

DECLARATION OF CONDOMINIUM
OF
SPORTS VILLAGE CONDOMINIUMS

PHASE I
A Condominium Project

REQUEST: SOUTHERN UTAH TITLE
FORM 296 PAGE 240-302
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HENRY H. WATKINS
WASHINGTON COUNTY RECORDER
BY H. Y.

THIS DECLARATION OF CONDOMINIUM, containing covenants, conditions and restrictions relating to Sports Village Condominiums, Phase I, a Condominium Project, is made on the date set forth at the end hereof by the record title holders of said land as hereinafter set forth as the Declarants and Owners of all of the undivided interest in the common areas and facilities of the Project, pursuant to the Declaration and the Condominium Ownership Act of the State of Utah.

RECITALS

A. Declarant is the owner of all the undivided interest in the common areas and facilities of the first phase of the Project located in Washington County, State of Utah, upon the real property described at Exhibit "A" hereto, hereby incorporated by reference.

B. The Declarants state that they plan to submit the above described real property and said buildings and other improvements constructed thereon to the provisions of the Utah Condominium Ownership Act as a condominium project.

C. Declarants desire and intend to sell fee title to the individual units contained in said Condominium Project together with undivided ownership interest in the common areas and facilities appurtenant thereto to various purchasers, subject to covenants, limitations, and restrictions contained herein.

D. Declarant desires to provide for preservation and enhancement of the property values and amenities of the Property and for maintenance of the Common Areas. To this end and for the benefit of the Property and of the Owners thereof, the Declarant desires to subject the Property described above of this Declaration to the covenants, restrictions, easements, charges, and liens hereinafter set forth, each and all of which are for the benefit of the Property and each Owner thereof.

E. Declarant deems it desirable, for the efficient preservation of the values and amenities of the Property, to create an entity which possesses the power to maintain and administer the common areas, to collect and disburse the

assessments and charges hereinafter provided for, and otherwise to administer and enforce the provisions of this Declaration. For such purpose Declarant has, in conjunction with recordation of this Declaration, caused or will cause to be incorporated under the laws of the State of Utah as a nonprofit corporation, SPORTS VILLAGE CONDOMINIUM OWNERS ASSOCIATION.

F. Declarant intends to annex Phase II Land whose Owners will become Members of the Association and will be entitled and subject to all rights, powers, privileges, covenants, restrictions, easements, charges, and liens hereinafter set forth.

NOW, THEREFORE, for the foregoing purposes, Declarant declares that the Property is and shall be held, transferred, sold, conveyed and occupied subject to the covenants, conditions, restrictions, easements, charges and liens hereinafter set forth.

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DECLARATION

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

1. Name of the Condominium Project: The name by which the Condominium Project shall be known is Sports Village Condominiums, Phase I.

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

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

(b) Association of Unit Owners or Association shall mean and refer to the Sports Village Condominium Owners Association, a not-for-profit corporation, of which all of the unit owners are members. A copy of the Articles are attached hereto as Exhibit "B". The Association shall be governed in accordance with the Articles, Declaration and Bylaws.

(c) Common Areas and Facilities shall mean and refer to:

- (1) The above-described land;
- (2) That portion of the property not specifically included in the respective units as herein defined;
- (3) All foundations, columns, girders, beams, supports, mainwalls, roofs, stairways, exterior walkways, driveways, streets, such recreational areas and facilities as may

(r) Plat shall mean and refer to Phase I portion of the plat also known as the Record of Survey Map of the Sports Village Condominium Phase I, consisting of 5 pages, executed and acknowledged by Declarant, prepared and certified by a registered Utah Land Surveyor, and recorded in the office of the County Recorder of Washington County, Utah, on the 17th day of September, 1981, in Book ---- at page ----- as entry No. 231253, as the same will hereafter be modified, amended, supplemented or expanded in accordance with the provisions of paragraph 33 concerning amendments or supplements to this Declaration which are to occur in conjunction with the expansion of the Development as herein provided.

(s) Property shall mean and refer to all of the real property which is covered by the Phase I Plat, a description of which is stated in Exhibit "A" of this Declaration, and such portions of Phase II Land which are annexed to the Development as provided herein.

(t) Articles and By-Laws shall mean and refer to the Articles of Incorporation and the By-Laws of the Association.

(u) Board of Trustees and the Board shall mean and refer to the Board of Trustees of the Sports Village Condominium Owners Association.

(v) Member shall mean and refer to every person who holds membership in the Association.

(w) Phase II Land shall mean and refer to that property which may be added to the project by Declarant under the terms of this Declaration, which property is described at Exhibit "A" hereto.

(x) Supplementary Declaration shall mean and refer to any supplementary declaration of covenants, conditions, and restrictions, or similar instrument, which extends the provisions of the Declaration to all or any portion within the Phase II Land and contain such complementary or amended provisions for such additional land as are herein required by the Declaration.

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

4. Covenants to Run with the Land. This Declaration containing covenants, conditions and restrictions relating to the Project shall be and enforceable equitable servitude which shall run with the land and this Declaration and its servitudes shall be

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binding upon the Declarants, their successors and assigns and upon all unit owners or subsequent unit owners, their grantees, mortgagees, and successors, heirs, executors, administrators, devisees and assigns.

5. Description of Land.

(a) Description of Land. The land comprising Phase I of the Project is the tract or parcel in Washington County, State of Utah, more particularly described at Exhibit "A" hereto.

(b) Description of Improvements. The significant improvements contained or to be contained in the Project include those described in this Paragraph b. Phase I shall include 11 individual buildings containing up to 11 units each (as described at the Record of Survey Map), together with roads, covered parking, open parking and recreational amenities. With the first eleven buildings will be built 3 lighted tennis courts, basketball court, pool, and green areas accommodating volleyball, horseshoe pits, playground area. With the building of the next seven buildings a clubhouse containing 2 racquet ball courts, exercise room, community whirlpool, kitchen and community center.

(c) Description and Legal Status of Units. The Map and/or Exhibit "D" hereto shows the unit number of each unit, its location, those limited common areas and facilities which are reserved for its use, and the common areas and facilities to which it has immediate access. All units, of whatever type, shall be capable of being independently owned, encumbered and conveyed.

(1) Each unit has immediate access to a common entry way which is part of the common areas and shall include that part of the building containing the unit which lies within the boundaries of the unit, which boundary shall be determined in the following manner: The boundary lines of each unit are the undecorated and/or unfinished interior surfaces of its perimeter walls, bearing walls, lowermost floor, uppermost ceiling, all window panes, interior surfaces of doors, window frames and door frames and trim. Each unit shall include both the portions of the building that are not common areas and facilities within such boundary lines and the spaces so encompassed. Without limitation, a unit shall include any finishing material applied or affixed to the interior surfaces of the interior walls, floors, and ceilings, non-supporting interior walls and all utility pipes, lines, systems, fixtures, or appliances found within the boundary lines of the unit and servicing only that unit.

(2) There shall be 11 buildings in Phase I of the project, plus such additional buildings in subsequent phases as are determined by Declarant. Each building in Phase I shall contain up to 11 units with such design as is stated on the Record of Survey Map. Buildings with less than 11 units shall have units combined as set forth in the Record of Survey Map.

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

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

(2) Driveways, parking areas, including guest parking, certain numbered parking stalls and oversized carports, lawns, shrubs, and gardens, tennis courts, swimming pool, clubhouse and other recreational areas;

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

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

(5) The limited common areas and facilities herein described; and

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

(e) Description of Limited Common Areas and Facilities. Each owner of a unit is hereby granted an irrevocable and exclusive license to use and occupy the limited common areas and facilities reserved exclusively for the use of his unit. The limited common areas appurtenant to any given unit consist of a covered carport and numbered uncovered parking, if purchased by owner, as the case may be, assigned to each unit as Exhibit "D" (regarding carports) and conveyed by deed (with respect to designated uncovered parking). The limited common area shall also include decks and covered decks appurtenant to certain units as contained in the Record of Survey Map. The exclusive right to use and occupy each limited common area shall be appurtenant to and shall pass with the title to the unit with which it is associated with respect to Phase I of the Project.

(f) Reservations Regarding Description of the Property.

ALL OF THE FOREGOING IS SUBJECT TO: all liens for current and future taxes, assessments, and charges imposed or levied by governmental or quasi-governmental authorities; all Patent reservations and exclusions; any mineral reservations of record and rights incident thereto; all instruments of record which affect the above-described land or any portion thereof, including, without limitation, any mortgage or deed of trust; all

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visible easements and rights-of-way; all easements and rights-of-way of record; any easements, rights-of-way, encroachments, or discrepancies otherwise existing; an easement for each and every pipe, line, cable, wire, utility line, or similar facility which traverses or partially occupies the above-described land at such time as construction of all Project improvements is complete; and all easements necessary for ingress to, egress from, maintenance of, and replacement of all such pipes, lines, cables, wires, utility lines, and similar facilities.

RESERVING UNTO DECLARANT, however, such easements and rights of ingress and egress over, across, through, and under the above-described land and any improvements now or hereafter constructed thereon as may be reasonably necessary for Declarant or for any assignee or successor of Declarant (in a manner which is reasonable and not inconsistent with the provisions of this Declaration): (i) To construct and complete each of the Living Units on the Lots and all of the other improvements as Declarant deems to be appropriate, and to do all things reasonably necessary or proper in connection therewith; (ii) To construct and complete on the Phase II Land or any portion thereof such improvements as Declarant or said assignee or successor shall determine to build in its sole discretion; (iii) To improve portions of the Property with such other or additional improvements, facilities, or landscaping designed for the use and enjoyment of all the Owners as Declarant or as such assignee or successor may reasonably determine to be appropriate. If, pursuant to the foregoing reservations, the above described land or any improvement thereon is traversed or partially occupied by a permanent improvement or utility line, a perpetual easement for such improvement or utility line shall exist. With the exception of such perpetual easements, the reservations hereby effected shall, unless sooner terminated in accordance with their terms, expire seven (7) years after the date on which this Declaration is filed for record in the Office of the County Recorder of Washington County, Utah.

6. Alterations. The Declarants reserve the right to change the interior design and interior arrangement of any unit and to alter the boundaries between units, so long as the Declarants own the units so altered. Any such change shall be reflected by an amendment of this Declaration and of the Map which may be executed by the Declarants alone, notwithstanding the procedures for amendment described in Section 25 of this Declaration.

7. Statement of Purpose and Restriction on Use.

(a) Purpose. The purpose of the Condominium Project is to provide residential housing and sports and physical fitness related and other amenities and parking space for Unit Owners and

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to tenants and guests, all in accordance with the provisions of the Act.

(b) Restrictions on Use. The units and common areas and facilities shall be used and occupied as hereinafter set forth.

(1) Each of the units shall be occupied by the unit owner, his family, servants, tenants or guests as a private permanent or temporary residence and for no other purpose. Each carport and/or parking stall appurtenant to a unit shall be used by the unit owner, his family, servants, or guests for the parking or storage of motor vehicles or such other items as the Board of Trustees may approve and for no other purpose. No carport or parking stall shall be used for parking of trailers, mobile homes, boats, snowmobiles or campers which have been detached from trucks without the written consent of the Board of Trustees. The common areas and facilities shall be used only for the purposes for which they are intended in the furnishing of services and facilities for the enjoyment of all units within the Project.

(2) Nothing shall be done or kept in any unit or in the common areas and facilities which will increase the rate of insurance on the buildings or contents thereof beyond that customarily applicable for residential use, or will result in the cancellation of insurance on the buildings, or the contents thereof, without the prior written consent of the Board of Trustees. No unit owner shall permit anything to be done or kept in his unit or in the common areas and facilities which is in violation of any law, ordinance or regulation of any governmental authority.

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

(4) No noxious or offensive activity shall be carried on in any unit or in the common areas and facilities, nor shall anything be done therein, either willfully or negligently, which may be or become an annoyance or nuisance to the other unit owners or occupants.

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

(6) The common areas and facilities shall be kept free and clear of all rubbish, debris and other unsightly materials.

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(7) The common areas shall be used only in a manner consistent with their community nature and with the use restrictions applicable to living units. No admission fees, charges for use, leases, or other income-generating arrangement of any type shall be employed or entered into with respect to any portion of the common areas, provided, however, that for a period of not less than three (3) years from the effective date of this Declaration and until 60% of the units have been conveyed to purchasers, Declarant reserves the right to permit persons not owning lots or occupying living units in the Development to use the recreational facilities thereof upon payment of such admission fees or charges as the Association shall determine to be appropriate.

(8) No part of the Property shall be used for any commercial, manufacturing, merchantile, storing, vending, or other such non-residential purposes. Declarant, its successors or assigns, may use the Property for a model home site display, and may use, including, but not limited to, the lounge area of the clubhouse, as a sales office during the construction and sales period.

(9) No sign or billboard of any kind shall be displayed to the public view on any portion of the Property or any Lot advertising the property for sale or rent except signs used by Declarant, its successors or assigns, to advertise the property during the construction and sales period.

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(10) No animals, livestock, or poultry of any kind shall be raised, bred or kept in any unit, except that dogs, cats or other household pets may be kept in the units provided they are not kept, bred or maintained for any commercial purpose or kept in unreasonable numbers. Notwithstanding the foregoing, no animals or fowl may be kept on the Property which result in an annoyance or are obnoxious, by noise, smell or otherwise, to Unit Owners. All pets must be kept in the units or on a leash when in the common areas.

(11) All rubbish, trash and garbage shall be regularly removed from the Property, and shall not be allowed to accumulate thereon.

(12) Notwithstanding the restrictions contained herein, for the seven year period following the date on which this Declaration is filed for record in the office of the County Recorder of Washington County, Utah, Declarant shall have the right to use any Lot or Living Unit owned by it and any part of the common areas reasonably necessary or appropriate, including, but not limited to, the lounge area of the Clubhouse as a sales office, in furtherance of any construction, marketing, sales, management, promotional, or other activities designed to

accomplish or facilitate improvement of the common areas or improvement and/or sale of all lots owned by Declarant.

8. Person to Receive Service of Process. The person to receive service of process in the cases provided herein or in the Act is Alan Coombs, whose address is 1021 South Valley View Drive, St. George, Utah, 84770. The said person may be changed by the recordation by the Board of Trustees of an appropriate instrument.

9. Ownership and Use.

(a) Ownership of a Unit. Except with respect to any of the common areas and facilities located within the bounds of a unit, each unit owner shall be entitled to the exclusive ownership and possession of his unit and to the ownership of an undivided interest in the common areas and facilities in the percentage expressed in Exhibit "D", which percentage is subject to change upon filing of amended Declarations as hereinafter provided.

(b) Nature of and Restrictions on Ownership and Use. Each unit owner shall have and enjoy the rights and privileges of fee simple ownership of his unit. There shall be no requirements concerning who may own units, it being intended that they may and shall be owned as any other property rights by persons, corporations, partnerships, or trusts and in the form of common tenancy. The unit owners may lease or rent their units with their appurtenant rights subject to terms and conditions chosen solely by the unit owner and his lessee, except that all unit owners, their tenants and other occupants or users of the Project, shall be subject to the Act, this Declaration, the By-Laws, and all rules and regulations of the Association of unit owners and Board of Trustees.

(c) Prohibition Against Subdivision of Unit. No unit owner, except Declarants pursuant to Paragraph 6 and paragraph 33, by deed plat or otherwise, shall subdivide or in any manner cause the ownership of his unit to be separated into physical tracts or parcels smaller than the whole unit as shown on the Map and no parking stall assigned or conveyed to any unit shall be conveyed separately from such unit, including such additional may be designated parking as may designated as limited common area by deed.

(d) Ownership of Common Areas and Facilities. The common areas and facilities contained in the Project are described and identified in Section 5(d) of this Declaration. Said common areas and facilities shall be owned by the unit owners as tenants in common. No undivided ownership interest in the common areas and facilities shall be separated from the unit to which it appertains; and even though not specifically mentioned in the instrument of transfer, such undivided ownership interest shall automatically accompany the transfer of the unit to which it relates. The common areas and facilities shall be used only in a

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manner which is consistent with their community nature and with the use restrictions applicable to the units contained in the Project.

(e) Use of Common Areas and Facilities. Except with respect to limited common areas each unit owner may use the common areas and facilities in accordance with the purpose for which they are intended, but subject to this Declaration and the By-Laws. This right of use shall be appurtenant to and run with each unit.

(f) Computation of Undivided Interest. The percentage of undivided ownership interest in the common areas and facilities which is appurtenant to each unit is 1/112 (the total expected units in Phase I) A unit owners percentage of ownership interest in the common areas and facilities shall be for all purposes, including voting and assessment of common expenses. The percentage of undivided ownership of common areas and facilities and limited common areas is subject to change upon the addition or deletion of units by Declarant and Amendment of this Declaration by Declarant.

(g) Designated Parking. As set forth at Exhibit "D" hereto, each unit has one covered parking space which shall be appurtenant to the unit designated therein. In addition thereto, unit owners may purchase one additional uncovered numbered parking space, which space shall be designated in the deed of conveyance of the unit by adding to said deed the following language:

...together with uncovered parking space number _____, as designated limited common area, and not in fee simple, which space shall be appurtenant to said unit.

The available spaces for such designation shall be limited to those set forth in Exhibit "D" (with respect to Phase I), and all other uncovered parking shall be common area, and available to all other owners, their families, tenants, or guests on a first come first serve basis.

10. Use of Limited Common Areas and Facilities. A unit owner's exclusive right of use and occupancy of the limited common areas and facilities reserved for his unit shall be subject to and shall be used in accordance with this Declaration and the By-Laws. Any limited common area shall be leased only to persons who reside in the Project or used by the family, servants or guests thereof on a temporary basis. Certain uncovered parking stalls as set forth at Exhibit "D" hereto shall be designated for the use of certain owners by deed and such parking shall thereafter be appurtenant to that unit as limited common areas (see (g) above).

11. Membership and Voting Rights.

(a) Membership. Every owner shall be a Member of the Association. Membership in the Association shall be mandatory, shall be appurtenant to the unit in which the owner has the

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necessary interest, and shall not be separated from the unit to which it appurtains.

(b) Voting Rights. The Association shall have the following described two classes of voting membership:

Class A. Class A Members shall be all the owners other than the Declarant. Class A Members shall be entitled to one vote for each unit in which the interest required for membership in the Association is held. In no event, however, shall more than one Class A vote exist with respect to any unit.

Class B. The Class B Member shall be the Declarant. The Class B Member shall be entitled to five (5) votes for each unit (whether or not completed) in which it holds the interest required for membership in the Association. The Class B membership shall automatically cease and be converted to Class A membership on the first to occur of the following event:

(a) When the total number of votes held by all Class A members equals the total number of votes held by the Class B Member.

(b) The expiration of seven (7) years after the date on which this Declaration is filed for record in the office of the County Recorder of Washington County, Utah.

(c) Changes in Voting Procedure. If Declarant shall exercise his option to add additional units (up to 297 total units) then at such time as the amended or supplementary Declaration is filed, the voting shall be adjusted accordingly, including that Declarant may regain his Class B voting status for all units owned (whether or not completed), even if previously converted to Class A status under the terms hereof.

(d) Multiple Ownership Interests. In the event there is more than one owner of a particular unit, the vote relating to such unit shall be exercised as such owners may determine among themselves. A vote cast at any Association meeting by any of such owners, whether in person or by proxy, shall be conclusively presumed to be the vote attributable to the unit concerned unless an objection is immediately made by another owner of the same unit. In the event such an objection is made, the vote involved shall not be counted for any purpose whatsoever other than to determine whether a quorum exists.

12. Management.

(a) Board of Trustees. The business, property and affairs of the Project shall be managed, operated and maintained by the Board of Trustees of the Association as agent for the unit owners. The Board of Trustees shall have, and is hereby granted, the following authority and powers:

(1) The authority, without the vote or consent of the unit owners or of any other person(s), to grant or create, on such terms as it deems advisable, utility and similar easements,

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over, under, across and through the common areas and facilities; and work performed pursuant to such easements must be done in a workmanlike manner and any damage to the interior structure or decor of a unit must be repaired;

(2) The authority to execute and record, on behalf of all unit owners, any amendment to the Declaration of Map which has been approved by the vote or consent necessary to authorize such amendment;

(3) The authority to enter into contracts which in any way concern the Project, so long as any vote or consent of the unit owners necessitated by the subject matter of the agreement has been obtained;

(4) The power and authority to convey or transfer any interest in real property, so long as any vote or consent necessary under the circumstances has been obtained;

(5) The power and authority to purchase, otherwise acquire, and accept title to, any interest in real property, so long as such action has been authorized by any vote or consent which is necessary under the circumstances;

(6) The power and authority to add any interest in real property obtained pursuant to paragraph (5) above to the Condominium Project, so long as such action has been authorized by the necessary vote or consent;

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(7) The authority to promulgate such reasonable rules, regulations, and procedures as may be necessary or desirable to aid the Board of Trustees in carrying out any of its functions or to insure that the project is maintained and used in a manner consistent with the interest of the unit owners; and

(8) The power and authority to perform any other acts and to enter into any other transactions which may be reasonably necessary for the Board of Trustees to perform its functions as agent for the unit owners.

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

(b) Composition of Board of Trustees. The Trustees shall consist of the number and be elected in a manner set forth in the Articles of Incorporation and By-Laws of the Sports Village Condominium Association. The initial Board of Trustees shall be composed of three (3) individuals who also hold office as follows:

Alan Coombs	President
Ron Snow	Vice-President
Russell J. Gallian	Secretary/Treasurer

(c) Responsibility. The Board of Trustees shall be responsible for the control, operation and management of the Project in accordance with the provisions of the Act of this Declaration and the Articles of Incorporation and By-Laws as hereinafter set forth. The Board of Trustees may from time to time promulgate operational rules and regulations also known as house rules.

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

(e) Name. The Board of Trustees shall be known as the Sports Village Condominium Board of Trustees.

(f) Manager. The Association may carry out through a Manager any of its functions which are properly the subject of delegation. Any Manager so engaged may be an independent contractor or an agent or employee of the Association, shall be responsible for managing the Property for the benefit of the Association and the Owners, and shall, to the extent permitted by law and the terms of the agreement with the Association, be authorized to perform any of the functions or acts required or permitted to be performed by the Association itself. Any agreement for professional management of the Development, or any other contract providing for services of the Declarant, sponsor, or builder, may not exceed three (3) years. Any such agreement must provide for termination by either party without cause and without payment of a termination fee on ninety (90) days or less written notice.

13. Easements.

(a) Each unit shall be subject to such easements as may be necessary for the installation, maintenance, repair or replacement of any common areas and facilities located within the boundaries of such unit.

(b) In the event that, by reason of the construction, reconstruction, repair, settlement, movement or shifting of any part of the building, any part of the common areas and facilities encroaches or shall hereafter encroach upon any part of any unit or any part of the common areas and facilities or any other unit, valid easements for such encroachment and the maintenance of such encroachment are hereby established and shall exist for the benefit of such unit and the common areas and facilities, as the case may be, so long as all or any part of the building containing any such unit shall remain standing; provided, however, that in no event shall a valid easement or any encroachment be created in favor of any unit owner or in favor of the unit owners as owners

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of the common areas and facilities if such encroachment occurred due to the willful conduct of such unit owner or owners.

(c) Limitation on Easement. A Member's right and easement of use and enjoyment concerning the common areas shall be subject to the following:

(1) The right of the Association to suspend a Member's right to the use of any amenities included in the common areas for any period during which an assessment on such Member's lot remains unpaid and for a period not exceeding ninety (90) days for any infraction by such Member of the provisions of this Declaration or of any rule or regulation promulgated by the Association;

(2) The right of the Association to impose reasonable limitations on the number of guests per Member who at any given time are permitted to use the common areas;

(3) The right of the County of Washington and any other governmental or quasi-governmental body having jurisdiction over the Property to access and rights of ingress and egress over and across any street, parking area, walkway, or open spaces contained within the Property for purposes of providing police and fire protection, and providing any other governmental or municipal service; and

231254 (4) The right of the Association to dedicate or transfer all or any part of the common areas to any public agency or authority for such purposes and subject to such conditions as may be agreed to by the Association. Any such dedication or transfer must, however, be assented to by two-thirds (2/3) of the vote of each class of membership which Members present in person or by proxy are entitled to cast at a meeting duly called for the purpose. Written or printed notice setting forth the purpose of the meeting and the action proposed shall be sent to all Members at least ten (10) days, but not more than thirty (30) days, prior to the meeting date.

14. Change in Ownership. The Board of Trustees shall maintain up-to-date records showing the name of each person who is an owner, the address of such person, and the unit which is owned by him. In the event of any transfer of a fee or undivided fee interest in a unit either the transferor or transferee shall furnish the Board of Trustees with evidence establishing that the transfer has occurred and that the Deed or other instrument accomplishing the transfer is of record in the office of the County Recorder of Washington County, Utah. The Board of Trustees may for all purposes act and rely on the information concerning owners and unit ownership which is thus acquired by it or, at its option, the Board of Trustees may act and rely on current ownership information respecting any unit or units which is obtained from the office of the County Recorder of Washington

County, Utah. The address of an owner shall be deemed to be the address of the unit owned by such person unless the Board of Trustees is otherwise advised.

15. Assessments.

(a) Personal Obligation and Lien. Each Owner shall, by acquiring or in any way becoming vested with his interest in a unit, be deemed to covenant and agree to pay to the Association the monthly and the special assessments described in this Article, together with the hereinafter provided for interest and costs of collection. All such amounts shall be, constitute, and remain: (a) a charge and continuing lien upon the lot with respect to which such assessment is made; and (b) the personal obligation of the person who is the owner of such unit at the time the assessment falls due. No owner may exempt himself or his Lot from liability for payment of assessments by waiver of his rights concerning the common areas or by abandonment of his unit. Any such lien, however, shall be sub-ordinate to the lien or equivalent security interest of any first Mortgage on the unit recorded prior to the date any such common expense assessments become due.

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(b) Purpose of Assessments. Assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety, and welfare of residents of the Property. The use made by the Association of funds obtained from assessments may include payment of the cost of: insurance on the common areas; maintenance, repair, replacement, and improvement of the common areas; management and supervision of the common areas; establishing and funding a reserve to cover major repair or replacement of improvements within the common areas; and any expense necessary or desirable to enable the Association to perform or fulfill its obligations, functions, or purposes under this Declaration or its Articles of Incorporation.

(c) Basis for Assessment. Each Living Unit which is certified for occupancy which has been conveyed to an owner shall be assessed at the same fraction as the undivided interest in the common areas as defined in paragraph 9(f) of this Declaration. For the purpose of assessment, the term "Owner" shall exclude the Declarant, Declarant's obligation for assessments shall be limited to underwriting the cost of operation of the Association until 80% of the units are sold and closed. Declarant shall not be liable for reserves for future replacements and costs in excess of that amount necessary to underwrite the Associations ordinary and necessary expenses.

(d) Special Assessments. In addition to the annual assessments authorized above, the Association may levy special assessments for the purpose of defraying, in whole or in part: (a) any expense or expenses not reasonably capable of being fully

paid with funds generated by monthly assessments; or (b) the cost of any construction, reconstruction, or unexpectedly required repair or replacement in connection with the common areas. Any such special assessment must be assented to by more than fifty percent (50%) of all votes which Members present in person or represented by proxy are entitled to cast at a meeting duly called for the purpose. Written notice setting forth the purpose of the meeting shall be sent to all Members at least ten (10) days, but not more than thirty (30) days, prior to the meeting date.

(e) Quorum Requirements. The quorum required for any action authorized by this paragraph 15 shall be as follows: at the first meeting called the presence of Members or of proxies entitled to cast sixty percent (60%) of all outstanding votes shall constitute a quorum. If a quorum is not present at the first meeting or any subsequent meeting, another meeting may be called (subject to the notice requirements set forth in Section d) at which a quorum shall be one-half of the quorum which was required at the immediately preceding meeting. No such subsequent meeting shall be held more than forty-five (45) days following the immediately preceding meeting.

231254 (f) Rate of Assessment. Both monthly and special assessments shall be divided by the total number of units in the project and that figure shall be assessed to each owner ratably. In the event timeshare or shared ownership is introduced, expenses attributable to the timeshare shall be separately accounted and charged to timeshare units.

(g) Monthly Assessment Due Dates. The monthly assessments provided for herein shall commence as to all units on the date deed is delivered to first purchaser of a unit (or contract of sale) or the date of occupancy under an occupancy agreement, whichever first occurs. The first monthly assessment shall be adjusted according to the number of days remaining in the month conveyance, contract or occupancy, as the case may be. At least 15 days prior to the effective date of any change in amount of the monthly assessment the Association shall give each owner written notice of the amount and the first due date of the assessment concerned.

(h) Certificate Regarding Payment. Upon the request of any owner or prospective purchaser or encumbrancer of a unit the Association shall issue a certificate stating whether or not all assessments respecting such unit are current and, if not, the amount of the delinquency. Such certificate shall be conclusive in favor of all persons who in good faith rely thereon.

(i) Effect of Nonpayment -- Remedies. Any assessment not paid when due shall, together with the hereinafter provided for interest and costs of collection, be, constitute, and remain a continuing lien on the unit, provided, however, that any such lien

will be subordinate to the lien or equivalent security interest of any first mortgage on the unit recorded prior to the date any such assessments become due. The person who is the owner of the unit at the time the assessment falls due shall be and remain personally liable for payments. Such personal liability shall not pass to the Owner's successors in title unless expressly assumed by them. If the assessment is not paid within thirty (30) days after the date on which it becomes delinquent, the amount thereof shall bear interest from the date of delinquency at the rate of twelve percent (12%) per annum plus late payment service charge equal to five (5) percent of each delinquent amount due and the Association may, in its discretion, bring an action either against the Owner who is personally liable or to foreclose the lien against the unit. Any judgment obtained by the Association shall include reasonable attorney's fees, court costs, and each and every other expense incurred by the Association in enforcing its rights.

(i) Release of Lien. Upon payment of delinquent assessments concerning which a notice of assessment has been recorded or other satisfaction thereof, the Board of Trustees shall cause to be recorded in the same manner as the notice of assessment a further notice stating the satisfaction and release of the lien thereof.

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

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

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

(c) If 75% or more of the Project's improvements are destroyed or substantially damaged, if proceeds of the insurance maintained by the Board of Trustees are not alone sufficient to accomplish restoration, and if the unit owners within 100 days after the destruction or damage by a vote of at least 75% of the entire undivided ownership interest in the Project elect to repair or reconstruct the affected improvements, restoration shall be accomplished in the manner directed under subsection (b) above.

(d) If 75% or more of the Project's improvements are destroyed or substantially damaged, if proceeds of the insurance

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maintained by the Board of Trustees are insufficient to accomplish restoration, and if the unit owners do not, within 100 days after the destruction or damage and by a vote of at least 75% of the entire undivided ownership interest in the Project, elect to repair or reconstruct the affected improvements, the Board of Trustees shall promptly record with the Washington County Recorder a notice setting forth such facts. Upon the recording of such notice, the provisions of subsections (1) through (4) of Section 57-8-31, Utah Code Annotated (1953), as amended from time to time, shall apply and shall govern the rights of all parties having an interest in the Project or any of the units.

(e) Any reconstruction or repair which is required to be carried out by this section shall be accomplished at the instance and direction of the Board of Trustees. Any determination which is required to be made by this section regarding the extent of damage to or destruction of Project improvements shall be made as follows: The Board of Trustees shall select three MAI appraisers; each appraiser shall independently arrive at a figure representing the percentage of project improvements which have been destroyed or substantially damaged; the percentage which governs the application of the provisions of this section shall be the average of the two closest appraisal figures.

17. Operation and Maintenance.

(a) Each owner of a unit at his own expense shall keep the interior of such unit and its equipment and appurtenances in good order, condition and repair and in a clean and sanitary condition, and shall do all redecorating and painting which may at any time be necessary to maintain the good appearance of such unit. Except to the extent that the Board of Trustees is protected by insurance against such injury, the unit owner shall repair all injury or damages to the unit or building or buildings caused by the act, negligence or carelessness of the unit owner or that of any tenant or subtenant or guest or any member of the unit owner's family or the family or guest of any tenant or subtenant and all such repairs, redecorating and painting shall be of a quality and kind equal to the original work. In addition to decorating and keeping the interior of the unit in good repair, the unit owner shall be responsible for the maintenance or replacement of any plumbing, fixtures, refrigerators, dishwashers, disposals, ranges, etc., that may be in or connected with the unit, and the maintenance of limited common patio except the fences surrounding such areas. Without the written permission of the Board of Trustees first had and obtained, a unit owner shall not make a permit to be made any structural alteration, in or to the unit, carports or parking stalls, or in or to the exterior of the buildings, and shall not paint or decorate any portion of the

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exterior of the unit or of the building in which the unit is located.

(b) Except as hereinafter provided, the Board of Trustees shall provide for such maintenance and operation.

(c) Water and Garbage Removal. The Association shall pay for all water and garbage removal services furnished to each unit. Each unit owner shall pay for all utility services which are separately billed or metered to individual units by the utility or other party furnishing such service.

(d) Insurance. The Association shall secure and at all times maintain the following insurance coverage:

(1) A policy or policies of fire and casualty insurance, with extended coverage endorsement, for the full insurable replacement value of all improvements comprising a part of the common areas. The name of the insured under each such policy shall be in form and substance similar to: "The Sports Village Condominium Association for the use and benefit of the individual unit owners and mortgagees, as their interests may appear".

(2) A comprehensive policy or policies insuring the owners, the Association, and its directors, officers, agents, and employees against any liability incident to the ownership, use or operation of the common areas which may arise among themselves, to the public, and to any invitees or tenants of the property or of the owners. Limits of liability under such insurance shall not be less than \$1,000,000.00 for all claims for personal injury and/or property damage arising out of a single occurrence, such coverage to include protection against water damage, liability for non-owned or hired automobile, liability for property of others, and such other risks as shall customarily be covered with respect to projects similar in construction, location and use. Such policies shall be issued on a comprehensive liability basis, shall provide a cross-liability endorsement pursuant to which the rights of the named insured as between themselves are not prejudiced, and shall contain "a severability of interest" clause or endorsement to preclude the insurer from denying the claim of an owner in the development because of negligent acts of the Association or other owners.

The following additional provisions shall apply with respect to insurance:

(1) In addition to the insurance described above, the Association shall secure and at all times maintain insurance against such risks as are or hereafter may be customarily insured against in connection with developments similar to the property in construction, nature, and use.

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(2) All policies shall be written by a company holding a rating of Class VI or better from Best's Insurance Reports. Each insurer must be specifically licensed in the State of Utah.

(3) The Association shall have the authority to adjust losses.

(4) Insurance secured and maintained by the Association shall not be brought into contribution with insurance held by the individual owners or their mortgagees.

(5) Each policy of insurance obtained by the Association shall, if reasonably possible, provide: A waiver of the insurer's subrogation rights with respect to the Association, the owners, and their respective directors, officers, agents, employees, invitees, and tenants; that it cannot be cancelled, suspended, or invalidated due to the conduct of any particular owner or owners; that it cannot be cancelled, suspended, or invalidated due to the conduct of the Association or of any director, officer, agent, or employee of the Association without a prior written demand that the defect be cured; that any "no other insurance" clause therein shall not apply with respect to insurance held individually by the owners.

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(6) Notwithstanding any provisions to the contrary herein, so long as the mortgagee or its designee holds a mortgage or beneficial interest in a trust deed on a unit in the development or owns a unit, insurance policies shall meet all requirements and contain such other coverage and endorsements as may be required from time to time by the mortgagee or its designee.

(7) Fidelity Coverage. The Association shall maintain fidelity coverage to protect against dishonest acts on the part of trustees, officers, manager, employees of the Association and all others (including volunteers) who handle, or are responsible for handling, funds of the Association. Such fidelity bonds shall:

(a) name the Association as an obligee as the name insured;

(b) be written in an amount sufficient to provide protection which is in no event less than one and one-half (1-1/2) times the Association's estimated annual operating expenses and reserves;

(c) contain waivers of any defense based upon the exclusion of volunteers or persons who serve without compensation from any definition of "employee" or similar expression; and

(d) provide that they may not be cancelled or substantially modified (including cancellation for non-payment of premium) without at least thirty (30) days' prior written notice to all first mortgagees of units.

(8) Mortgage Clause. All policies of hazard insurance must contain or have attached the standard mortgagee clause

commonly accepted by private institutional mortgage investors in the area in which the mortgaged premises are located. The mortgagee clause must provide that the insurance carrier shall notify the first mortgagee (or trustee) named at least ten (10) days in advance of the effective date of any reduction in or cancellation of the policy.

(9) Review of Insurance. The Board shall periodically, and whenever requested by twenty percent (20%) or more of the owners, review the adequacy of the Association's insurance program and shall report in writing the conclusions and action taken on such review to the owner of each unit and to the holder of any mortgage on any unit who shall have requested a copy of such report. Copies of every policy of insurance procured by the Board shall be available for inspection by the owner.

(10) Unacceptable Policies. Policies are unacceptable where: (i) under the terms of the carrier's charter, by-laws or policy, contributions or assessments may be made against the unit owner or mortgagee or mortgagee's designee; or (ii) by the terms of the carrier's charter, by-laws or policy, loss payments are contingent upon action by carrier's board of directors, policyholders, or members; or (iii) the policy includes any limiting clauses (other than insurance conditions) which could prevent unit owner, mortgagee or mortgagee's designee from collecting insurance proceeds.

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18. Taxes. It is understood that under the Act each unit, together with its percentage of undivided interest in the common areas and facilities in the Project, is deemed a parcel and subject to separate assessment and taxation by each assessing unit and special district for all types of taxes authorized by law. Each unit owner will, accordingly, pay and discharge any and all taxes which may be assessed against his condominium.

19. Rights of First Mortgagees. Notwithstanding any other provisions of this Declaration, the following provisions concerning the rights of first mortgagees shall be in effect:

(a) Preservation of Regulatory Structure and Insurance. Unless the holders of 100% of all first mortgagees and 75% of the unit owners shall have given their prior written approval, the Association shall not be entitled:

(1) by act or omission to change, waive or abandon any scheme of regulations, or enforcement thereof, pertaining to the architectural design of the exterior appearance of living units, the exterior maintenance of living units or the upkeep of the common areas of the property;

(2) to fail to maintain fire and extended coverage on insurable portions of the common areas on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value (based on current replacement cost); or

(3) to use hazard insurance proceeds for losses to the common areas for other than the repair, replacement or reconstruction of improvements on the common areas.

(b) Preservation of Common Area; Change in Method of Assessment. Unless the Association shall receive the prior written approval of (1) at least one hundred percent (100%) of all first mortgagees (based on one vote for each mortgagee) of the units and (2) the owners of at least seventy-five percent (75%) of the units (not including units owned by Declarant) the Association shall not be entitled:

(1) by act or omission to seek to abandon, partition, subdivide, encumber, sell or transfer the common areas, except to grant easements for utilities and similar or related purposes, as herein elsewhere reserved; or

(2) to change the ratio or method of determining the obligations, assessments, dues or other charges which may be levied against a unit or the owner thereof.

Neither this paragraph nor the insurance provision contained in paragraph 17(d) may be amended without the prior approval of all first mortgagees. Nothing in this paragraph shall limit the right of Declarant to amend these Declarations as provided elsewhere in this Declaration.

(c) Notice of Matters Affecting Security. The Association shall give written notice to any first Mortgagee of any unit requesting such notice whenever:

(1) there is any default by the owner of the unit subject to the first mortgage in performance of any obligation under this Declaration or the Articles or By-Laws of the Association which is not cured within thirty (30) days after default occurs; or

(2) there occurs any substantial damage to or destruction of any living unit or any part of the common areas involving an amount in excess of, or reasonably estimated to be in excess of \$15,000.00. Said notice shall be given within ten (10) days after the Association learns of such damage or destruction.

(3) there is any condemnation proceedings or proposed acquisition of a living unit or of any portion of the common areas within ten (10) days after the Association learns of the same.

(4) any of the following matters come up for consideration or effectuation by the Association:

(i) abandonment or termination of the Condominium Development established by this Declaration;

(ii) material amendment of the Declaration or the Articles or By-Laws of the Association; or

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(iii) any decision to terminate professional management of the common areas and assume self-management by the owners.

(d) Notice of Meetings. The Association shall give to any first mortgagee of a unit requesting the same, notice of all meetings of the Association; and such first Mortgagees shall have the right to designate in writing a representative to attend all such meetings.

(e) Right to Examine Association Records. Any first Mortgagee shall have the right to examine the books, records and audited financial statements of the Association.

(f) Right to Pay Taxes and Charges. First mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any portion of the common areas and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for the common areas; and first mortgagees making such payments shall be owed immediate reimbursement therefor from the Association. Declarant, for the Association as owner of the common areas, hereby covenants and the Association by acceptance of the conveyance of the common areas, whether or not it shall be so expressed in such conveyance, is deemed to covenant and agree to make such reimbursement.

(g) Exemption from any First Right of Refusal. Any first mortgagee and any purchaser therefrom who obtains title to a first mortgage and any purchaser therefrom who obtains title to a unit pursuant to the remedies provided in the first mortgage, or by foreclosure of the first mortgage, or by deed or assignment in lieu of foreclosure, or by sale pursuant to any power of sale or otherwise shall be exempt from any "right of first refusal" which would otherwise affect the unit.

(h) Rights Upon Foreclosure of Mortgage. Each holder of a first mortgage (or deed of trust) on a unit and any purchaser from it who comes into possession of the unit by virtue of foreclosure of the mortgage, or by deed or assignment in lieu of foreclosure, or pursuant to power of sale or otherwise will take the unit free of, and shall not be liable for, any claims for unpaid assessments and charges against the unit which accrue prior to the time such holder comes into possession of the unit.

(i) Restrictions Without Approval of Mortgagees. Except as to the Association's right to grant easements for utilities and similar or related purposes, the Development's common areas may not be alienated, released, transferred, hypothecate, or otherwise encumbered without the approval of all holders of first mortgage liens on the units, except as provided in the case of destruction at paragraph 16 herein.

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(j) First Mortgagees Rights Concerning Amendments. No amendment to this section which has the effect of diminishing the rights, protection or security afforded to mortgagees shall be accomplished or effective unless all of the mortgagees of the individual units have given their prior written approval to such amendment. Any amendment to this section shall be accomplished by an instrument executed by the Board of Trustees and filed for record in the office of the Washington County Recorder. In any such instrument, an officer of the Association shall certify that any prior written approval of Mortgagees required by this Section as a condition to amendment has been obtained.

20. Eminent Domain. In the event that eminent domain proceedings are commenced against the Project or any portion thereof, the provisions of Section 57-8-32.5, Utah Code Annotated (1953) as amended from time to time, shall apply. The Board of Trustees shall give written notice of such proceedings to all mortgagees of record. No first lien priority of any mortgagee shall be diminished or otherwise disturbed by virtue of such proceedings.

21. Right of Entry. The Association and its duly authorized agents shall have the right to enter any and all of the units and the limited common areas appurtenant thereto in case of an emergency originating in or threatening such unit or any other party of the Project, whether or not the unit owner or occupant thereof is present at the time. The Trustees and its duly authorized agents shall also have the right to enter into any and all of said units and limited common areas at all reasonable times as required for the purpose of making necessary repairs upon the common areas and facilities of the Project or for the purpose of performing emergency installations, alterations or repairs to the mechanical or electrical devices or installations located therein or thereon; provided, however, such emergency installations, alterations or repairs are necessary to prevent damage or threatened damage to other units in the Project; and provided further, that the unit owner affected by such entry shall first be notified thereof if available and if time permits.

22. Administrative Rules and Regulations. The Board of Trustees shall have the power to adopt and establish by resolution, such building management and operational rules as it may deem necessary for the maintenance, operation, management and control of the Project.

23. Obligation to Comply with Declaration, By-Laws, Articles, Rules and Regulations. Each unit owner, tenant, subtenant or other occupant of a unit shall comply with the provisions of the Act, this Declaration, the By-Laws, and the rules and regulations, all agreements and determinations lawfully made and/or entered into by the Association, when acting in

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