TO:
Paladin Development Partners, L.L.C.
PO Box 4223
Park City, Utah 84060
Attn: Rory C. Murphy

AMENDED AND RESTATED
DECLARATION OF CONDOMINIUM
FOR
THE SPIRO CONDOMINIUMS

ENTRY NO. 00837827

02/15/2008 04:02:57 PM B: 1915 P: 0047

Declaration PAGE 1/66

ALAN SPRIGGS, SUMMIT COUNTY RECORDER

FEE 219.00 BY EQUITY TITLE UT



**AMENDED AND RESTATED
DECLARATION OF CONDOMINIUM
FOR
THE SPIRO CONDOMINIUMS**

THIS AMENDED AND RESTATED DECLARATION OF CONDOMINIUM FOR THE SPIRO CONDOMINIUMS (the "Declaration") is effective as of January 22, 2008 and is made and executed by Paladin Development Partners, L.L.C., a Utah limited liability company ("Declarant"), for itself, its successors and assigns, pursuant to the provisions of Title 57, Chapter 8, Utah Code Annotated, as amended ("Act").

1. RECITALS.

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

1.2 The Spiro Condominiums is part of a larger master planned community development known as Silver Star, situated in Park City, Summit County, State of Utah ("Silver Star"), organized pursuant to that certain Master Declaration of Covenants, Conditions and Restrictions of Silver Star executed by Declarant and recorded on September 14, 2005, in Book 1733, at Page 1631, as Entry No. 750782 in the Office of the Recorder of Summit County, Utah, as amended and/or supplemented from time to time (the "Master Declaration").

1.3 Declarant previously executed and recorded a Declaration of Condominium for The Spiro Condominiums dated September 21, 2005 (the "Initial Declaration"), and recorded on September 26, 2005 as Entry No. 752109, in Book 1737, beginning at Page 15 in the Office of the Recorder of Summit County, Utah (the "Official Records"). Subsequently, Declarant executed and recorded in the Official Records that certain Supplemental Declaration and Amendment No. 1 to the Declaration of Condominium for The Spiro Condominiums, recorded on February 24, 2006 as Entry No. 769664 in Book 1772 at beginning at Page 1869 (the Supplemental Declaration and Amendment No. 1, together with the Initial Declaration, shall be referred to herein as the "Original Declaration").

1.4 As required by the Act, in connection with the Original Declaration, Declarant previously caused to be recorded in the Official Records the condominium plat entitled The Spiro Condominiums Buildings "B", "C", "D", "E", "F" and Parking Garage, recorded on September 26, 2005 as Entry No. 752108, and (b) the condominium plat entitled The Spiro Condominiums Building "A", recorded on October 6, 2005, as Entry No. 753627.

1.5 In the Original Declaration, Declarant reserved, pursuant to Sections 57-8-10(4) and 57-8-13.6 of the Act, the option to expand the Project. Declarant exercised its option to expand, and caused to be recorded in the Official Records the condominium plat entitled The Spiro Condominiums Buildings "G", "H", "I", "J", "K", "L", and "M" and Parking Garages 2 and 3, recorded as Entry No. 769663.

1.6 Declarant now desires to amend and restate the Original Declaration in its entirety, pursuant to the terms of this Declaration.

1.7 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.

1.8 Declarant has incorporated 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 other assessments as described herein, and administer and enforce the terms of this Declaration.

1.9 All capitalized terms used in this Declaration shall have the definitions as set forth herein.

1.10 The Project shall be known as The Spiro Condominiums and is intended to be a condominium project pursuant to the Act.

2. DEFINITIONS.

2.1 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 2.

2.2 Act shall mean the Utah Condominium Ownership Act (Title 57, Chapter 8, Utah Code).

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

2.4 Articles shall mean the Articles of Incorporation of The Spiro Condominiums Owners Association, Inc.

2.5 Association shall mean The Spiro Condominiums Owners Association, Inc., a non-profit corporation, organized for the purposes set forth in this Declaration.

2.6 Association Working Capital Fund shall mean the term as defined in Section 20.4.

2.7 Board means the Board of Directors of the Master Association.

2.8 Building(s) shall mean the buildings constructed as part of the Project, as described in Section 3.2.

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

2.10 City shall mean Park City, Utah and Park City Municipal Corporation.

2.11 Commercial Unit shall mean those Units created within the Project, as designated on the Plat, which shall be used and occupied solely for commercial purposes. The initial Commercial Units shall be Unit Numbers 30, 50 and 70.

2.12 Common Area Manager shall mean the person, 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.

2.13 Common Areas and Facilities shall mean all portions of the Project other than the Units, as described in Article 5 hereof. The ownership of the Common Areas and Facilities is described in Article 5 hereof.

2.14 Common Assessments shall mean those assessments described in Article 20 to fund the Common Expenses, and include Regular Common Assessments, Special Common Assessments and any other assessments levied by the Association.

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

2.16 Common Expenses shall mean all expenses of the administration, maintenance, repair, or replacement of the Common Areas and Facilities, all premiums for insurance obtained by the Association for the benefit of the Project, and all other expenses denominated as Common Expenses by this Declaration or by the Act.

2.17 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 August 2005 is the reference base index. Declarant may select any other comparable index which measures changes in the cost of living.

2.18 County shall mean Summit County, Utah.

2.19 Declarant shall mean Paladin Development Partners, L.L.C., a Utah limited liability company, or any successor in interest as provided in the Act and in Article 26 below.

2.20 Declaration shall mean this Declaration of Condominium, and all amendments, modifications and supplements hereto.

2.21 Developmental Rights shall mean the exercise any of the rights set forth in Article 10 hereof.

2.22 Eligible Mortgagee shall mean and refer to a First Mortgagee that has requested notice of certain matters from the Association in accordance with Section 18.1 of this Declaration.

2.23 Limited Common Areas and Facilities shall mean a portion of the Common Areas and Facilities designated by the Declaration or the Act, or designated from time to time by the Management Committee, or as may be shown on the Plat, for the exclusive use of one or more, but fewer than all, of the Units.

2.24 Management Committee shall mean the Board of Directors of the Association, appointed or elected in accordance with this Declaration and the Bylaws.

2.25 Master Association shall mean the Silver Star Master Owners Association, Inc., a Utah nonprofit corporation, and its successors and assigns.

2.26 Master Declaration shall mean and refer to that certain Master Declaration of Covenants, Conditions and Restrictions of Silver Star, and all amendments, modifications and supplements thereto as more particularly described in Recital 1.2 above.

2.27 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.

2.28 Mortgagee shall mean any person or entity named as the mortgagee, beneficiary or holder of the seller's interest (so long as a copy of the contract for deed is given to the Association) 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. Any and all Mortgagee protections contained in the Declaration shall also protect the Declarant as the holder of a First Mortgage of a Unit or any interest therein.

2.29 Owner shall mean any person or entity, including Declarant, at any time owning a Unit within the Project (including, to the extent permitted by law, those purchasing an interest pursuant to a contract for deed who have given written notice of their purchase and a copy of their contract to the Association). The term "Owner" shall not refer to any Mortgagee, unless such Mortgagee has acquired title for other than security purposes.

2.30 Plat shall mean collectively the condominium plats entitled (a) The Spiro Condominiums Buildings "B", "C", "D", "E", "F" and Parking Garage, as may be amended from time to time, (b) The Spiro Condominiums Building "A", as may be amended from time to time, and (c) The Spiro Condominiums Buildings "G", "H", "I", "J", "K", "L", and "M" and Parking Garages 2 and 3, as may be amended from time to time, reduced copies of which are attached hereto as Exhibit B, as it may be amended from time to time pursuant to this Declaration and the Act. The Plat may be amended at such time as the Buildings are constructed in the event there are material changes in the Building 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.

2.31 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.

2.32 Property shall mean that certain real property situated in Summit County, State of Utah, more particularly described in Section 3.1 hereinafter, on which the Units and other improvements are located.

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

2.34 Residential Unit shall mean those Units created within the Project, as designated on the Plat, which shall be used and occupied solely for residential purposes.

2.35 Silver Star shall mean and refer to that certain master planned development situated in the County of Summit, State of Utah, more particularly described in Recital 1.2 above, of which the Project is a part.

2.36 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.

2.37 Square Footage shall mean the number of square feet of ground or floor space within each Unit, computed as provided in Section 4, as set forth on the Plat and in Exhibit A attached hereto. Certain spaces within the Units including, without limitation, attics, and other areas may, but need not, be omitted from the calculation or be partially discounted by the use of a ratio, if the same basis of calculation is employed for all Units in the Project. 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 Footage.

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

2.39 Total Votes of the Association shall mean the total number of votes appertaining to all Units, as described in Article 21 hereof.

2.40 Unit shall mean and refer to an individual portion of the Project designated either as a Residential Unit or a Commercial Unit on the Plat and designed for separate ownership and occupancy as described in Section 4 hereof.

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

3. DESCRIPTION OF THE PROPERTY AND THE IMPROVEMENTS AND SUBMISSION TO THE ACT.

3.1 The Property on which the Units and improvements are located is situated in Summit County, Utah and is more particularly described as follows:

All of Lot 1 of SILVER STAR AT PARK CITY MINOR SUBDIVISION, according to the official plat thereof recorded June 9, 2005 as Entry No. 738970 in the Office of the Recorder of Summit County, Utah.

AND ALSO

All of Lot 2 of SILVER STAR AT PARK CITY MINOR SUBDIVISION, according to the official plat thereof recorded June 9, 2005 as Entry No. 738970 in the Office of the Recorder of Summit County, Utah. Basis of Bearing is

identical to that shown on said official plat of Silver Star at Park City Minor Subdivision.

Less and excepting that portion of said Lot 2, being more particularly described as follows:

COMMENCING at the Northeast corner of said Lot 2; thence coincident with the Westerly right-of-way line of Three Kings Drive Southeasterly 55.49 feet along the arc of a 625.00 foot radius curve to the left (center bears North 71°08'49" East) through a central angle of 05°05'14"; thence South 64°38'36" West 10.74 feet; thence Westerly 34.77 feet along the arc of a 85.00 foot curve to the right (center bears North 25°21'24" West) through a central angle of 23°26'04"; thence South 88°04'41" West 10.56 feet; thence Southerly 144.47 feet along the arc of a 70.00 foot radius curve to the left (center bears South 01°55'19" East) through a central angel of 118°15'02"; thence South 30°10'22" East 83.27 feet; thence Southeasterly 50.37 feet along the arc of a 115.00 foot radius curve to the left (center bears North 59°49'38" East) through a central angle of 25°05'53"; thence South 55°16'14" East 89.03 feet; thence Southeasterly 23.92 feet along the arc of a 85.00 foot radius curve to the right (center bears South 34°43'46" West) through a central angle of 16°07'31"; thence South 39°08'43" East 89.95 feet; thence Southeasterly 47.27 feet along the arc of a 165.00 foot radius curve to the left (center bears North 50°51'17" East) through a central angle of 16°24'55"; thence South 55°33'38" East 76.33 feet; thence Southeasterly 31.87 feet along the arc of a 135.00 foot radius curve to the right (center bears South 34°26'22" West) through a central angle of 13°31'36"; thence South 42°02'02" East 92.22 feet; thence Southeasterly 12.73 feet along the arc of a 90.00 foot radius curve to the left (center bears North 47°57'58" East) through a central angle of 08°06'07"; thence South 50°08'09" East 111.23 feet to the perimeter of said Lot 2; thence coincident with said perimeter South 72°59'27" West 9.10 feet; thence North 74°13'19" West 36.92 feet; thence South 41°14'58" West 78.69 feet; thence North 42°30'49" West 52.91 feet; thence North 89°57'46" West 225.95 feet; thence North 02°45'19" East 99.92 feet; thence North 89°51'20" West 116.28 feet; thence North 344.13 feet; thence North 30°08'53" West 129.94 feet; thence North 47°12'44" East 170.71 feet to the POINT OF BEGINNING.

Also, less and excepting that portion of said Lot 2, being more particularly described as follows:

COMMENCING at the Northeast corner of said Lot 2; thence coincident with the Westerly right-of-way line of Three Kings Drive Southeasterly 85.50 feet along the arc of a 625.00 foot radius curve to the left (center bears North 71°08'49" East) through a central angle of 07°50'16" to the POINT OF BEGINNING; thence coincident with the Westerly right-of-way line of Three Kings Drive Southwesterly 267.42 feet along the arc of a 625.00 foot radius curve to the left (center bears North 63°18'33" East) through a central angle of 24°30'54"; thence South 51°12'20" East 96.23 feet; thence South 47°59'27" West 118.72 feet; thence North 55°33'38" West 4.35 feet; thence Northwesterly 38.68 feet along the arc of

135.00 foot radius curve to the right (center bears North 34°26'22" East) through a central angle of 16°24'55"; thence North 39°08'43" West 89.95 feet; thence Northwesterly 32.37 feet along the arc of 115.00 foot radius curve to the left (center bears South 50°51'17" West) through a central angle of 16°07'31"; thence North 55°16'14" West 89.03 feet; thence Northwesterly 37.23 feet along the arc of a 85.00 foot radius curve to the right (center bears North 34°43'46" East) through a central angle of 25°05'53"; thence North 30°10'22" West 83.27 feet; thence Northeasterly 82.55 feet along the arc of a 40.00 foot radius curve to the right (center bears North 59°49'38" East) through a central angle of 118°15'02"; thence North 88°04'41" East 10.56 feet; thence Northeasterly 47.04 feet along the arc of a 115.00 foot radius curve to the left (center bears North 01°55'19" West) through a central angle of 23°26'04"; thence North 64°38'36" East 10.72 feet to the POINT OF BEGINNING.

3.2 The improvements will consist of thirteen (13) Buildings containing a total of seventy-six (76) Residential Units and three (3) Commercial Units. There are three (3) below-ground, single-level parking structures. One of such below-ground parking structures is located beneath and/or connected to five (5) of the Buildings (Buildings B, C, D, E and F), and it will contain a total of forty-five (45) parking spaces. One of such below-ground parking structures is located beneath and/or connected to five (5) of the Buildings (Buildings G, J, K, L and M), which below-ground parking structure is identified on the Plat as Garage 2. Garage 2 will contain a total of thirty-seven (37) parking spaces. One of such below-ground parking structures is located beneath and/or connected to four (4) of the Buildings (Buildings H, I, J and K), which below-ground parking structure is identified on the Plat as Garage 3. Garage 3 will contain a total of forty-two (42) parking spaces. The first level of Building A, which is partly below ground, is also designed for parking and will contain a total of twenty-nine (29) parking spaces. Building A, consisting of fifteen (15) Residential Units and three (3) Commercial Units, will contain five (5) stories above ground, with the first such story (comprising the parking area) constructed partly below ground and partly at ground level. Building B, consisting of eight (8) Residential Units, will contain four (4) stories above ground and one (1) level below ground for parking. Building C, consisting of four (4) Residential Units, will contain three (3) stories above ground and one (1) level below ground for parking. Building D, consisting of three (3) Residential Units, will contain three (3) stories above ground and one (1) level below ground for parking. Building E, consisting of four (4) Residential Units, will contain three (3) stories above ground and one (1) level below ground for parking. Building F, consisting of four (4) Residential Units, will contain three (3) stories above ground and one (1) level below ground for parking. Building G, consisting of nine (9) Residential Units, will contain three (3) stories above ground, with two of such stories being constructed and located partly below ground. Building H, consisting of ten (10) Residential Units, will contain three (3) stories above ground with one of such stories constructed and located partly below ground. A portion of Building H will be constructed and located above Garage 3. Building I, consisting of four (4) Residential Units, will contain three (3) stories above ground. A portion of Building I will be constructed and located above Garage 3. Building J, consisting of three (3) Residential Units, will contain three stories above ground. A portion of Building J will be constructed and located above Garage 3, and the remainder of Building J will be constructed and located above Garage 2. Building K, consisting of three (3) Residential Units, will contain three stories above ground. A portion of Building K will be constructed and located above Garage 3, and the remainder of Building K will be

constructed above Garage 2. Building L, consisting of four (4) Residential Units, will contain three stories above ground. A portion of Building L will be constructed and located above Garage 2. Building M, consisting of five (5) Residential Units, will contain three stories above ground. A portion of Building M will be constructed and located above Garage 2. The parking structures beneath the Buildings will be constructed of steel-reinforced concrete. The exterior of Buildings A through M will be of stained cedar and rough timbers. The roofs of Buildings A through M will be sloped and finished with corrugated steel-type ("Cortin") roofing. The Buildings will be supplied with telephone, electricity, natural gas, water and sewer service.

3.3 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 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 the improvement of the Project and the 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 the Declarant, the successors and assigns of the Declarant, and any person acquiring, leasing, subleasing or owning an interest in the real property and improvements comprising the Project, their assigns, lessees, sublessees, heirs, executors, administrators, devisees and successors. In addition to the foregoing, each and all of the provisions of the Master Declaration, including any assessment provisions thereof, shall be deemed to run with the land within the Property and shall be a burden and a benefit to the Declarant, the successors and assigns of the Declarant, and any person acquiring, leasing, subleasing or owning an interest in the real property and improvements comprising the Project, their assigns, lessees, sublessees, heirs, executors, administrators, devisees and successors.

3.4 This Declaration shall constitute and shall be deemed to be a Neighborhood Declaration (as such term is defined in the Master Declaration). The Land Use Classifications for the Units established by this Declaration are: Residential Condominium Development Use, Commercial Condominium Use, and Retail Use. The density allocated to the Units created pursuant to this Declaration is 148,126 square feet. All of the Units within the Project shall be a part of The Spiro Condominiums Neighborhood, for purposes of the Master Declaration.

4. DESCRIPTION OF UNITS.

4.1 The boundary lines of each Unit are as set forth on the Plat and consist of enclosed rooms bounded by the finished interior surfaces of the perimeter walls, ceilings, floors, doors, and windows thereof. The Units shall include the finished interior surfaces of any drywall, wall paneling, wood, tile, paint, wallpaper, carpeting, or any other wall, ceiling, or floor covering, windows and window frames, shutters, awnings, doorsteps, stoops, and doors and door frames. 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 contained within the finished interior surfaces of the 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, or other utility services to the Unit and located within the finished interior surfaces of the walls, ceilings, and floors; provided, however, that a

Unit shall not include any of the structural components of the Building or utility or service lines located within the Unit but serving more than one Unit. The Square Footage for each Unit shall be based on the measurements for such Unit from the finished interior surfaces from its perimeter walls. The Plat and Exhibit A hereto contain the Unit Number and the Square Footage of each Unit in the Project.

5. DESCRIPTION AND OWNERSHIP OF COMMON AREAS AND FACILITIES.

5.1 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, decks, balconies, vestibules, entrances and exits of the Buildings; 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; trash rooms and storage rooms; the yards, sidewalks, walkways, parking areas, paths, grass, shrubbery, trees, planters, driveways, 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 the use of one or more of the Owners; 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 this Declaration shall control.

5.2 The undivided interest in the Common Areas and Facilities appurtenant to each Unit in the Project shall be expressed as a percentage determined by a fraction, the numerator of which shall be the Square Footage contained within such Unit and the denominator of which shall be the total Square Footage contained within all of the Units then subject to this Declaration, as set forth on the Plat and in Exhibit A attached hereto. Alternatively, such fraction or percentage may be expressed as a decimal number. Except as otherwise provided in this Declaration, the undivided interest appurtenant to each Unit shall have a permanent character and shall not be altered. Provided, however, Declarant reserves the right to adjust the undivided interest of each Unit in the Common Areas and Facilities following any addition of Units to the Project. 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, and the Management Committee following the expiration or termination of the period of Declarant control, is authorized to round the undivided interest of one or more Units in order to cause the total to equal one hundred percent (100%).

5.3 As part of the development of the Project, Declarant intends to develop certain amenities which shall be considered Common Areas and Facilities, including certain Limited Common Areas and Facilities. Declarant makes no representation or warranty as to the exact nature of such amenities, whether or not they will be constructed as part of the Project, to the timing of completion of construction of any such amenities, or to the continuing operation, existence, location, or configuration of any such amenities. No purported representation or warranty in such regard, either written or oral, shall be effective unless specifically set forth in

this Declaration. No Owner is entitled to rely on any statements or promises made to the contrary outside of this Declaration, including any statements or promises made by Declarant, its agents, employees, contractors, marketing representatives or otherwise.

6. DESCRIPTION OF LIMITED COMMON AREAS AND FACILITIES.

6.1 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 balcony, deck, patio, entryway, or porch adjacent to a Unit, storage spaces located outside of such Units, any individual fireplace chimneys and flues in the Buildings, and 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 or patio and the fireplace chimneys which are accessible from, associated with, and 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. No reference thereto need be made in any instrument of conveyance, encumbrance, or other instrument. The use and occupancy of designated Limited Common Areas and Facilities shall be reserved to the Units as shown on the Plat, as designated from time to time by the Management Committee, or as specified in this Declaration. Owners may not reallocate Limited Common Areas and Facilities between or among Units in which they have an interest. Notwithstanding, 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.

7. OPTION TO EXPAND.

The Original Declaration contemplated that the Project would be developed in a series of phases and included provisions to expand the Project. Declarant acknowledges that the Project has previously been expanded to include all contemplated phases pursuant to Section 57-8-13.6 of the Act, and therefore this Declaration does not contemplate any further option to expand.

8. NATURE AND INCIDENTS OF UNIT OWNERSHIP.

8.1 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.

8.2 Subject to the limitations contained in this Declaration, and subject to any rules and regulations adopted by Declarant or by the Association, each Owner shall have the non-exclusive right to use and enjoy the Common Areas and Facilities, the non-exclusive right to use and enjoy any Limited Common Areas and Facilities designated for the exclusive use of such Owner along with the Owners of certain other designated Units, and the exclusive right to occupy and use their Unit and any Limited Common Areas and Facilities designated for the exclusive use by such Owner.

8.3 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 their Unit and the surfaces of all walls, ceilings, floors and doors within such boundaries. However, no Owner shall alter or replace the draperies, shades or interior window coverings and/or window treatments of the windows in such Owner's Unit without the prior written consent and approval of the Board of the Master Association, which consent and approval may be withheld or conditioned in the sole discretion of the Board of the Master Association. Each Owner shall keep the interior of such Owner's 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 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. Except as provided in Section 9.8, Owners of adjoining Units may not reallocate or change the boundaries of such Units. No Owner may subdivide their Unit. Notwithstanding the foregoing, the alteration of finish floor material in any Unit may result in damage of the approved sound ratings for such Unit. If any Owner desires to alter any finish flooring by replacing any areas of carpet with hardwood, stone, tile, or any other type of flooring, such Owner shall first install additional acoustical mat underlayment to the specifications provided by the Association.

8.4 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 into any Unit for the purpose of maintenance, repairs, including emergency repairs, and for the purpose of abating a nuisance, or a known or suspected dangerous or unlawful activity. To facilitate such right, each Owner shall provide a copy of the entry key, at such Owner's cost, to its respective Unit to the Management Committee, which may be utilized by the Management Committee or Common Area Manager solely for the purposes stated herein.

8.5 Nothing in this Declaration shall limit the rights of Declarant or any other Owner to operate the Unit(s) owned by it for transient rental purposes and subject to any rules and regulations adopted by Declarant or by the Association pertaining thereto.

8.6 The Association shall have the power to establish specific rules and regulations governing use of deck areas.

9. TITLE TO UNITS.

9.1 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.

9.2 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.

9.3 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.

9.4 Each Owner shall have the right to encumber his or her 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 his or her 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 of any such Mortgage, 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.

9.5 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 cause his or her Unit to be released 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.

9.6 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.

9.7 Any person, on becoming an Owner, shall provide to the Secretary of the Association 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 to the Secretary of the Association the single name and address to which the Association may send any notices given pursuant to the governing documents of the Project. The Owner shall state in such notice the voting interest in the Association to which the Owner believes he is entitled and the basis for that determination. In the event of any change in the facts reported in the original written notice, including any change of ownership, the Owner shall 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.

9.8 The Owners shall have the right to apply for an amendment to the Plat for the purpose of physically combining one or more Units with an adjoining Unit. An Owner must first obtain the consent of the Board of the Master Association, the consent of the Management Committee of the Association and all necessary approvals from any governmental authority having jurisdiction over the Project before exercising its rights herein. In order to accomplish such combination, an Owner may knock down or create additional interior walls subject to the terms of this Section and any other applicable provisions of this Declaration. Upon the combination of any Units, the Unit resulting from such combination shall be allocated the undivided interest of the predecessor Unit(s) in and to the Common Areas and Facilities. Such allocation shall be reflected by an amendment to Exhibit A hereto and the recordation of a Supplemental Plat. Upon the combination of any Units, the Unit resulting from such combination shall be deemed to be two Units (or if more than two Units are combined, then the actual number of Units that are combined) for all purposes of assessment by the Association and by the Master Association. The cost and expense incurred for legal, architectural and/or engineering fees and all other costs and expenses incurred by the Master Association and by the Association shall be borne by the Owner(s) requesting such a change.

In order to combine any Units as provided above, the Owner(s) of such Units shall submit an application to the Board of the Master Association and to the Management Committee, which applications shall be executed by such Owner(s) and shall include: (a) evidence that the proposed combination of Units complies with all building codes, fire codes and other applicable ordinances or resolutions adopted and enforced by the Master Association, the City, Summit County and the State of Utah, and that the proposed action does not violate the terms of any Mortgage encumbering the Units, (b) the proposed reallocations, (c) the proposed form of amendments to this Declaration, including the Plat, as may be necessary to show the Unit which is created by the combination of Units and its dimensions and identifying numbers, (d) a deposit against attorneys' fees and costs which the Owners and/or the Board of the Master Association and/or the Association may incur in reviewing and effectuating the transaction, in an amount reasonably estimated by the Board and by the Management Committee, (e) evidence satisfactory to the Board and to the Management Committee that the Owner(s) has obtained or caused to be obtained all requisite insurance in connection with any construction required to effect the proposed action, (f) indemnification of the Board and of the Management Committee by the Owner(s) for any and all matters relating to the proposed action, and (g) such other information as may be reasonably requested by the Board and by the Management Committee. To the extent possible, the Management Committee shall be permitted, at the expense of the Owner(s) of the applicable Units, to execute and record any Amendment and/or Supplemental Plat effectuating the combination of Units.

10. CERTAIN ADDITIONAL DEVELOPMENTAL RIGHTS.

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

10.1 Declarant hereby reserves an easement throughout the Project for a period of ten (10) years from the recording of this Declaration for the purpose of completing all improvements contemplated by the Declaration and the Plat.

10.2 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 a period of ten (10) years from the recording of this Declaration. Declarant may relocate sales offices, management offices and models to other Units or Common Areas and Facilities at any time.

10.3 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

(a) six (6) years after the first Unit is conveyed to an Owner; or

(b) the date when Units to which three-fourths (3/4ths) of the undivided interest in the Common Areas and Facilities appertain have been conveyed to Owners.

11. RESTRICTIONS ON USE.

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.

11.1 No Residential Unit shall be used for commercial purposes; provided, however, that nothing in this Subsection shall prevent (a) Declarant or an affiliated entity or a duly authorized agent from using any Residential Unit owned or leased by Declarant as sales offices and model Residential Units or a property management office as provided in Section 10.2 hereof, or (b) any Owner or his or her duly authorized agent from renting or assigning the use of his or her Residential Unit from time to time.

11.2 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.

11.3 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.

11.4 Except as permitted by the Master Declaration, no signs, flags or advertising devices of any nature, including, without limitation, political, informational or directional signs or devices, shall be erected or maintained on any part of the Project, except as may be necessary temporarily to caution or warn of danger, and except as may be used by Declarant as part of its sales program. Notwithstanding the foregoing, the Master Association may allow, pursuant to the Silver Star Rules, the placing on a Unit of a flagpole no greater than eight (8) feet in length for the purpose of displaying the national flag of the United States of America, which flag shall be no greater than twenty (20) square feet in size.

11.5 The Master Declaration includes provisions governing the kind and number of pets that may be kept by an Owner. All such provisions shall be binding upon the Project and all

Owners, occupants and guests. In addition, the rules and regulations of the Association may further regulate the kind and number of such pets from time to time.

11.6 The draperies, shades and other interior window coverings in Units shall present a uniform appearance from the outside of the Units. All draperies, shades, window blinds or other interior window coverings shall be installed only with the prior written approval of the Board of the Master Association and of the Management Committee. The Board of the Master Association and the Management Committee shall have the right to establish rules requiring window coverings to present a uniform appearance from the exterior of Buildings, which rules may be amended from time to time.

11.7 Except as otherwise provided in the Declaration and/or as approved on a Supplemental Plat, no Unit, or portions thereof, may be further divided or subdivided 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).

11.8 No Owner shall, without the prior written consent of the Board of the Master Association and of the Management Committee, make or permit to be made any exterior alteration, improvement or addition, in or to any Unit. No Owner shall, without the prior written consent of the Board of the Master Association and 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).

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

11.10 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, lessee, 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, lessees, licensees or invitees.

11.11 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 by the Association.

11.12 Except as permitted herein, 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 unless such antenna, pole, tower or dish is fully and attractively screened or concealed so as not to be visible from neighboring property, which means of screening or concealment shall be subject to the Design Guidelines (as defined in the Master Declaration), and the location thereof shall be subject to the prior written approval of the Management Committee. As a condition to the installation of a satellite dish installed pursuant to this section, such satellite dish must receive a satellite programming service and such satellite dish shall be removed immediately following discontinuation of such service. The use, installation and location of any satellite dish under this section is also subject to the rules and regulations adopted by the Management Committee and/or the Board of the Master Association, as may be adopted and amended from time to time, and to the Design Guidelines.

11.13 The Owner of a Unit may, with the Management Committee's prior approval, install a hot tub on the exterior of its Unit; provided, such hot tub or similar amenity shall be of a model and manufacturer and in a location approved by the Management Committee and shall be subject to the rules and regulations adopted by the Management Committee and/or the Board of the Master Association, as may be adopted and amended from time to time, and to the Design Guidelines.

11.14 No Unit, whether leased or owned, shall be used:

(a) for the operation of a timesharing, fractional ownership, interval ownership, private residence club, vacation club or similar program whereby the right to exclusive use of the Unit rotates among participants in the program, regardless of whether such program utilizes a fixed or floating schedule, a first come-first served reservation system or any other arrangement; or

(b) for the operation of a reservation or time-use system among co-Owners of a Unit, regardless of whether or not any co-Owner may later opt out of such system and regardless of whether the reservation or time-use system is recorded or unrecorded, fixed or floating, if one or more of the following conditions exist:

(i) the ownership interest in such Unit is marketed for sale to the public subject to such system, or

(ii) the co-Owners are or were required as a condition of purchase of the ownership interest in such Unit to subject the interest to a pre-determined reservation or time-use system among co-Owners; or

(c) in the marketing, offering or selling of any club membership interest, limited liability company interest, limited partnership interest, program interest or other interest whereby the interest-holder acquires a right to participate in a reservation or time use system among the interest-holders, or among the interest-holders and others, involving the Unit, or involving the Unit and other alternate or substitute properties, regardless of whether such interest is equity or non-equity, regardless of whether or not any interest-holder may later opt out of such system and regardless of whether the reservation or time-use system is recorded or

unrecorded, fixed or floating (such interest referred to herein as an "Interest"), if one or more of the following conditions exist:

(i) the Interest is marketed for sale to members of the public,
or

(ii) the Interest-holders are or were required as a condition of purchase of the Interest to be subject to a pre-determined reservation or time-use system among Interest-holders, or among Interest-holders and others.

(all of the foregoing uses, systems or programs described in this Section 11.14 are hereinafter called a "Timeshare Program").

(d) Mere co-ownership of a Unit, ownership of a Unit by an entity, or short-term leasing of a Unit shall not create a Timeshare Program, unless it meets any of the conditions described above in this Section 11.14. The inclusion of a Unit in a nightly or other short term rental program shall not be considered to create a Timeshare Program. All use and occupancy arrangements falling within the definition of "timeshare interests" under the Utah Timeshare and Camp Resort Act (Utah Code Annotated §§ 57-19-1, *et seq.*) shall be considered Timeshare Programs, but a determination that any use and occupancy arrangements do not constitute a "timeshare interest" under such Act shall not be determinative of whether such arrangements constitute a Timeshare Program hereunder. It is intended that the definition of "Timeshare Program" hereunder shall be broader than, and not limited by, the definition of "timeshare interest" in the Timeshare and Camp Resort Act.

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

11.16 All of the Project is and shall be subject to the covenants, conditions, restrictions, uses, limitations and obligations set forth in the Master Declaration, each and all of which are declared and agreed to be for the benefit of the Project; further, each and all of the provisions of the Master Declaration, 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 Project, their assigns, lessees, sublessees, heirs, executors, administrators, devisees and successors. Each Owner, by accepting a deed to a Unit, recognizes that (a) the Project is subject to the Master Declaration, and (b) by virtue of his ownership, he has become a member of the Master Association. Each Owner, by accepting a deed to a Unit, acknowledges that he has received a copy of the Master Declaration. The Owner agrees to perform all of his or her obligations as a member of the Master Association as they may from time to time exist, including, but not limited to, the obligation to pay assessments as required under the Master Declaration and other governing documents of the Master Association.

11.17 The Association may contract or cooperate with the Master Association or with other homeowners associations or entities within Silver Star as convenient or necessary to provide services and privileges, such as access to recreational and transportation facilities in Silver Star, and to fairly allocate costs among the parties utilizing such services and privileges which may be administered by the Association or such other organizations, for the benefit of Owners and their family members, guests, tenants and invitees. The costs associated with such efforts by the Association (to the extent not chargeable to other organizations) shall be a Common Expense.

11.18 The Association shall have the power, subject to the primary power of the Board of the Master Association, to enforce the covenants and restrictions contained in the Master Declaration, but only as said covenants and restrictions relate to the Project, and to collect regular, special, and default assessments on behalf of the Master Association,

11.19 The Project is located adjacent to a public skiing facility and recreation area (the "Ski Facility"), which may generate an unpredictable amount of visible, audible and odorous impacts and disturbances from activities relating to the construction, operation, use and maintenance thereof. The activities associated with the Ski Facility include, without limitation, (a) vehicular and residential traffic, including, without limitation (i) buses, vans, snowcats, snowmobiles and other vehicles which transport residents and guests of the Ski Facility over, around and through the Ski Facility, and (ii) construction vehicles and equipment; (b) activities relating to the construction, operation and maintenance of ski trails, skiways and skier bridges and tunnels relating to the Ski Facility, including, without limitation, (i) tree cutting and clearing, grading and earth moving, and other construction activities, (ii) construction, operation and maintenance of access roads, snowmaking equipment and chair lifts, gondolas and other skier transportation systems, (iii) operation of snowmaking equipment, and (iv) operation of snowgrooming vehicles and equipment and safety and supervision vehicles; and (c) activities relating to the use of the Ski Facility, including, without limitation, skiing, snowboarding, hiking, horseback riding, bicycling and other recreational activities and organized events and competitions relating to such activities.

11.20 Declarant is not the operator of the Ski Facility, and accordingly, Declarant cannot make and does not hereby make any representations relating thereto. Neither Declarant nor any of its employees or agents have made any representations regarding the opening or closing dates of the Ski Facility in any given year. The operator of the Ski Facility may decide, in its sole discretion, whether any or all of the chairlifts (including those that serve the Project) should be operated.

11.21 No interest in or right to use any amenity located on or near the Project, such as spas, club facilities, ski facilities or the like, shall be conveyed to an Owner pursuant to this Declaration. The owners of nearby facilities shall have the right, in their sole discretion, to remove, relocate, discontinue operation, restrict access to, charge fees for the use of, sell interests in or otherwise deal with such assets in their sole discretion without regard to any prior use of or benefit to any residents of the Project.

11.22 Ownership of real property in mountain areas involves certain inherent inconveniences and risks. These include, but are not limited to, (a) sliding snow and ice, (b)

dripping water onto decks, porches and walkways from snow melt, (c) snow and ice build-up on decks and porches during winter months, (d) the need to remove snow from roofs and decks to prevent damage to these structures, (e) adverse travel conditions, (f) the effects of harsh weather and high altitude upon construction procedures and costs, building materials and finishes, (g) health risks from high altitude and severe weather, and (h) other inconveniences and risks arising from the high altitude and sometimes severe weather conditions in the Rocky Mountains.

11.23 Buyer acknowledges that other properties located in the vicinity of the Project may be developed pursuant to the land uses and restrictions set forth in the applicable zoning for Silver Star, with no representation being made herein concerning the planned uses of such other properties. Buyer acknowledges that the zoning for the property on which the Project is located and for other properties in the vicinity of the Project is established and governed by the Park City Land Management Code and certain agreements between the City and the master developer of Silver Star, as the same may be amended or replaced, without notice, from time to time.

11.24 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, each Owner acknowledges and agrees that the use and enjoyment and marketability of the Owner's Unit can be affected by this provision and that the rules and regulations may change from time to time.

11.25 No exterior or structural addition to or change or alteration to a Unit, the Common Areas and Facilities or Limited Common Areas and Facilities (including the construction of any additional skylight, window, awning or door) shall be made until the plans and specifications showing the nature, kind, shape, height, color, materials, and location of the same shall have been submitted to and approved in writing by the Management Committee as to harmony of external design and location in relation to surrounding structures and topography, and until the architectural control provisions of the Master Declaration shall have been properly satisfied. The alterations and changes described in this Section shall also be in compliance with and shall have received all approvals required by the Master Declaration and any applicable zoning and other laws, rules and regulations, including the rules and regulations promulgated by the Association. After receiving the approval of the Management Committee, the Owner required to obtain such approval shall thereafter obtain all other approvals as may be required by the Master Declaration and by any governmental or quasi-governmental body having jurisdiction over the Property.

11.26 Although the parking spaces within the Project are part of the Common Areas and Facilities, the Management Committee shall have the right from time to time to assign, but not the obligation to assign, and reserve one or more specific parking spaces for the exclusive use by the Owner of a specific Unit within the Project. The designated parking spaces shall not be deemed to be Limited Common Areas and Facilities. The Management Committee shall have the right to change from time to time such assigned parking spaces. The Management Committee shall have the right to adopt and amend from time to time rules and regulations regarding the use of any such assigned parking spaces and regarding the enforcement actions that may be taken by the Management Committee with respect to anyone who parks a motor vehicle in a parking space assigned and reserved for someone else. It is the intent of Declarant and the Management Committee that one (1) parking space will be assigned and reserved for each

Residential Unit within the Project and that two (2) parking spaces will be assigned and reserved for each four (4)-bedroom Residential Unit within the Project.

11.27 Each Owner shall be permitted to park a passenger motor vehicle in the parking spaces designated to such Owner's Unit anytime such Owner is in residence of its Unit. Each Owner shall be prohibited from parking any passenger motor vehicle within the Project, including in any parking space assigned to the respective Unit, for more than thirty (30) consecutive days, if such Owner is not in residence of its Unit for such 30-day period. Further, each Owner shall be prohibited from parking any recreational vehicle, boat, trailer, or similar vehicle, equipment or accessory, within the Project, including in any parking space assigned to the respective Unit, for more than thirty (30) consecutive days, regardless of whether such Owner is in residence of its Unit for all or any portion of such 30-day period. The Management Committee or Common Area Manager may enforce this provision by towing any vehicle, equipment or accessory parked in violation of this provision, at the respective Owner's expense.

12. ASSOCIATION AND MANAGEMENT COMMITTEE.

12.1 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. The Association shall be governed by the following provisions:

12.1.1 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 five (5) natural persons as provided in the Bylaws. The Management Committee shall be elected as provided in this Declaration and in the Bylaws.

12.1.2 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:

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

12.1.2.2 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 therefor.

12.1.2.3 To operate, maintain, repair, improve and replace the Common Areas and Facilities, and any other areas designated by the Declarant or Management Committee.

12.1.2.4 To determine and pay the Common Expenses.

12.1.2.5 To assess and collect the proportionate share of Common Expenses from the Owners, as provided in Article 20 hereinafter.

12.1.2.6 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.

12.1.2.7 To open bank accounts on behalf of the Association and to designate the signatories therefore.

12.1.2.8 To purchase, hold, sell, convey, mortgage or lease any one or more Units in the name of the Association or its designee.

12.1.2.9 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 2005 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.

12.1.2.10 To obtain insurance for the Association with respect to the Units and the Common Areas and Facilities, as well as worker's compensation insurance.

12.1.2.11 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.

12.1.2.12 To own, purchase or lease, hold and sell or otherwise dispose of 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.

12.1.2.13 To pledge, hypothecate or otherwise encumber current or future Assessments for any purpose permitted under this Declaration.

12.1.2.14 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. "Available" shall mean available for inspection, upon request, during normal business hours or under other reasonable circumstances upon prior appointment.

12.1.2.15 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.

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

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

12.1.2.18 Subject to the limitations of Section 12.1.4, the Act and any other applicable law, the Management Committee may delegate to a Common Area Manager by written agreement all of the powers, duties and responsibilities referred to in this Section 12.1.

12.1.2.19 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.

12.1.2.20 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 any 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 other 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.

12.1.2.21 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 the Association shall 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 the Association may recover costs already expended from the member of the Management Committee who so acted with willful or wanton misfeasance or with gross negligence. 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.

12.1.3 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.

12.1.4 The Association acting through the Management Committee may enter into a contract with a Common Area Manager for the management of the Project which complies with the requirements of Section 12.1.2 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 the Common Area Manager 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. Any such management agreement executed on or before the termination of Declarant control of the appointment of the Management Committee as described in Section 10.3 may be terminated by the Association without cause at any time after termination of such control. The above term and termination provisions shall not apply to any other types of service contracts.

12.2 The Association may contract or cooperate with the Master Association or with other homeowners' associations or entities within Silver Star as convenient or necessary to provide services and privileges, such as access to recreational facilities in Silver Star, and to fairly allocate costs among the parties utilizing such services and privileges which may be administered by the Association or such other organizations, for the benefit of Owners and their family members, guests, tenants and invitees. The costs associated with such efforts by the Association (to the extent not chargeable to other organizations) shall be a Common Expense.

12.3 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 14, THE ASSOCIATION SHALL NOT BE LIABLE TO OWNERS FOR INJURY OR DAMAGE, 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.

13. MAINTENANCE, ALTERATION AND IMPROVEMENT.

13.1 The maintenance, replacement and repair of the Common Areas and Facilities (including snow removal from sidewalks, parking lots, and driveways, at the discretion of the Management Committee) and any other areas designated by the Declarant 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 shall be charged to the Association as a Common Expense. The Association may contract with the Master Association for the Association to maintain and repair and to be reimbursed by the Master Association for the maintenance and repair of any portions of the Common Areas and Facilities of the Project which are used by and are of benefit to the owners or users of other portions of Silver Star located outside of the Project, which such areas may include the public elevator in Building A and the outdoor parking areas that may be built in the future within the Project.

13.2 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.

13.3 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 also maintain and keep in repair any entry door or doors serving such 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 Building, 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, including any exterior ski locker, if any, appurtenant to a Unit. No Owner shall alter any Common Areas and Facilities without the prior written consent of the Association.

13.4 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 is 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 20 of this Declaration.

13.5 Subsequent to the recording 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,

13.6 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 13.5 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 to 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 20 below.

14. INSURANCE.

14.1 The Association shall at all times maintain in force and pay the premiums for insurance meeting the following requirements:

14.1.1 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 including all Units; 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 land, foundations, excavations, and other items normally not covered by such policies. References herein to a "master" or "blanket" type policy of property insurance are intended to denote single entity insurance coverage. As a minimum, such "master" or "blanket" policy shall afford protection against loss or damage by fire, by other perils normally covered by the standard extended coverage endorsement, and by all other perils which are customarily covered with respect to projects similar to the Project in construction, location, and use, including (without limitation) all perils normally covered by the standard "all risk" endorsement, where such endorsement is available. 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, exclusive of land, foundations, excavation, and other items normally excluded from coverage. If the Management Committee deems such advisable, the insurance policy shall include either of the following endorsements to assure full insurable value replacement cost

coverage: (1) a 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). Unless the Management Committee otherwise determines, the maximum deductible amount for such a policy covering the Common Areas and Facilities shall be the lesser of Ten Thousand Dollars (\$10,000) or one percent (1%) of the policy face amount. However, for losses related to individual Units that are covered by such a policy, the deductible related to each individual Unit shall be the lesser of One Thousand Dollars (\$1,000.00) or one percent (1%) of the Unit's insurable value. Funds to cover these deductible amounts shall be included in the Association's operating reserve account.

14.1.2 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, public ways 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. 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 in construction, location, and use, including but not limited to (where economically feasible and if available), bailee's liability, elevator collision liability, garage keeper's liability, host liquor liability, contractual and all-written contract insurance, workers' compensation and employer's liability insurance, and comprehensive automobile liability insurance. 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 Mortgagee which is listed as a scheduled holder of a Mortgage in such policy.

14.1.3 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.

14.1.4 The name of the insured under each policy required to be maintained by Section 14.1 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.

14.1.5 Each policy required to be maintained by Section 14.1 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 thirty (30) days' prior written notice to the Association and to each Mortgagee which is listed as a scheduled holder of a Mortgage in the policy.

14.1.6 Each policy required to be maintained by Section 14.1 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.

14.1.7 In contracting for the policies of insurance required to be maintained by Section 14.1, 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.

14.1.8 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.

14.1.9 Each insurance policy maintained pursuant to the foregoing Sections 14.1.1, 14.1.2, and 14.1.3 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 14 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.

14.1.10 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. In the event any of the insurance coverage provided for in this Article 14 is not available at a reasonable cost or is not reasonably necessary to provide the Project with adequate insurance protection, as determined by the Management Committee, the Management Committee shall have the right to obtain different insurance coverage or insurance coverage which does not meet all of the requirements of this Article 14 so long as, at all times, the Management Committee maintains insurance coverage on a basis which is consistent with the types and amounts of insurance coverage typically maintained for projects similar to the Project.

14.2 Notwithstanding anything in this Article 14 to the contrary, it shall be the responsibility of each Owner, at such Owner's expense, to maintain physical damage insurance on such Owner's personal property and furnishings and on any upgrade made to the structures and fixtures of 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.

15. DESTRUCTION OR DAMAGE.

15.1 All of the Owners irrevocably constitute and appoint the Association their true and lawful attorney-in-fact in their name, place and stead for the purpose of dealing with the Project upon its damage or destruction as hereinafter provided. Acceptance by any grantee of a deed from the Declarant or from any Owner shall constitute an appointment by said grantee of the Association as his 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.

15.2 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.

15.3 In the event all or any part of the Project is damaged or destroyed, the Association shall proceed as follows:

15.3.1 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.

15.3.2 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.

15.3.3 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.

15.3.4 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 20.1.3 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.

15.3.5 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 Recorder of Summit County, Utah, a notice setting forth such facts. Upon the recording of such notice, the following shall occur:

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

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

15.3.5.3 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

15.3.5.4 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.

15.3.6 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.

15.4 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.

15.5 If repair or reconstruction is to occur, the insurance proceeds held by the Association and any amounts received from Special Common Assessments made pursuant to Section 20.1.3 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 undivided percentage interest in the Common Areas and Facilities.

15.6 This Article 15 shall not be amended unless Owners entitled to vote at least seventy-five percent (75%) of the Total Votes of the Association consent and agree to such amendment and such consent and agreement is reflected in an instrument duly executed by the Association and recorded in accordance with the provisions of this Declaration.

16. TERMINATION.

16.1 Except as otherwise provided in Article 14 and Article 15, the Project may be terminated only by agreement of Owners entitled to vote all of the Total Votes of the Association.

16.2 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.

16.3 A termination agreement may provide that all the 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.

16.4 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 16.1 and 16.2. 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. 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.

16.5 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,

17. EMINENT DOMAIN.

17.1 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 own respective expense may, participate in the proceedings incident thereto.

17.2 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 or Limited 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 or Limited Areas and Facilities so taken on the remaining land or on other acquired land, provided that this Declaration and the Plat are duly amended.

17.3 With respect to one or more Units or portions thereof, the damages or awards for such taking shall be deemed to be proceeds from insurance on account of damages or destruction pursuant to Article 15 above and shall be deposited with the Management Committee as trustee. Even though the damages 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.

17.4 In the event the Project is removed from the provisions of the Act pursuant to Article 16 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:

17.5 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:

17.5.1 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.

17.5.2 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.

17.6 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 17 shall be evidenced by an amendment to this Declaration and the Plat, which need not be approved by the Owners.

18. MORTGAGEE PROTECTION.

18.1 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 shall be entitled to timely written notice of:

18.1.1 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;

18.1.2 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;

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

18.1.4 Any proposed action which would require the consent of a specified percentage of Eligible Mortgagees as specified in Section 18.2 below or elsewhere herein.

18.1.5 Any judgment rendered against the Association.

18.2 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 Total Votes of 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:

18.2.1 Abandon or terminate the legal status of the Project after substantial destruction or condemnation occurs.

18.2.2 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):

18.2.2.1 Voting rights;

18.2.2.2 Changes in the method of calculating the Common Assessments, obligations, maintenance fees, or other charges which may be levied against an Owner;

18.2.2.3 Reductions in reserves for maintenance, repair, and replacement of Common Areas and Facilities;

18.2.2.4 Responsibility for maintenance and repairs;

18.2.2.5 Reallocation of interests in the Common Areas and Facilities, except where otherwise specifically permitted by this Declaration, or rights to their use;

18.2.2.6 Convertibility of Units into Common Areas and Facilities or vice versa, except as otherwise permitted by this Declaration;

18.2.2.7 Substantial reduction in hazard or fidelity insurance requirements;

18.2.2.8 Imposition of any restrictions on the leasing of Units;

18.2.2.9 Imposition of any restrictions on Owner's right to sell or transfer his or her Unit;

18.2.2.10 Restoration or repair of the Project (after damage or partial condemnation) in a manner other than that specified in the Declaration; or

18.2.2.11 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 thirty (30) 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.

18.3 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. Generally, these documents shall be available during normal business hours upon prior appointment.

18.4 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 which comes into possession of or which obtains title to the 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 or as not to burden a First Mortgagee which comes into possession or which obtains title 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.

18.5 In the event any taxes or other charges which may or have become a lien on the Common Areas and Facilities are not timely made, or in the event the required hazard insurance described in Section 14.1.1 lapses, is not maintained, or the premiums therefor 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 therefor from the Association.

18.6 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.

19. AMENDMENT.

19.1 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 Recorder of Summit County, Utah of an instrument executed by the Association. In such instrument an officer or trustee of the Association shall certify that the vote required by this Section for amendment has occurred.

19.2 The 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 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, rule, or regulation or judicial determination which shall be in conflict therewith; (b) to make technical corrections to fix mistakes or remove/clarify ambiguities; or (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.

19.3 Anything in this Article 19 or in the 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, and to further amend to the extent requested by any other federal, state or local governmental agency which 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 federally chartered 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 the Declarant, specifying the nature of the qualifying reason for such Amendment pursuant to this Section 19.3. 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 19 deletes, diminishes or alters such control, Declarant alone shall have the right to amend this Declaration to restore such control.

19.4 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 deemed by Declarant necessary to make technical corrections, to satisfy the requirements of City or any other governmental authority, to correct mistakes, remove/clarify ambiguities or to accurately reflect the "as-built" Units on the Plat.

20. ASSESSMENT OF UNITS BY THE ASSOCIATION.

20.1 The making and collection of Common Assessments by the Association from Owners of Units for their share of Common Expenses shall be pursuant to the Bylaws and subject to the following provisions:

20.1.1 Each Owner, including Declarant, for each Unit which it owns 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 reserve expenses. Such combined expenses shall constitute the Common Expenses, and the funds received from Common Assessments under this Article 20 shall be the Common Expense Fund. Common Assessments shall include Regular Common Assessments, Special Common Assessments and any other assessments levied by the Association. Regular Common Assessments shall 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. Regular Common Assessments shall be levied against each separate Unit, and shall commence as to all Units in each phase of the Project on the first day of the month following the closing of the first sale of a Unit in such phase.

20.1.2 The Association may not impose a Regular Common Assessment per Unit which is more than twenty-five percent (25%) greater than the previous year's Regular Common Assessment, without first obtaining the affirmative vote of Owners, cast at a meeting of the Association at which a quorum is present. The Association shall provide notice, by first class mail to all Owners, of any Regular Common Assessments not less than thirty (30) nor more than sixty (60) days prior to the date such Regular Common Assessment is due.

20.1.3 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. However, in any fiscal year, except as otherwise provided in this Declaration, the Management Committee shall not, without the affirmative vote of Owners, cast at a meeting at which a quorum is present, levy Special Common Assessments which in the aggregate exceed twenty percent (20%) of the budgeted gross expenses of the Association for that fiscal year. 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 Special Common Assessment is due.

20.1.4 All Common Assessments shall be due as determined pursuant to the Bylaws. Common Assessments and any installments thereof not paid on or before fifteen (15) 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, and all costs of collection, including without limitation attorneys' fees, incurred by the Association in collecting such Common Assessments from such Owners. 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 reallocated, assessments for Common Expenses and any

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

20.1.5 There shall be a lien upon the applicable Unit for all unpaid Common Assessments, together with late fees, interest and collection costs (including attorneys' fees) charged pursuant to the Declaration and the Act. The lien for unpaid Common Assessments and related charges shall be effective upon recordation in the Office of the Summit County Recorder of a written notice of lien by the Management Committee or the Common Area Manager. The written notice of lien shall set 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 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 Chapter 1, Title 38, Utah Code Annotated, as amended from time to time. 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, and all such Common Assessments shall be secured by the lien being foreclosed. The Management Committee shall have the right and power in behalf of the Association to bid at any foreclosure sale and to hold, lease, mortgage or convey the subject Unit in the name of the Association. 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, the Association and each Owner hereby appoint Coalition Title Agency, Inc. as trustee for the purpose of exercising the power of sale in connection with any non-judicial foreclosures as provided in the Act; provided, however, the Association reserves the right to substitute and appoint a successor trustee as provided for in the Act. 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 its duly authorized agents, bid on the Unit at any foreclosure sale and acquire, hold, lease, mortgage and convey the same. The lien of the Association shall be superior (prior) to all other liens and encumbrances except liens and encumbrances recorded before recordation of this Declaration, a First Mortgage on a Unit as provided for in Section 18.4 hereof and assessments, liens and charges in favor of the state or any political subdivision thereof, for taxes and other governmental assessments or charges past due and unpaid on 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.

20.1.6 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.

20.1.7 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 for unpaid assessments hereunder, the involved Owner shall pay the costs and expenses incurred by the Association in connection therewith, including without limitation reasonable attorneys' fees.

20.1.8 The lien to secure unpaid assessments shall not be affected by the sale or transfer of the Unit, unless foreclosure by a First Mortgagee is involved in which case any First Mortgagee who obtains title to a Unit pursuant to the remedies in the Mortgage or through foreclosure will not be liable for Common Assessments or charges 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 assessments. If the Association's lien priority includes costs of collecting unpaid Common Assessments, the Association will be liable for any fees or costs related to the collection of such unpaid Common Assessments.

20.2 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 Two Hundred Thousand Dollars (\$200,000) (as measured in year 2005 dollars and thereafter adjusted by the Cost of Living Index) made by the Management Committee without the same 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 15 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.

20.3 The Management Committee shall not expend funds designated as reserves for any purpose other than the repair, restoration, replacement or maintenance of major components of the Common Areas and Facilities for which the Association is responsible and for which the reserve fund was established 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 20.1.3 hereof. At least once every three (3) 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, annually 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;

20.3.1 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.

20.3.2 Identification of the probable remaining useful life the components identified in Section 20.3.1 above, as of the date of the study.

20.3.3 An estimate of the cost of repair, replacement, restoration or maintenance of each major component identified in Section 20.3.1 above, during and at the end of its useful life.

20.3.4 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.

20.4 AN "ASSOCIATION WORKING CAPITAL FUND" EQUAL TO THREE (3) MONTHLY INSTALLMENTS OF THE ANNUAL ASSESSMENT FOR EACH UNIT SHALL BE ESTABLISHED AND MAINTAINED FOR THE PROJECT. EACH UNIT'S SHARE OF THE ASSOCIATION WORKING CAPITAL FUND SHALL BE COLLECTED FROM THE INITIAL PURCHASER OF A UNIT AND TRANSFERRED TO THE ASSOCIATION AT THE TIME OF THE CLOSING OF THE INITIAL SALE OF THAT UNIT. The purpose of the Association Working Capital Fund is to ensure that the Association will have cash available to pay Common Expenses and unforeseen expenditures by the Association. Amounts paid into the

Association Working Capital Fund are not to be considered advance payments of any Regular Common Assessment.

20.5 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 20.5 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.

21. VOTING.

21.1 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 A. The voting rights appurtenant to each Unit shall vest upon execution and recording of this Declaration.

21.2 The number of votes appurtenant to each Unit shall be equal to the undivided interest in the Common Areas and Facilities appurtenant to such Unit multiplied by ten thousand (10,000). 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.

21.3 Every Owner shall be a Member of the Master Association. The voting rights of each Owner in the Master Association is governed by the Master Declaration.

22. EASEMENTS.

22.1 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.

22.2 Improvements, including Units, Common Areas and Facilities and Limited Common Areas and Facilities, constructed as subsequent phases of the Project may encroach upon portions of the Common Areas and Facilities of earlier phases of the Project. A perpetual easement for such encroachment and the activities necessary to repair, maintain and operate such improvements is hereby granted.

22.3 It is contemplated that Declarant or another party may construct additional Buildings, as subsequent phases of the Project, which may encroach upon portions of the Common Areas and Facilities, and Declarant shall also have an easement over, across and within the Common Areas and Facilities for such purposes.

22.4 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.

22.5 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 the Association is obligated or permitted to perform pursuant to this Declaration, including, without limitation, the right to construct and maintain improvements in the Common Areas and Facilities for use by the Owners and the Association.

22.6 The 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 future phases of the Project including all future Buildings and other physical improvements as well as all Units and Common Areas and Facilities. The Owners of Units which have been constructed in prior phases 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 11 hereof.

22.7 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.

22.8 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.

22.9 Declarant reserves a non-exclusive easement for itself and its assignees to construct, operate, maintain, repair and replace all types of telecommunication facilities within the Project. Declarant further reserves a right of access to such facilities over, across, and through all Common Areas and Facilities of the Project in order to access the telecommunications facilities to exercise the rights established herein. Declarant may transfer by easement, license agreement or other conveyance the rights reserved hereunder to one or more telecommunication facilities providers. Declarant may exercise all of the rights under this

Section 22.9 without the consent of any Owner, Mortgagee or the Association. The Association, on behalf of all Owners, agrees to execute such further and additional instruments as may be requested by Declarant documenting the rights hereunder, in form satisfactory to Declarant and to any assignee of its rights hereunder.

22.10 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 22.10 shall in no way affect, avoid, extinguish, or modify any other recorded easement on the Property.

22.11 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.

22.12 Declarant reserves (a) the right to dedicate any access roads and streets serving the Property for and 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.

22.13 There are one or more private trail access areas shown on the Plat or designated by Declarant, identifying certain portions of the Common Areas and Facilities that may be used for summer and winter access to trails, ski runs and other adjacent recreational areas (the "Private Trail Access Area"). All Owners and their guests, as well as owners and guests of other projects developed by affiliates of Declarant adjacent to or near the Project, shall have easement rights over the Private Trail Access Area, for pedestrian or ski access. Declarant reserves the right to grant additional access easement rights over the Private Trail Access Area to other third parties as Declarant deems appropriate in Declarant's sole discretion. Declarant also reserves the right to grant the easement rights described in this Section 22.13 by specific conveyance.

23. 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 facsimile transmission. 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, when the fax is received, except that if the fax 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 addressed to:

Management Committee
The Spiro Condominiums Owners Association, Inc.
P.O. Box 4223
Park City, Utah 84060

24. 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.

25. ENFORCEMENT.

25.1 All Owners, guests or lessees 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. 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 Management Committee, or its agent or designee on behalf of the Owners, 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.

25.2 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:

25.2.1 The judgment of a court; or

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

25.3 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.

25.4 The Association shall have the power, subject to the primary power of the Board of Directors of the Master Association, to enforce the covenants and restrictions contained in the Master Declaration, but only as said covenants and restrictions relate to the Project, and to collect regular, special, and default assessments on behalf of the Master Association.

26. 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 through purchase, assignment or other transfer including foreclosure or deed in lieu of foreclosure. The person acquiring any of such property from the 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 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 Summit County, Utah. Upon such recording, Declarant's rights and obligations under this Declaration shall cease and terminate to the extent provided in such instrument.

27. DISPUTE RESOLUTION

27.1 Declarant, the Association and its officers, directors, and committee members, all persons subject to this Declaration, and any person not otherwise subject to this Declaration who agrees to submit to this Article (collectively, "Bound Parties"), 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 not to file suit in any court with respect to a Claim described below, unless and until it has first submitted

such Claim to the alternative dispute resolution procedures set forth in Section 27.3 in a good faith effort to resolve such Claim.

27.2 As used in this article, the term "Claim" shall refer to any claim, grievance, or dispute arising out of or relating to: (i) the interpretation, application or enforcement of the Project's governing documents, (ii) the rights, obligations, and duties of any Bound Party under the Project's governing documents, or (iii) the design or construction of improvements within the Project, other than matters of aesthetic judgment under Section 11.25, which shall not be subject to review.

27.2.1 Notwithstanding the foregoing, the following will not be considered "Claims" unless all parties to the matter otherwise agree to submit the matter to the procedures set forth in Section 27.3: (i) any suit by the Association to collect assessments or other amounts due from any Owner; (ii) any suit by the Association to obtain a temporary restraining order (or emergency equitable relief) and such ancillary relief as the court may deem necessary in order to maintain the status quo; (iii) any suit between Owners, which does not include Declarant or the Association as a party, if such suit asserts a Claim which would constitute a cause of action independent of the Association Documents; (iv) any suit in which an indispensable party is not a Bound Party; and (v) any suit as to which any applicable statute of limitations would expire within 180 days of giving the Notice required by Section 27.3, unless the parties against whom the Claim is made agree to toll the statute of limitations as to such Claim for such period as may reasonably be necessary to comply with this Article.

27.3 Dispute Resolution Procedures.

27.3.1 The Bound Party asserting a Claim ("Claimant") against another Bound Party ("Respondent") shall give written 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.

27.3.2 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.

27.3.3 If the parties have not resolved the Claim through negotiation within 30 days of the date of the Notice described in Section 27.3.1 (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 Association (if the Association is not a party to the Claim) or to an independent agency providing dispute resolution services in Summit 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.

27.3.4 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 file suit or to initiate administrative proceedings on the Claim, as appropriate.

27.3.5 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, attorneys' fees and court costs.

27.4 In addition to compliance with the foregoing alternative dispute resolution procedures, if applicable, the Association shall not initiate any judicial or administrative proceeding unless first approved by a vote of Owners entitled to cast 75% of the total votes in the Association, except that no such approval shall be required for actions or proceedings: (i) initiated to enforce the provisions of this Declaration, including collection of assessments and foreclosure of liens; (ii) initiated to challenge ad valorem taxation or condemnation proceedings; (iii) initiated against any contractor, vendor, or supplier of goods or services arising out of a contract for services or supplies, or (iv) to defend claims filed against the Association or to assert counterclaims in proceedings instituted against it. This Section shall not be amended unless such amendment is approved by the same percentage of votes necessary to institute proceedings.

28. 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 10.3 shall be Rory Murphy whose address is 1825 Three Kings Drive, Park City, Utah 84060. Thereafter, the agent for service of process shall be the Common Area Manager, or such other person as the Management Committee may designate.

29. 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.

30. CONFLICT.

In case of any conflict between this Declaration and the Master Declaration, the Master Declaration shall control. 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 to the contrary notwithstanding, in the event of any inconsistency between this Declaration or the Articles or the Bylaws, on the one hand, and 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.

31. 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.

32. 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.

33. EFFECTIVE DATE.

This Declaration shall take effect when recorded in the Office of the Recorder of Summit County, Utah.

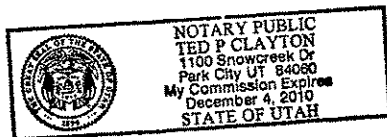
IN WITNESS WHEREOF, Declarant has caused this Declaration to be executed by a person duly authorized to execute the same this 01/23, 2008.

PALADIN DEVELOPMENT PARTNERS, L.L.C.
a Utah limited liability company

By: Rory C. Murphy
Printed Name: Rory C. Murphy
Title: Director of Development

STATE OF UTAH)
 : ss.
COUNTY OF SUMMIT)

The foregoing instrument was acknowledged before me this January 23, 2008, by Rory C. Murphy as the Director of Development of Paladin Development Partners, L.L.C., a Utah limited liability company.



Ted P. Clayton
NOTARY PUBLIC

My Commission Expires: 12-4-2010 Residing at: Summit county

EXHIBIT A

Schedule of Units, Square Footage, Votes and Undivided Interests in Common Areas and Facilities

The Spiro Condominiums Unit Identifying Number	Square Footage of Unit	Number of Votes Per Unit	Undivided Interest Per Unit in Common Areas and Facilities
1101	1,964	133	1.33%
1102	1,967	133	1.33%
1103	1,454	98	0.98%
1104	1,454	98	0.98%
1105	1,964	133	1.33%
1201	1,964	133	1.33%
1202	1,967	133	1.33%
1203	1,454	98	0.98%
1204	1,454	98	0.98%
1205	1,964	133	1.33%
1301	1,964	133	1.33%
1302	1,967	133	1.33%
1303	1,454	98	0.98%
1304	1,454	98	0.98%
1305	2,485	168	1.68%
30	1,377	93	0.93%
50	1,085	73	0.73%
70	953	64	0.64%
2101	1,983	134	1.34%
2102	1,982	134	1.34%
2201	1,997	135	1.35%
2202	1,997	135	1.35%
2301	1,996	135	1.35%
2302	1,996	135	1.35%
2401	1,988	134	1.34%
2402	1,985	134	1.34%
601	1,916	129	1.29%
602	1,970	133	1.33%
603	1,418	96	0.96%
604	2,499	169	1.69%

701	1,945	131	1.31%
702	1,418	96	0.96%
703	1,945	131	1.31%
801	1,916	129	1.29%
802	1,970	133	1.33%
803	1,418	96	0.96%
804	2,499	169	1.69%
901	1,916	129	1.29%
902	1,970	133	1.33%
903	1,418	96	0.96%
904	2,499	169	1.69%
3101	1,963	133	1.33%
3102	1,467	99	0.99%
3103	1,969	133	1.33%
3201	1,972	133	1.33%
3202	1,467	99	0.99%
3203	1,972	133	1.33%
3301	2,443	165	1.65%
3302	2,433	164	1.64%
3303	2,443	165	1.65%
4101	1,996	135	1.35%
4102 (ADA Unit)	1,980	134	1.34%
4201	1,971	133	1.33%
4202	1,954	132	1.32%
4204	1,954	132	1.32%
4203	1,971	133	1.33%
4301	1,986	134	1.34%
4302	1,970	133	1.33%
4304	1,970	133	1.33%
4303	1,986	134	1.34%
101	2,478	167	1.67%
102	1,401	95	0.95%
103	1,970	133	1.33%
104	1,929	130	1.30%
201	1,929	130	1.30%
202	1,401	95	0.95%

203	1,929	130	1.30%
301	1,929	130	1.30%
302	1,401	95	0.95%
303	1,929	130	1.30%
401	2,478	167	1.67%
402	1,401	95	0.95%
403	1,970	133	1.33%
404	1,929	130	1.30%
501	1,929	130	1.30%
502	1,970	133	1.33%
503	1,401	95	0.95%
504	1,970	133	1.33%
505	1,929	130	1.30%
	Total Square Footage of Spiro Condominium Units 148,126	Total Votes 10,000	Total Percentage Interests 100%

EXHIBIT B

Copy of Plat

EXHIBIT C

Copy of the Bylaws of the Association

BYLAWS OF THE SPIRO CONDOMINIUMS OWNERS ASSOCIATION, INC.

The administration of The Spiro Condominiums Owners Association, Inc. ("Association") shall be governed by the Utah Condominium Ownership Act (Title 57, Chapter 8, Utah Code Annotated) ("Act"), the Utah Revised Nonprofit Corporation Act (Title 16, Chapter 6a, Utah Code Annotated) (the "Nonprofit Corporation Act"), the Amended and Restated Declaration of Condominium for The Spiro Condominiums effective as of September 21, 2005 and recorded in the Office of the Recorder of Summit County, State of Utah (the "Declaration"), the Articles of Incorporation for The Spiro Condominiums Owners Association, Inc. (the "Articles") and these "Bylaws" (as the Declaration, the 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 meanings set forth in the Declaration. In the event of any conflict between the terms of the Declaration and the terms of these Bylaws, the Declaration shall govern and control.

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 five (5) members (the "Directors"). The initial Management Committee shall be appointed by the Declarant and shall serve until the first meeting of the Association, at which time an election of all the members of the Management Committee shall be conducted.

2.2 Section 10.3 of 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) six (6) years after the first Unit is conveyed to an Owner; or (ii) the date when Units to which three-fourths (3/4) of the undivided interest in the Common Areas and Facilities appertain have been conveyed to Owners.

2.3 Within ninety (90) days following the termination of the period of Declarant control, the Owners shall elect a Management Committee of not less than three (3) and not more than five (5) 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 thirty (30) days prior to the annual meeting of the Association, the Management Committee shall 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. The nominating committee 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 written ballot. 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 for each Management Committee seat to be filled. However, no cumulative voting is permitted. The initial members of the Management Committee shall be the following persons:

Rory Murphy

Chris Conabee

Michael LaPay

George Bryan

Wilkes Bryan

2.6 Members of the Management Committee shall serve as follows:

2.6.1 Directors shall serve for terms of two (2) years beginning immediately upon their election by the Association; provided, however, that two (2) of the Directors elected at the first annual meeting following the termination of Declarant control shall serve for initial terms of one (1) year, and the other Director elected at such time shall serve for an initial term of two (2) years. Thereafter, all Directors 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.

2.6.2 Any member of the Management Committee who fails to attend three (3) consecutive Management Committee meetings or who 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 Director 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, resignation or removal 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.

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, 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 ten (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 at least semiannually at such times and places within the Project, or some other reasonable and suitable location in Summit 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 Special meetings of the Management Committee may be called by 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 Summit 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 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.

2.13 Notices of all regular Management Committee meetings shall be given in writing to each member of the Management Committee not less than thirty (30) 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.

2.14 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.

2.15 The fiscal year shall be determined by the Management Committee.

2.16 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 the Association 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.

2.17 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. 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.

2.18 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.

2.19 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 as a tax exempt entity under Section 528 of the Internal Revenue Code.

3. MEMBERSHIP IN THE ASSOCIATION; MEETINGS OF THE ASSOCIATION.

3.1 Each owner of a Unit shall be a member of the Association, as set forth in the Articles and in the Declaration. 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. Notice of the annual meeting shall be delivered to the Owners postage prepaid at least thirty (30) days prior to the date set for said meeting and shall specify the place, day and hour of the meeting and a brief statement of the matters on the agenda which the Management Committee intends to present or believes others will present for action by the members. Such notice shall be deemed to have been delivered when deposited in the United States Mail addressed to the member at such member's registered address, with first-class postage thereon prepaid. Each member shall register with the Association such member's current mailing address for purposes of notice hereunder. Such registered address may be changed from time to time by notice in writing to the Association. If no address is registered with the Association, the member of the Unit owned by such member in the Project shall be deemed to be such member's registered address for purposes of notices hereunder.

3.2 Upon purchasing a Unit in the Project, each member shall promptly furnish to the Association a certified copy of the recorded instrument by which ownership of such Unit has been vested in such member, which copy shall be maintained in the records of the Association. For the purposes of determining members entitled to notice of or to vote at any meeting of the members, or any adjournment thereof, the Management Committee may designate a record date, which shall not be more than sixty (60) days no less than thirty (30) days prior to the meeting. If no record date is designated, the date on which notice of the meeting is mailed shall be deemed to be the record date for determining the members entitled to notice of or to vote at the meeting. The persons or entities appearing in the records of the Association on such record date as the members of record of Units in the Project shall be deemed to be the members of record entitled to notice of and to vote at the meeting of the members and any adjournment thereof.

3.3 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 hand delivered or sent prepaid by United States mail, not less than fifteen (15) days prior to the date fixed for said meeting, to each Owner 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. Such notice shall specify the place, day and hour of the meeting and a brief statement of the items on the agenda, including the general nature of any proposed amendment to the Declaration or Bylaws, any budgetary changes and any proposal to remove an officer or member of the Management Committee.

3.4 The presence in person or by proxy of Owners holding ten percent (10%) 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 also 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 Nonprofit Corporation 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 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.

3.6 Any action that may be taken at any regular or special meeting of the Association may be taken by written ballot in accordance with Section 16-6a-709 of the Nonprofit Corporation Act.

3.7 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 vote 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 vote 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 the vote allocated to that Unit. If more than one of the Owners of a Unit is present, the vote 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 vote 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 by its attorney thereunto duly authorized in writing. The instrument authorizing the proxy to act shall meet the requirements set forth in Section 3.5 above and 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.

3.8 All inaccuracies and irregularities in the calling of a meeting of the members or in the notices given to members of a meeting and in the manner of voting, form of

proxies and method of ascertaining members present shall be deemed waived if no objection thereto is made at the meeting.

4. OFFICERS.

4.1 All officers and employees of the Association shall serve at the will of the Management Committee. So long as there are three (3) members of the Management Committee, the officers shall be a President, a Vice President, and a Secretary-Treasurer. The Management Committee may appoint additional Vice Presidents and such other assistant officers as the Management Committee may deem necessary. No officer shall be required to be an Owner. No officer shall receive compensation for serving as such. Officers shall be annually elected by the Management Committee and may be removed and replaced by the Management Committee. 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 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 the Treasurer 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.

4.7 The initial officers of the Association shall be the following persons, and each shall hold the office indicated until they are replaced by the appropriate vote of the Management Committee:

Rory Murphy	President
Chris Conabee	Vice President
Michael LaPay	Secretary-Treasurer

5. COMMON ASSESSMENTS.

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

5.2 No Owner shall be exempt from liability for Common Assessments 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. In accordance with the actions of the Management Committee in assessing Common Assessments 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.

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.

5.5 In addition to the statements issuable to purchasers, the Management Committee shall, upon written request therefor, provide to any Owner, to any person who shall have entered into a binding agreement to purchase a Unit and to any Mortgagee, a current statement of unpaid Common Assessments with respect to a Unit. The Management Committee is authorized to require a reasonable fee for furnishing such statements.

5.6 In all cases where all or part of any Common Assessments cannot be promptly collected from the persons or entities liable therefor 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 such actions 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 Declaration or 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 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 cover entirely 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:

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

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

8.3.3 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 after the Management Committee sends to such Owner written demand for the payment of such costs. 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, the power to commence and pursue any and all legal or equitable 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 be obligated to indemnify, defend and hold harmless the Management Committee and the Common Area Manager from and against any and all liability for enforcing, implementing and pursuing such procedures. 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 20.5 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 10.5 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.

11. AMENDMENT OF BYLAWS.

Except as otherwise provided in the Act, the Nonprofit Corporation Act, the Declaration or these Bylaws, these Bylaws may be amended by (a) the vote or written assent 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 (b) by the Management Committee upon the affirmative vote of a majority of the Directors. 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 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.

13. WAIVER.

The failure of the Management Committee to insist upon strict performance of any provision hereof shall not be construed as a waiver for future purposes of the right of the Management Committee to insist upon strict performance of such provision and all other provisions hereof. 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.