

**DECLARATION OF COVENANTS, CONDITIONS
RESTRICTIONS AND EASEMENTS
OF
GRAND LODGE
A
UTAH CONDOMINIUM PROJECT**

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This Declaration Of Covenants, Conditions, Restrictions and Easements Of Grand Lodge, A Utah Condominium Project, hereinafter referred to as the "Declaration," is made and executed this ____ day of _____, 2005, by GRAND LODGE PARTNERS, LLC, a Utah limited liability company, hereinafter referred to as the "Declarant".

RECITALS

A. Description of Land. The Declarant is the owner of the parcel of land, which is located in Summit County, State of Utah and described on Exhibit "A" attached hereto (hereinafter referred to as the "Land")

B. Record of Survey Map. The Declarant intends to execute, acknowledge, and record in the office of the County Recorder of Summit County, State of Utah, a certain record of survey map pertaining to the Project and entitled "Record of Survey For Grand Lodge A Utah Condominium Project" (the "Map"); and thereafter, Declarant intends to construct certain residential and commercial structures and improvements on the Land.

C. Intent and Purpose. The Declarant intends by recording this Declaration and the Map to submit the Land, the structures, and all other improvements situated in or upon the Land to the provisions of the Utah Condominium Ownership act, Utah Code Annotated, Section 57-8-1, et seq. (hereinafter referred to as the "Condominium Act") as a fee simple combined residential and commercial Condominium Project and to impose upon said property mutually beneficial restrictions under a general plan of improvement for the benefit of all Condominiums within said Project and the Owners thereof.

D. Master Declaration. The Land and improvements shall also be subject to: (i) that certain Master Declaration Of Covenants, Conditions And Restrictions Of Flagstaff A Planned Community, dated June 28, 2002 and recorded as Instrument No. 00623450 in Book 01457, Pages 747-832 inclusive in the official records of Summit County, Utah; (ii) that certain Supplemental Declaration and Amendment to the Master Declaration of Covenants, Conditions and Restrictions of Flagstaff, a Planned Community, recorded October 22, 2002 as Instrument No. 635722 in Book 1481, beginning at Page 1538 in the official records of Summit County, Utah; and (iii) that certain Second Supplemental Declaration to the Master Declaration of Covenants, Conditions and Restrictions of Flagstaff, a Planned Community, recorded July 18, 2003 as Instrument No. 665954 in Book 1553, beginning at Page 8 in the official records of Summit County, Utah (collectively, and as the same may be amended or modified from time to time, the "Master Declaration"); and to the extent that any of the provisions contained herein conflict with provisions of the Master Declaration, the Master Declaration shall control.

DECLARATION

NOW THEREFORE, the foregoing Recitals are incorporated herein by reference. Declarant does hereby submit the Land, the structures, and all other improvements now or hereafter made in or upon the Land to the provisions of the Condominium Act and to this Declaration. All of said property is and shall be held, conveyed, hypothecated, encumbered, leased, rented, used, and improved as a fee simple combined residential and commercial Condominium Project to be known as GRAND LODGE. All of said property is and shall be subject to the covenants, conditions, restrictions, uses, limitations, and obligations set forth herein, each and all of which are declared and agreed to be for the benefit of said Project and in furtherance of a plan for improvement of said property and division thereof into Condominiums; further, each and all of the provisions hereof shall be deemed to run with the Land and shall be a burden and a benefit on the Land and shall be binding upon the Declarant, its successors and assigns, and to any persons acquiring, leasing, or owning an interest in the real property and improvements comprising the Project, and to their respective personal representatives, heirs, successors, and assigns. The Project is hereby divided into Condominiums,

each such Condominium consisting of a Unit and an appurtenant undivided interest in the Common Areas, as set forth in Exhibit "B" attached hereto.

ARTICLE I

DEFINITIONS

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

1.01 "Architectoral Committee" shall mean the Architectural Committee created pursuant to Article 4 of this Declaration.

1.02 "Articles of Incorporation" shall mean the Articles of Incorporation of GRAND LODGE OWNERS ASSOCIATION, INC., a Utah nonprofit corporation, attached hereto as Exhibit "D" and incorporated herein by this reference.

1.03 "Assessment" shall mean that portion of the costs of maintaining, improving, repairing, operating, and managing the property which is to be paid by the Unit Owners as determined by the Association under this Declaration. Assessments may be designated as Regular Assessments, Extraordinary Assessments, or Special Assessments, as those terms are more specifically defined in Article 6 of this Declaration.

1.04 "Association" shall mean the GRAND LODGE OWNERS ASSOCIATION, INC., a Utah nonprofit corporation, organized to be the Association referred to herein.

1.05 "Board of Trustees" shall mean the governing board or management committee of the Association, appointed or elected in accordance with the Declaration and in accordance with the Articles of Incorporation and Bylaws of the Association.

1.06 "Bylaws" shall mean the Bylaws of the Association, as amended from time to time. The initial Bylaws shall be as adopted by the incorporating members of the Board of Trustees.

1.07 "City" shall mean the City of Park City, Utah and Park City Municipal Corporation.

1.08 "Common Area" shall mean all areas and facilities in the Development, except the Units as defined below. Consequently, the Common Area includes, without limitation, the Land within the Development, which is hereby submitted to the provisions of the Act; all common areas and facilities as hereinafter described and designated as such on the Map; all limited common area and facilities as hereinafter described and as designated as such on the Map; all Landscaped and planted areas; parking areas; all private roadways and walkways; exterior lighting and storage areas; all utility lines and facilities used by or useful to more than one Unit (and which lines and facilities are not the property of the entity providing the utility service); and all other parts of the Development necessary or convenient to its existence, maintenance and safety.

1.9 "Common Expenses" shall mean the actual and estimated expenses of maintenance, improvement, repair, operation, insurance, and management of the Common Area, maintenance of initial landscaping installed by Declarant in the Development, expenses of administration of the Association, and any reasonable reserve for such purposes as determined by the Board, and all sums designated Common Expenses by or pursuant to the Development Documents. Without limiting the generality of the foregoing, Common Expenses shall also include: the costs of trash collection and removal; compensation paid by the Association to managers, accountants, attorneys and other employees; the costs of all maintenance, gardening, security and other services benefiting the Common Area; the costs of errors and omissions, and director, officer and agent liability insurance, and other insurance covering the property and the directors, officers and agents of the Association; and any other costs incurred by the Association pursuant to its authority for any reason whatsoever, for the common benefit of the Owners.

1.10 "Condominium" shall mean a Unit and the undivided interest (expressed as a fraction of the entire ownership interest) in the Common Areas appurtenant to such Unit, as set forth in Exhibit "B" attached hereto and by this reference made a part hereof. The terms "Condominium" and "Condominium Unit" shall all have the same meaning and are used interchangeably in this Declaration.

1.11 "Condominium Act" shall mean the Utah Condominium Ownership Act contained in Title 57, Chapter 8, Utah Code Annotated, as the same may be amended from time to time.

1.12 "Declarant" shall mean GRAND LODGE PARTNERS, LLC, a Utah limited liability company, and its successors-in-interest and assigns with respect to the Development, but shall not include members of the public purchasing completed Units.

1.13 "Declaration" shall mean this Declaration Of Covenants, Conditions, Restrictions and Easements Of Grand Lodge, A Utah Condominium Project, as it may be amended from time to time.

1.14 "Design Guidelines" shall mean the Grand Lodge Design Guidelines and the Flagstaff Design Guidelines.

1.15 "Development Documents" shall mean this Declaration, the Map, and the Articles and Bylaws of the Association, as each shall be amended from time to time.

1.16 "Dwelling" shall mean the condominium unit to be constructed as each Unit.

1.17 "Flagstaff Design Guidelines" shall mean the architectural design guidelines set forth in the Master Declaration to which the Development is subject

1.18 "Grand Lodge Design Guidelines" shall mean the design guidelines set forth in this Declaration, or established by the Declarant or the Architectural Committee from time to time, for the development, improvement, maintenance or alteration of the Units subject hereto. The Grand Lodge Design Guidelines may impose, without limitation, restrictions with respect to a Unit's minimum or maximum square footage, building materials used in construction or alteration of improvements, architectural standards and other related matters. There is no assurance that such Grand Lodge Design Guidelines will not change from time to time, and they may change with respect to unsold Units subject to this Declaration after one or more other such Units have been sold by Declarant.

1.19 "Limited Common Area" shall mean any portion of the Common Areas reserved for the use of certain Owners to the exclusion of other Owners, including but not limited to any porches, balconies, patios, driveways or parking areas serving a particular Unit or Units, walkways, storage closets, decks, hallways, corridors, stairwells, elevators and lifts as indicated by the Declaration, the Map or the Act to be for the exclusive use of one or more but fewer than all of the Units. Mechanical systems serving only some Units shall be Limited Common Areas with respect to the Units which they serve. The use and occupancy of designated Limited Common Areas shall be reserved to the Units as shown on the Map or as specified in this Declaration. Owners may not reallocate Limited Common Areas between or among Units in which they have an interest.

1.20 "Map" shall mean the Record of Survey Map for the Development referenced in Recital B above, recorded or to be recorded in the office of the County Recorder of Summit County, State of Utah, as the same may be amended from time to time. A reduced version of the Map is attached hereto as Exhibit "C" and incorporated herein by this reference.

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

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

1.23 "Mortgage Service" shall mean a Mortgagee who services any Mortgage on any individual Condominium Unit in the Development.

1.24 "Owner" shall mean the person or persons, including the Declarant or any entity, owning in fee simple, a Condominium in the Development, as such ownership is shown by the records of the County Recorder of Summit County, State of Utah. The term "Owner" shall not refer to any Mortgagee (unless such Mortgagee has acquired title for other than security purposes) or to any person or persons purchasing a Condominium under contract (until such contract is fully performed and legal title conveyed of record).

1.25 "Project" or "Development" shall mean the Land, the structures, and all improvements submitted by this Declaration and the Map to the provisions of the Condominium Act.

1.26 "Total Votes of the Association" shall mean the total number of votes appertaining to all Condominiums in the Project.

1.27 "Unit" shall mean and refer to an individual portion of the Development designated as a Unit on the Map. A Unit shall not consist of: (i) the exterior covering of the roof (meaning mat and shingles); (ii) the exterior walls; (iii) the Land on which the condominium building is located; and (iv) any balconies, porches, parking stalls, driveways, sidewalks, or storage facilities that are identified on the Map with the same number or other designation by which a Unit is identified or is (in the case of balconies) adjacent to the Unit. For purposes of this Declaration, items 1.27(b)(i), (ii) and (iii) shall constitute Common Areas as defined above, and item 1.27(b)(iv) shall constitute Limited Common Area as defined above. All other portions of the entire condominium building, including but not limited to, all heating and cooling fixtures, systems and equipment; all plumbing and electrical fixtures, systems and equipment; all rooms occupying part of a condominium building; all walls, floors, ceilings, windows and doors; all fixtures and improvements; all paint, wall, ceiling, and permanently installed floor coverings; all bearing walls, foundations, ceiling equipment, tanks, pumps, pipes, vents, ducts, shafts, flues, chutes, conduits and wires, shall constitute part of the respective Unit. Each owner acquiring a Unit in the Development shall have fee title to and exclusive right to the use and occupancy of the Unit.

ARTICLE 2

ASSOCIATION, ADMINISTRATION, MEMBERSHIP AND VOTING RIGHTS

2.1 Organization of Association.

The Association is or shall be incorporated under the name of GRAND LODGE OWNERS ASSOCIATION, INC., in accordance with the requirements of the Utah Revised Nonprofit Corporation Act.

2.2 Duties and Powers.

The duties and powers of the Association are those set forth in this Declaration, the Articles and Bylaws. Those duties and powers include the general and implied powers of a non-profit corporation organized under the laws of the State of Utah, to engage in those activities which are necessary or proper for the peace, health, comfort, safety and general welfare of its members. Those duties and powers are however, subject to the limitations upon the exercise of such powers as are expressly set forth in this Declaration, the Articles and Bylaws.

2.3 Membership.

The Owner of a Condominium shall automatically, upon becoming the Owner of that Condominium, be a member of the Association, and shall remain a member thereof until such time as his ownership ceases for any

reason, at which time his membership in the Association shall automatically cease. Membership shall be in accordance with the Articles and Bylaws of the Association.

2.4 Transferred Membership.

Membership in the Association shall not be transferred, pledged, or alienated in any way, except upon the transfer of ownership of the Condominium to which it is appurtenant, and then only to the new Owner. Any attempt to make a prohibited transfer is void. In the event the Owner of any Condominium should fail or refuse to transfer the membership registered in his name to the purchaser of his Condominium, the Association shall have the right to record the transfer upon its books; thereupon, the old membership outstanding in the name of the seller shall be null and void.

2.5 Classes of Membership; Voting Requirements.

The Association shall have two (2) classes of voting membership established according to the Articles. Voting rights shall be as set forth in the Bylaws.

2.6 Membership Meetings.

Regular and special meetings of members of the Association shall be held with the frequency, at the time and place, and in accordance with the provisions of the Bylaws of the Association.

2.7 Board of Trustees.

The affairs of the Association shall be managed by a Board of Trustees. The Board shall be established and shall conduct meetings according to the provisions of the Bylaws of the Association.

2.8 Use of Agent.

The Board of Trustees, on behalf of the Association, may contract with a professional management agent for the performance of maintenance and repair and for conducting other activities on behalf of the Association, as may be determined by the Board. The term of any such contract shall comply with the restrictions set forth in the Bylaws.

ARTICLE 3

NATURE AND INCIDENTS OF CONDOMINIUM OWNERSHIP
AND
RIGHTS IN COMMON AREA

3.1 Ownership of Units. Subject to the terms and provisions of this Declaration, each Owner shall have the fee title to and exclusive right to the use and occupancy of his Unit.

3.2 Title. Title to a Unit within the Development may be held or owned by any person or entity, or any combination thereof, and in any manner in which title to any other real property may be held or owned in the State of Utah. This includes without limitation, joint tenancy or tenancy in common. Provided, however, title to a Unit within the Development shall not, under any circumstances, be separated into timeshare or time interval ownership.

3.3 Ownership of Common Areas. Except as otherwise provided in this Declaration, or in the Condominium Act, the appurtenant interest in the Common Areas attributable to each Unit (as shown in Exhibit "B" to this Declaration), shall have a permanent character and shall not be altered without the written consent of two-thirds of the Owners expressed in an amendment to this Declaration. Such amendment shall be duly recorded in the office of the Summit County Recorder. Except as otherwise provided in this Declaration, any Owner shall be

entitled to non-exclusive use of the Common Areas (other than Limited Common Areas) in any manner that does not hinder or encroach upon the rights of other Owners, and is not contrary to any rules and regulations promulgated by the Association. Except as otherwise provided in this Declaration, any Owner shall have the exclusive right to use and enjoy any Limited Common Area that may be designated on the Map for exclusive use by such Owner.

3.4 Inseparability. Title to any part of a Condominium within the Development may not be separated from any other part thereof during the period of condominium ownership hereunder, and each Unit and the undivided interest in the Common Areas appurtenant to each Unit shall always be conveyed, devised, encumbered, and otherwise affected only as a complete Condominium. Every devise, encumbrance, conveyance, or other disposition of a Condominium, or any part thereof, shall be construed to be a devise, encumbrance, conveyance, or other disposition, respectively, of the entire Condominium, together with all appurtenant rights created by law or by this Declaration, including appurtenant membership in the Association as set forth in Article 2.

3.5 No Subdivision. No Unit or portion thereof may be divided or subdivided or a fractional portion thereof sold or conveyed so as to be held in divided ownership. Under no circumstances shall interest in a Unit be divided into, leased, sold, conveyed or used as time periods or intervals or sold or conveyed to owners or holders for use on a timeshare basis.

3.6 Separate Mortgages by Owners. Each Owner shall have the right separately to mortgage or otherwise encumber his Condominium. No Owner shall attempt, or shall have the right, to mortgage or otherwise encumber the Common Areas or any part thereof, except the undivided interest therein appurtenant to his Condominium. Except as provided in Article 12 hereof, any mortgage or other encumbrance of any Condominium within the Development shall be subordinate to all of the provisions of this Declaration. In the event of foreclosure, the provisions of this Declaration shall be binding upon any Owner whose title is derived through foreclosure by private power of sale, judicial foreclosure, or otherwise.

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

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

3.9 Description of Condominium. Every contract for the sale of a Condominium and every other instrument affecting title to a Condominium within the Development may describe a Unit by its identifying number or symbol as indicated in this Declaration or as shown on the Map. Such description will be construed to describe the Unit, together with the appurtenant undivided interest in the Common Areas, and to incorporate all the rights incident to ownership of a Condominium within the Development and all of the limitations on such ownership as described in this Declaration and/or the Articles of Incorporation and Bylaws of the Association.

3.10 Common Area. The Common Area shall be owned by the Association for the common use and enjoyment of all Owners. The Common Area shall be operated, maintained, and insured by the Association for the use and benefit of Owners of Units in the Development, subject to reasonable rules and regulations enacted according to the Bylaws. Each Unit Owner, through membership in the Association, shall have a non-exclusive right to use the Common Area in accordance with the purposes for which it is intended without hindering the exercise of or encroaching upon the lawful rights of any other Unit Owners. This right includes, but is not limited

to, the right to access the Development by ski, through any portion of the Development designated as Common Area. Notwithstanding the transfer of the Common Area to the Association, the Declarant shall reserve and hereby reserves in itself and its successors-in-interest and assigns, an easement (and the right to grant further easements) over and onto the Common Area for ingress to and egress from the Development for the purpose of necessary construction, maintenance, or repair work.

3.11 Extent of Easements. The rights and easements of use and enjoyment of the Common Area created by this Declaration shall be subject to such rules and regulations as may be adopted by the Board of Trustees according to the Bylaws. Without limiting the generality of the Board's authority to enact reasonable rules and regulations, such easements shall be subject to the following:

3.11.1 The right of the Board to suspend the rights and easement of any Owner, and the persons deriving such rights and easements from any Owner, for use and enjoyment of any portion of the Common Area, for any period during which the payment of any Assessment against the Owner and his Unit remains delinquent; provided, however, that any suspension for either nonpayment of any assessment, or breach of any provision in the Development Documents, shall not constitute a waiver or discharge of the Owner's obligation to pay Assessments as provided in this Declaration;

3.11.2 The right of the Association to consent to or otherwise cause the construction of additional improvements on the Common Area and to consent to or otherwise cause the alteration or removal or any existing improvements on the Common Area for the benefit of the Owners of the Association; and

3.11.3 The right of the Association, acting through the Board, to consent to or join in the grant or conveyance of easements, licenses or rights-of-way in, on, or over the Common Area, for purposes not inconsistent with the intended use of the Development as a residential and commercial condominium development.

3.11.4 Declarant reserves the right to obtain water and electricity from any Unit for the purpose of watering, sprinkling, or lighting the Common Area. Said unit owner will be reimbursed for such usage and charges through the Association's budget.

3.12 Damage by Member. Individual Owners shall be liable to the Association for any damage to the Common Area not fully reimbursed to the Association by insurance, if the damage is sustained because of the negligence or willful misconduct of the Owner, his guests, tenants, or invitees, or any other persons deriving their right and easement of use and enjoyment of the Common Area from the Owner, or his or their respective family and guests, both minor and adult. However, the Association, acting through the Board, reserves the right to determine whether any claim shall be made upon the insurance maintained by the Association. The Association further reserves the right to levy a Special Assessment equal to the increase, if any, in insurance premiums directly attributable to the damage caused by the Owner or the person for whom the Owner may be liable as described above. The cost of correcting the damage to the extent not reimbursed to the Association by insurance shall be a Special Assessment against the Unit and may be enforced as provided hereby for the enforcement of any other Assessment.

ARTICLE 4

Architectural Control

4.1 Architectural Committee.

4.1.1 The Architectural Committee shall consist of three (3) members. Said Architectural Committee shall have and exercise all of the powers, duties and responsibilities set out in this instrument.

4.1.2 The Committee shall initially consist of members selected by the Declarant. At such time as 90% of the Units in the Development are sold or in six (6) years following the date hereof, whichever comes later, all members of the Committee shall be selected by Owners of the Units at meetings called for that purpose. At the first annual meeting held after the Declarant turns over to the Unit Owners responsibility for selecting members of the Architectural Committee, the Owners shall elect members for the following terms: one (1) member

to serve for a term of three (3) years; one (1) member to serve for a term of two (2) years; and one (1) member to serve for a term of one (1) year. At each annual meeting thereafter, new committee members shall be elected for three (3) year terms to fill any vacancies.

4.1.3 In elections for members of the Architectural Committee, or any other matter presented to a vote of the Owners, each Owner shall be entitled to one vote for each Unit which is owned by said Owner. When more than one person holds such interest in any Unit, all such co-owners shall be Owners and may attend any meetings of the Owners, but only one such co-owner shall be entitled to exercise the votes to which the Unit is entitled. Such co-owners may from time to time all designate in writing one among them to vote. The vote for each Unit shall be exercised, if at all, as a unit. Where no voting co-owner is designated, or if such designation has been revoked, the votes for such Unit shall be exercised as the majority of the co-owners of the Unit mutually agree. Unless a written objection from a co-owner is delivered at the meeting, it shall be presumed that the voting co-owner is acting with the consent of his or her co-owners. No votes shall be cast for any Unit where the majority of the co-owners present in person or by proxy and representing such Unit cannot reach a majority agreement with respect to said votes or other action. The non-voting co-owner or co-owners shall be jointly and severally responsible for all of the obligations imposed upon the jointly owned Unit and shall be entitled to all other benefits of ownership.

4.1.4 Written notice of any meeting called for the purpose of electing members of the Architectural Committee or taking any action by the Owners shall be sent to all Owners not less than ten (10) days, nor more than sixty (60) days, in advance of the meeting. At the first such meeting called, the presence of the Owners, in person or by proxy, of fifty-one percent (51%) of the Units shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be the Owners of twenty-five percent (25%) of the Units. No such subsequent meeting shall be held more than thirty (30) days following the preceding meeting. Each member of the Association entitled to vote who is present, in person or by proxy, at any meeting of the Owners at which a quorum is present shall be entitled to cast one vote for each Architectural committee position up for vote, and the individual or individuals receiving the most votes shall be elected to Architectural Committee positions up for election..

4.1.5 To the extent there is any conflict between the voting requirements of Article 4 of this Declaration and Article 2 of the Bylaws ("Exhibit "E"), the requirements of the Bylaws shall control.

4.2 Approval by Architectural Committee.

4.2.1 No buildings, structures or improvements shall be placed, erected, altered or permitted to remain on the Land other than the residential and commercial improvements and related non-residential structures and improvements shown on the Map as the same may be amended from time to time. All improvements of any kind to the Land or any of the Units, shall be designed and erected in conformity with the requirements of: (i) the "Grand Lodge Design Guidelines" as set forth herein; (ii) the Flagstaff Design Guidelines as defined in Article 1 above; and (iii) any municipal or quasi municipal entity with jurisdiction and oversight over such improvements.

4.2.2 No improvements of any kind, including, but not limited to residential and commercial Dwellings or Units, garages, decks, patios, driveways, antennae, signs, curbs, and walks shall ever be erected, altered, or permitted to remain on the Land within the Development, nor shall any excavating, clearing, removal of trees, or shrubs, or landscaping be done on any Land within the Development (including Units), unless the complete plans and specifications therefore, are approved by the Declarant (if less than 90% of the Units have been conveyed by the Declarant) and by the Architectural Committee prior to the commencement of such work.

4.2.3 A fee of \$300.00 shall be paid to the Architectural Committee to cover costs and expenses of review. Improvements to be made after the initial improvements, which will cost less than \$500.00, shall be submitted as directed to Declarant (if applicable) and the Architectural Committee for approval but the fee of \$300.00 shall not be required.

4.2.4 The Declarant and the Architectural Committee shall consider the materials to be used on the external features of said buildings or structures, including: (i) exterior colors; (ii) harmony of external design with existing structures within the Development; (iii) the building bulk or mass of said buildings or structures; (iv) the location with respect to topography, existing trees and finished grade elevations; and (v) the harmony of the landscaping with the natural setting and surroundings. The Architectural Committee shall also ascertain whether the architecture conforms to the Design Guidelines.

4.2.5 The complete architectural plans and specifications must be submitted in quadruplicate and must include at least four different elevation views. One complete copy of the plans and specifications shall be signed for identification by the Owner and left with the Architectural Committee.

4.2.6 In the event that either Declarant (if applicable) or the Architectural Committee fails to take any action within forty-five (45) days after complete plans for such work have been submitted to them, then all of such submitted plans shall be deemed to be approved.

4.3 Deviation from Guidelines.

The Declarant and the Architectural Committee have the authority to deviate from the requirements contained herein in extenuating circumstances, when following these covenants would create an unreasonable hardship or burden for an Owner. An affirmative vote of Declarant and of two-thirds (2/3) of the members of the Architectural Committee must be gained for a deviation to be granted. The Declarant and the Architectural Committee do not, however, have authority to allow variances from the requirements of the Park City Land Management Code.

4.4 General Requirements.

The Declarant and Architectural Committee shall exercise their best judgment to see that all improvements, construction, landscaping, and alterations on the Land within the Development conform and harmonize with the natural surroundings and with existing structures as to external design, materials, color, siting, height, topography, grade and finished grade elevation in keeping with the Design Guidelines. The Architectural Committee, may, in its discretion, retain the services of a licensed architect to assist the Architectural Committee in the performance of its duties as required under this Article 4 inclusive.

4.5 Plans.

The Declarant and Architectural Committee shall disapprove any plans submitted to it, which are not sufficient for it to exercise the judgment required of it by these covenants. The following items must be included for complete plan review:

4.5.1 Preliminary sketch (optional) in duplicate.

4.5.2 Complete Architectural plans and specifications in quadruplicate.

4.5.3 Plan Review Fee of Three Hundred Dollars (\$300.00).

4.6 Declarant and Architectural Committee Not Liable.

The Declarant and Architectural Committee shall not be liable for damages to any person submitting any plans for approval, or to any Owner or Owners of Units, by reason of any action, failure to act, approval, disapproval, or failure to approve or disapprove, with regard to such plans and specifications. Neither the Declarant, the Architectural Committee nor any member thereof, nor their duly authorized representative, shall be liable to any Owner for any loss, damage, or injury arising out of, or in any way connected with, the performance of the Declarant's or the Architectural Committee's duties hereunder, unless due to the willful misconduct or bad faith of the Declarant or the Architectural Committee. Any person or group acquiring the title to any Unit in the

Development, or any person submitting plans to the Declarant or the Architectural Committee for approval, by so doing shall be deemed to have agreed and covenanted that he, she, or they will not bring any action or suit to recover damages against the Declarant or the Architectural Committee, its members as individuals, or its advisors, employees, or agents.

4.7 Written Records.

The Declarant and the Architectural Committee shall keep and safeguard, complete records of all applications for approval submitted to them (including one set of all preliminary sketches and all architectural plans so submitted) and all actions of approval or disapproval, and all other actions taken by it under the provisions of this instrument. Such records shall be maintained for a minimum of five years after approval or disapproval.

4.8 Limited Extent of Committee Review.

The Architectural Committee and the Declarant shall review and approve or disapprove all plans submitted to them for any proposed improvement, alteration or addition, solely on the basis of aesthetic considerations and the overall benefit or detriment that would result on the immediate vicinity and the Development generally. The Architectural Committee and the Declarant shall take into consideration the aesthetic aspects of the architectural designs, placement of buildings, landscaping, color schemes, exterior finishes and materials and similar features, but shall not be responsible for reviewing, nor shall their approval of any plan or design be deemed the approval of any plan or design from the standpoint of structural safety, or conformance with building or other codes.

4.9 Completion Required Before Occupancy.

No Unit within the Development shall be occupied until and unless the Unit has been completed in accordance with, and complied with, all approved plans and specifications and temporary certificate of occupancy or a certificate of occupancy or the equivalent has been issued by Park City Municipal Corporation.

4.10 Park City Municipal Corporation Approval.

In addition to compliance with the Design Guidelines, the requirements of Park City Municipal Corporation as may exist from time to time with respect to the Development must be complied with. To the extent there is a conflict between the requirements of the Grand Lodge Design Guidelines, the Flagstaff Design Guidelines and the requirements of Park City Municipal Corporation, the more restrictive requirements shall apply.

4.11 Balconies, Porches, Patios and Decks.

Improvements or alterations with respect to balconies, porches, patios and decks shall be allowed on a case by case basis, only with the prior written consent of the Architectural Committee. Plans for balconies, porches, patios and decks, or alterations or improvements thereto, shall be submitted in accordance with the requirements of this Article 4. As Limited Common Area, no Unit Owner, guest, invitee, or tenant of a Unit Owner shall have any right to occupy the Limited Common Area balcony, porch, patio or deck of any other Unit Owner in the Development. Provided however, unlike driveways, which are also treated as Limited Common Area, the Association shall expressly have no responsibility for maintenance of any balconies, porches, patios or decks located within the Development. Maintenance of the respective balconies, porches, patios and decks shall be the exclusive responsibility of the respective Owner.

4.12 Height Limitations.

No improvements or appendages to any existing improvements shall be erected to a height greater than 28 feet (33 feet for pitched roof buildings), measured from natural or unmodified grade at the building site without the consent of the Architectural Committee and Park City Municipal Corporation.

4.13 Used or Temporary Structures.

No used or previously erected or temporary house, structure, house trailer, mobile home, camper, or non-permanent outbuilding shall ever be placed, erected, or allowed to remain on the Land except during construction periods, and then only with the approval of the Architectural Committee.

ARTICLE 5

REPAIR AND MAINTENANCE

5.1 Repair and Maintenance Rights and Duties of Association.

Subject to the provisions in this Declaration pertaining to eminent domain and destruction of improvements, the Association shall maintain, repair and replace the Common Area and all improvements and landscaping thereon (including the initial landscaping installed by the Declarant), or shall contract for such maintenance, repair and replacement to assure maintenance of such areas in good condition. However, the Association shall not be responsible for, or obligated to perform those items of maintenance, repair or improvement that are the responsibility of the Owners as provided in Subsection 5.2 below. In the event an Owner fails to maintain his Unit, or fails to provide other maintenance or repair as provided herein in a manner which the Board deems necessary to preserve the appearance and value of the Development, the Board may notify the Owner of the work required and request, in writing, that it be done, subject to reasonable constraints caused by inclement weather, within sixty (60) days from the giving of such notice. In the event the Owner fails to carry out such maintenance within such period, the Board may cause such work to be done and may specially assess the cost thereof to such Owner, and, if necessary, lien the Owner's Unit for the amount thereof.

5.2 Repair and Maintenance Rights and Duties of Owners.

(a) Except as provided in Section 5.2(b) below, the Association shall be responsible to maintain and repair the entire exterior of each Unit, including roofs, walls, foundations, etc., keeping the same in good condition.

(b) Each Owner shall maintain, repair and replace as necessary, all doors and windows (and appurtenant hardware and accessories) to his Unit, and any separate air conditioning, water heating, or other separate utility fixture and equipment that services only his Unit. Each Owner shall have the exclusive right and discretion to paint, plaster, panel, tile, wax, paper or otherwise finish, refinish and decorate the inner surfaces of the walls, ceilings, floors, windows and doors bounding his Unit. Each Owner may install, modify or remove partition walls within his Unit so long as it in no way lessens the structural integrity of the building in which the Unit is located and so long as such work is approved in advance by the Declarant and/or Architectural Committee, as applicable, and Park City Municipal Corporation and such work is completed in strict accordance with the requirements of this Declaration, the requirements of Park City Municipal Corporation and all other applicable laws, rules, ordinances or regulations.

ARTICLE 6

ASSOCIATION MAINTENANCE FUNDS AND ASSESSMENTS

6.1 Creation of the Lien and Personal Obligation of Assessments.

The Declarant, for each Unit owned within the Development hereby covenants, and each Owner of any Unit by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association the following Assessments, which shall be established and collected as provided herein and in the Bylaws of the Association:

6.1.1 Regular Assessments;

6.1.2 Extraordinary Assessments;

6.1.3 Special Assessments.

All Assessments, together with interest, costs, penalties, and actual attorneys' fees, shall be a charge and a continuing lien upon the Unit against which each Assessment is made. Each such Assessment, together with interest, costs, penalties, and actual attorneys' fees, shall also be the personal obligation of the person who was the Owner of such Unit at the time when the Assessment fell due. No Owner of a Unit may exempt himself from liability for his contribution toward the Common Expenses by waiver of the use or enjoyment of any of the Common Area or by the abandonment of his Unit.

6.2 Purpose of Assessment.

The Assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of all the Owners or occupants in the Development, for the improvement and maintenance of the Common Area, and for the common good of the Development. The Regular Assessments shall include an adequate reserve fund for maintenance, repairs and replacement of those portions of the Common Area that must be repaired or replaced on a periodic basis.

6.3 Regular Assessments.

6.3.1 Until Declarant has sold 90% of the Units in the Development, the annual maximum Regular Assessment per Unit shall be such amount as is set forth in the Development budget prepared by Declarant, payable in monthly installments. Each Unit's share for the first fiscal year shall also be prorated based on the number of months remaining in that fiscal year. Thereafter, the Board shall determine and fix the amount of the maximum annual Regular Assessment against each Unit at least sixty (60) days in advance of the start of each fiscal year; provided, however, that the maximum annual Regular Assessment may not be increased by more than twenty percent (20%) above the maximum annual Regular Assessment for the immediately preceding fiscal year, without the vote or written assent of at least seventy-five percent (75%) of the voting power of the Association.

6.3.2 As a standard Regular Assessment budget item, the Declarant and the Board shall include in the annual budget, a private roadway reserve account assessment for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair and/or resurfacing of private roads, driveways and parking areas within the Development. In the event the Regular Assessment for the roadway reserve is inadequate to meet the needs of a repair and/or resurfacing, the Board may, as provided below, levy such additional Extraordinary or Special Assessments as are needed to properly maintain the private roads and driveways in a high quality state of repair.

6.3.3 As an additional standard Regular Assessment budget item, the Board shall include in its annual budget, a separate reserve account assessment for the purpose of defraying, in whole or in part, the cost of repairing, maintaining and replacing the exterior of the Units, including, the roof, walls and foundation. The Board shall consult periodically with painting, roofing and other contractors, for the purpose of evaluating the condition and anticipated longevity of the exterior of the Units. The reserve account for the repair, maintenance and replacement of the exterior of the Units shall take into account the annualized budget assessment needed in order to meet the periodic repair, maintenance and replacement costs estimated by the painting, roofing and other contractors. In the event the Regular Assessment for the repair, maintenance and replacement of the exterior of the Units is inadequate to meet the specific needs of a repair, maintenance and/or replacement, the Board may, as provided below, levy such additional Extraordinary or Special Assessments as are needed to properly repair, maintain and replace the exterior of the Units.

6.4 Extraordinary Assessments.

In addition to the Regular Assessments authorized above, the Board may levy, in any fiscal year, an Extraordinary Assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including resurfacing of any private roads, driveways, parking areas or walkways in the Development, or to defray

any unanticipated or underestimated expense not covered by the Regular Assessment, and, where necessary, for taxes assessed against the Common Area; provided, however, that, except for Extraordinary Assessments for taxes or similar municipal assessments, the aggregate Extraordinary Assessments for any fiscal year shall not exceed ten percent (10%) of the budgeted gross expenses of the Association (excluding reserves) for that fiscal year, without the vote or written assent of seventy-five percent (75%) of the voting power of the Association.

6.5 Special Assessment.

In addition to the Regular Assessments and Extraordinary Assessments authorized above, the Board may levy Special Assessments (without limitation as to amount or frequency) against an individual Unit and its Owner to reimburse the Association for costs incurred in bringing that Owner and his Unit into compliance with the provisions of this Declaration and the Bylaws, including actual attorneys' fees and costs, or to reimburse the Association for costs and expenses to the Association arising from the negligence or willful misconduct of a Unit Owner, including actual attorneys' fees and costs. Each initial purchaser of a Unit from Declarant agrees to pay a one time initial Special Assessment in the amount of \$3,000.00 to fund the initial capitalization of the Association and to create a capital reserve. Notwithstanding any language in this Declaration, in the Articles of Incorporation, or in the Bylaws to the contrary, this one time Special Assessment shall be exempt from the substantive and procedural requirements for establishment of Special Assessments. This one time Special Assessment shall become due upon the initial closing of each Unit in the Development.

6.6 Allocation of Assessments.

Each of the residential Units, including any Units owned by Declarant, shall be assessed at the same rate as each other residential Unit regardless of the size of the Condominium Unit. Each of the commercial Units, including any Units owned by Declarant, shall be assessed at the same rate of each other commercial Unit regardless of the size of the Condominium Unit. The residential Units and the commercial Units may be assessed different amounts as equitably determined by the Board. Notwithstanding the foregoing if more than one Unit is combined to make one larger Unit, the larger Unit shall continue to be assessed as if it were more than one Unit.

6.7 Date of Commencement of Assessment; Due Dates.

The Regular Assessments provided for herein shall commence for each Unit in the Development on the first day of the month following closing of the sale of the Unit. The Regular Assessment for any partial month preceding such date shall be prorated and paid at closing. Due dates for Regular Assessments shall be the first day of every calendar month. No notice of such Assessment shall be required other than an annual notice setting forth the amount of the monthly Regular Assessment for the upcoming fiscal year.

6.8 Transfer of Unit by Sale or Foreclosure.

The sale or transfer of any Unit shall not affect any Assessment lien, or relieve the Unit or its former owner from any liability therefor, whether the lien pertains to payments becoming due prior or subsequent to such sale or transfer. Notwithstanding the foregoing, the sale or transfer of any Unit pursuant to foreclosure or by deed in lieu of foreclosure of a recorded Mortgage given in good faith and for value shall extinguish the lien of all such Assessments as to payments which became due prior to such sale or transfer (except for Assessment liens arising prior to the recordation of the Mortgage). Sale or transfer pursuant to mortgage foreclosure shall not, however, affect the personal liability of the Owner for unpaid Assessments. Any Assessments for which the liens are extinguished pursuant to this Section shall be deemed to be Common Expenses collectible from all of the Units including the Unit for which the lien was extinguished. In a voluntary conveyance of a Unit, the grantee of the same shall be jointly and severally liable with the grantor for all unpaid Assessments by the Association against the latter up to the time of the grant or conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefor. However, any such grantee shall be entitled to a statement from the Board, setting forth the amount of the unpaid Assessments owed to the Association, and such grantee shall not be liable for, nor shall the Unit conveyed be subject to a lien for, any unpaid Assessments made by the Association against the grantor in excess of the amount set forth in the statement; provided, however, the grantee shall be liable for any such Assessment becoming due after the date of any statement.

6.9 Enforcement of Assessment Obligation; Priorities; Discipline.

If any part of any Assessment is not paid and received by the Association or its designated agent within ten (10) days after the due date, an automatic late charge of Fifty Dollars (\$50.00) shall be assessed and additional Ten Dollar (\$10.00) sums shall be assessed for each month or fraction thereof from the due date until the Assessment and all late charges are paid. Each unpaid Assessment shall constitute a lien on each respective Unit prior and superior to all other liens except (1) all taxes, bonds, assessments and other levies, which, by law, would be superior thereto, and (2) the lien or charge of any Mortgage of record made in good faith and for value. Such lien, when delinquent, may be enforced by sale by the Association, its attorney or other person authorized by this Declaration or by law to make the sale, after failure of the Owner to pay such Assessment, in accordance with the provisions of Utah law applicable to the exercise of powers of sale in deeds of trust, or by judicial foreclosure as a mortgage, or in any other manner permitted by law. The Association, acting on behalf of the Units' Owners, shall have the power to bid for the Unit at the foreclosure sale, and to acquire and hold, lease, mortgage and convey the same. The foreclosing party shall have the right to reduce or eliminate any redemption rights of the defaulting Owner as allowed by law. Suit to recover a money judgment for unpaid Assessments, rent and attorneys' fees shall be maintainable without foreclosing or waiving the lien securing the same. The Board may impose reasonable monetary penalties including actual attorneys' fees and costs, and may temporarily suspend the Association membership rights of a Unit Owner who is in default in payment of any Assessment, after notice and hearing according to the Bylaws. In the event that the Unit for which the assessment is delinquent is occupied by a renter, the Association may collect the amounts owed for such delinquent assessment directly from the rent which is otherwise payable by the Tenant to the Owner, which amount may in turn be offset by Tenant against rent owed to the Unit Owner to the extent permissible by law.

6.10 Payment of Taxes Assessed Against Common Area or Personal Property of Association.

In the event that any taxes are assessed against the Common Area, or the personal property of the Association, rather than against the Units, said taxes shall be included in the Regular Assessments made under the provisions of this Article, and, if necessary, an Extraordinary Assessment may be levied against the Units in an amount equal to said taxes (regardless of the limitation on Extraordinary Assessments set forth in Paragraph 6.4 above).

ARTICLE 7

EASEMENTS

7.1 Access, Use and Maintenance Easements.

7.1.1 Declarant expressly reserves for the benefit of itself and the Owners, reciprocal, non-exclusive easements for access, ingress and egress over all of the Common Area (exclusive of Limited Common Area), which easements shall be deemed granted by Declarant to the Owners and to the Association for so long as Declarant owns any interest in the Development. Subject to the provisions of this Declaration governing use and enjoyment thereof, the easements may be used by Declarant, its successors, purchasers and all Owners, their guests, tenants and invitees, residing on or temporarily visiting the Development, for walkways, vehicular access, ski access to the Development, and such other purposes reasonably necessary for use and enjoyment of a Unit in the Development; provided however, access over the Common Area or Units by any form of recreational vehicles is strictly prohibited.

7.1.2 Declarant also expressly reserves for the benefit of the Board of Trustees and all agents, officers and employees of the Association, non-exclusive easements over the Common Area (including the Limited Common Area) and all Units and Dwellings as necessary to maintain and repair the Common Area, and to perform all other tasks in accordance with the provisions of this Declaration. Such easements over the Common Area shall be appurtenant to, binding upon and shall pass with the title to every Unit conveyed.

7.1.3 Notwithstanding any language in this Declaration to the contrary, Declarant expressly reserves for the benefit of itself and its successors-in-interest and assigns, including the Association, easements over and under the entire Development, together with the right to grant and transfer the same for the installation, repair, and maintenance of sanitary sewer, water, electric, gas, telephone, television, and other utility lines and services, and for any other purpose reasonably appropriate to construct and service the Development. Such easement reservation to Declarant and its heirs successors and assigns, shall, upon completion of the Development, be transferred by Declarant or its heirs, successors, or assigns, to the Association for the benefit of its members.

7.2 Encroachments and Utility Easements.

7.2.1 Each Unit within the Development is hereby declared to have an easement over all adjoining Units and the Common Area for the purpose of accommodating any encroachment due to engineering errors, errors in original construction, settlement or shifting of any building, or any other cause. There shall be valid easements for the maintenance of said encroachments as long as they shall exist, and the rights and obligations of Owners shall not be altered in any way by said encroachment, settlement or shifting; provided, however, that in no event shall a valid easement for encroachment be created in favor of an Owner or Owners if said encroachment occurred due to the willful misconduct of said Owner or Owners. In the event a structure is partially or totally destroyed, and then repaired or rebuilt, the Owners of each Unit agree that minor encroachments over adjoining Units or Common Area shall be permitted and that there shall be a valid easement for the maintenance of said encroachments so long as they shall exist.

7.2.2 Each Unit within the Development is hereby declared to have an easement over the Common Area for the purpose of installing and maintaining utility lines and services necessary to the development and occupancy of such Unit; provided however, that the Board of Trustees, or Declarant as applicable, shall have the sole discretion to determine the location and scope of such easement, so long as the location and scope of the easement are reasonably suitable for the installation or maintenance of the utility for which the easement is granted.

7.3 Owners' Rights and Duties With Respect to Utilities.

The rights and duties of the Owners of Units within the Development with respect to utilities shall be as follows:

7.3.1 Except as provided in Section 7.3.2 below, the responsibility for maintenance and repair of that portion of sanitary sewer, water, electric, gas, telephone service lines and connections, and television receiving lines and connections located within a Unit (and where such utility service lines located within that Unit serve only that Unit) shall be the sole and exclusive responsibility of the Owner of that Unit.

7.3.2 Whenever sanitary sewer, water, electric, gas, telephone service lines and connections, and television receiving lines and connections are located within a Unit, but such utility service lines located within that Unit (referred to as the "Encumbered Unit") also serve other Units (referred to as the "Benefited Units"), then, in the event access, repair, or maintenance of such utility service lines or connections is required, the Owners of Benefited Units shall have the right, and are hereby granted an easement to the full extent necessary therefor, to enter in, on, upon, or below, the Encumbered Unit, or to have the utility companies enter upon the Encumbered Unit, to repair, replace, and generally maintain said connections as and when necessary. Provided however, the Owner of the Benefited Unit, who requires the access to Encumbered Unit, shall be responsible for all costs associated with such access, including restoring the Encumbered Unit to the condition it was in prior to the commencement of the work.

7.3.3 In the event of a dispute between Owners with respect to the repair or rebuilding of said connections, or with respect to the sharing of the cost thereof, then, upon written request of one of such Owners addressed to the Association, the matter shall be submitted to the Board, which shall decide the dispute, and the decision of the Board shall be final and conclusively binding on the parties.

ARTICLE 8

RESIDENCE AND USE RESTRICTIONS

In addition to all of the covenants contained herein, the use of the Development and each Unit therein is subject to the following:

8.1 Use of Residential and Commercial Units.

No trade or business shall be conducted in any residential Unit. Provided however, an Owner or a residential Unit shall have the right to rent out his Unit to a tenant or tenants, under such terms and conditions as may be deemed appropriate by the Owner, including, but not limited to, nightly rentals and short term rentals as allowed by Park City Municipal Corporation ordinances. Commercial Units shall be used solely for lawful commercial activities, which do not violate the provisions hereof or of the Master Declaration, or materially interfere with the reasonable use and enjoyment by the Owners of residential Units of their Units. Furthermore, no commercial Unit shall be used for residential purposes of any kind. Any tenant of a Unit shall occupy the Unit subject to all terms and conditions of this Declaration, the Master Declaration and applicable laws, rules, ordinances and regulations. Notwithstanding the foregoing, no Owner may separate the ownership of a Condominium Unit into timeshare interests. For purposes of this Declaration, notwithstanding any provision otherwise set forth herein, including without limitation the terms of this Section 8.1 and Section 3.5, and subject to the provisions of the Act or other applicable law, a program or arrangement by which occupancy is taken on a first-come, first-served reservation basis within the operations of a club or management program wherein a fractional ownership interest in a Dwelling is not conveyed to individual users of a Dwelling shall not constitute a timeshare interest or in any way violate the provisions of this Declaration. Furthermore, the terms of this Section 8.1 and Section 3.5 do not in any way prohibit the owner of a Dwelling from leasing such Dwelling to a third person or affiliate entity, subject only to applicable laws. The above provisions are subject to the Master Declaration and any applicable requirements of law.

8.2 Nuisances.

No noxious, illegal, or offensive activities shall be carried on in any Unit, or in any part of the Condominium Unit, nor shall anything be done thereon which may be or may become an annoyance or a nuisance to or which may unreasonably interfere with the quiet enjoyment of each of the Owners of his respective Condominium Unit, or which shall in any way increase the rate of insurance for the Development, or cause any insurance policy to be canceled or to cause a refusal to renew the same, or which will impair the structural integrity of any building.

8.3 Signs.

No signs of any kind may be displayed on the Condominium Unit without the prior approval of the Declarant and/or Architectural Committee; provided, however, that until such time as all the Units in the Development are sold, Declarant may place in and around the Development, such marketing and advertising signs as are acceptable under the sign ordinances of Park City Municipal Corporation. Furthermore, until such time as all the Units in the Development are sold, Declarant may use one or more Units as sales models and sales offices. Furthermore, any commercial Unit shall be allowed two signs, which may be placed in the Unit or on the exterior of the Unit or building in which the Unit is located, provided that such signs comply with all sign ordinances or other applicable requirements of Park City Municipal Corporation and provided that the size, materials and colors to be used for such signs are approved in advance by Declarant and/or the Architectural Committee, which approval shall not be unreasonably withheld.

8.4 Animals.

No animals or birds of any kind shall be raised, bred, or kept in any Unit, or on any portion of the Condominium Unit; except that no more than two (2) usual and ordinary household pets such as dogs, cats, or birds, may be kept, provided that they are not kept, bred or maintained for any commercial purposes, and that they are kept under reasonable control at all times. All dogs shall be kept on a leash at all times when the dog is in the Common Area. Owners shall use their best efforts to prevent their pets from voiding on any portions of the Common Area, and in the event a pet does so, the Owner or person in control of such pet shall immediately clean

up after the pet. The Board may enact reasonable rules respecting the keeping of animals within the Development and may designate certain areas in which animals may not be taken or kept, or may require that specific animals not be allowed on any part of the Development.

8.5 Garbage and Refuse Disposal.

All rubbish, trash and garbage shall be regularly removed from the Development, and shall not be allowed to accumulate thereon. Trash, garbage and other waste shall not be kept except in sanitary containers. All equipment, garbage cans, wood-piles, or storage piles shall be kept screened and concealed from view of other Condominium Units, streets and the Common Area. There shall be no burning of trash in the Development

8.6 Radio and Television Antennas.

Satellite dishes larger than twenty-four (24) inches are not allowed within the Development. Permitted dishes must be attached to or mounted on the Unit in a location approved by the Declarant or Architectural Committee, as applicable, and in no case may be free standing in any Common Area. No alteration to or modification of a central radio or television antenna system or cable television system, whichever is applicable, shall be permitted, and no Owner may be permitted to construct, use, or operate his own external radio, television antenna, or other electronic antenna without the written approval of the Board. No citizens band or other transmission shall be permitted within the Development. Declarant makes no representations or warranties regarding the availability of cable television service or broadband or high speed internet service to the Development.

8.7 Clothes Lines.

No exterior clothes-lines shall be erected or maintained and there shall be no outside laundering or drying of clothes.

8.8 Power Equipment and Car Maintenance.

No power equipment, or car maintenance of any nature whatsoever (other than minor repairs requiring no more than six hours work) shall be permitted within the Development, except with prior written approval of the Board. In deciding whether to grant approval, the Board shall consider the effects of noise, air pollution, dirt or grease, fire hazard, interference with radio or television reception, general unsightliness, and related considerations.

8.9 Window Covers.

Curtains and drapes (with a lining, the color of which must be approved by the Architectural Committee), shutters, or blinds of a neutral color may be installed as window covers, subject to the Architectural Committee's absolute discretion. No window shall be covered with aluminum foil or similar material.

8.10 Flag Poles.

No flag poles may be erected by any individual Owner on any Condominium Unit, or within the Development itself without the prior written approval of the Architectural Committee, which approval may be withheld in the sole discretion of the Architectural Committee.

8.11 Maintenance of Property.

All improvements on any portion of the Development shall be kept and maintained by the owner(s) thereof in clean, safe, and attractive condition, and in good repair.

8.12 No Noxious or Offensive Activity.

No noxious or offensive activity shall be carried on upon any Condominium Unit, nor shall anything be done or placed on any Unit within the Development that is, or may become, a nuisance or cause unreasonable embarrassment, disturbance or annoyance to others, as reasonably determined by the Board.

8.13 No Hazardous Activities.

No activities shall be conducted within, and no improvements shall be constructed in the Development, which are or might be unsafe or hazardous to any person or property. Without limiting the generality of the foregoing, no firearms or other dangerous weapons shall be discharged or brandished within the development; and no open fires shall be lighted or permitted within the Development, except in a contained barbecue unit while attended and in use for cooking purposes, or within a safe and well-designed fireplace approved in writing by the Board and Architectural Committee.

8.14 No Unsightliness.

No unsightliness shall be permitted upon any Condominium Unit or on any portion of the Development. Without limiting the generality of the foregoing, (a) any unsightly structures, equipment, tools, boats, vehicles other than automobiles, objects or conditions, shall be enclosed within an approved building, or screened as directed by the Board, except equipment and tools when in actual use for maintenance or repairs; (b) no trailers, mobile homes, tractors, truck campers or trucks other than pickup trucks, shall be kept or permitted to remain within the Development; (c) no vehicle, boat or equipment shall be constructed, reconstructed, repaired or abandoned within any portion of the Development; (d) no lumber, grass, shrub or tree clippings, plant waste, metals, bulk materials or scrap shall be kept, stored or allowed to accumulate within any portion of the Development, except in service yards meeting the requirements of this Article 8 inclusive; (e) refuse, garbage and trash shall be placed and kept at all times in a covered container and such container shall be kept within an enclosed structure or appropriately screened from view; and (f) any business activity of the Owner of any commercial Unit must be carried out strictly within the confines of the Unit and may not be conducted in the Common Areas of the Development.

8.15 No Warranty of Enforceability.

While Declarant has no reason to believe that any of the restrictive covenants contained in this Article 8 or elsewhere in this Declaration are or may be invalid or unenforceable for any reason or to any extent, Declarant makes no warranty or representation as to the present or future validity or enforceability of any such restrictive covenants, and the Unit Owner shall assume all risks of the validity and enforceability thereof and, by acquiring the Unit agrees to hold Declarant harmless therefrom.

ARTICLE 9

INSURANCE

9.1 Duty to Obtain Insurance: Types.

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

9.1.1 Master Property Insurance. The Association shall obtain and maintain a "master" or "blanket" all-perils policy of property insurance on the buildings equal to a full replacement value (i.e., 100% of current "replacement cost" exclusive of land, foundation, excavation and other items normally excluded from coverage or items/elements which are owned by Unit Owners) of the buildings (including all building service equipment and the like and any fixtures or equipment within the Units) with an inflation Guard Endorsement or its equivalent, an Earthquake Damage Endorsement or its equivalent, and other endorsements which the Board determines to be in the best interests of the Association. Such insurance shall afford protection against loss or damage by fire and other hazards covered by the standard extended coverage endorsement, and by sprinkler leakage, debris removal, cost of demolition, vandalism, malicious

mischief, windstorm, and water damage, and such other risks as are customarily covered in similar projects and as are commonly required by private institutional mortgage investors for projects similar in construction, location and use. Any blanket policy of property insurance shall contain or have attached a standard mortgagee clause (without contribution) customarily used in the area in which the Development is located which must provide that any proceeds shall be paid to the Association for the use and benefit of first mortgagees according to their respective interests. All costs associated with obtaining and maintaining the insurance coverage referenced in this Section 9.1.1, shall be the responsibility of the Owners of the Units.

9.1.2 Public Liability Insurance. The Association shall obtain and maintain a comprehensive policy of public liability insurance covering all of the Common Areas and facilities in the Development, with a Severability of Interest Endorsement or equivalent coverage which would preclude the insurer from denying the claim of a Unit owner because of the negligent acts of the Association or another Unit owner, with limits not less than \$1,000,000.00 covering all claims for personal injury and/or property damage arising out of a single occurrence including protection against water damage liability, liability for non-owned and hired automobiles, liability for property of others, and such other risks as are customarily covered in similar projects. The scope of coverage shall also include all other coverage in the kinds and amounts required by private institutional mortgage investors for projects similar in construction, location and use. The costs of obtaining and maintaining the insurance coverage referenced in this Section shall be allocated among all Condominium Units in the Development.

9.1.3 Workmen's Compensation Insurance. The Association shall obtain and maintain workmen's compensation and employer's liability insurance and all other similar insurance with respect to any employees of the Association in the amounts and in the forms now or hereafter required by law. The costs of obtaining and maintaining the insurance coverage referenced in this Section shall be allocated among all Condominium Units in the Development.

9.2 Insurance Policy Requirements.

The Master Property, Public Liability and Workmen's Compensation Insurance policies obtained by the Association pursuant to Section 9.1.1, 9.1.2 and 9.1.3 shall be subject to the following:

(a) the named insured under any such policies shall be the Association's Board, as a trustee for the Unit Owners, or its authorized representative, who shall have exclusive authority to negotiate losses under these policies; and

(b) each hazard insurance policy shall be written by a hazard insurance carrier which has a financial rating by Best's Insurance Reports of Class VI or better.

9.3 Additional Coverage.

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

9.4 Owner's Own Insurance.

Each Owner, at his own expense, may, and is hereby advised to procure and maintain at all times fire and extended coverage insurance covering personal property of such owner and additional fixtures and improvements added by such owner against loss by fire and other casualties, including without limitation vandalism and malicious mischief. Notwithstanding the provisions hereof, each Owner may obtain insurance at his own expense providing such other coverage upon his Condominium, the Owner's personal property, for the Owner's personal liability, and covering such other risks as the Owner may deem appropriate. If obtainable under industry practice without an unreasonable additional charge for such waiver, all such insurance shall contain a waiver of the insurance company's

right of subrogation against the Association, the Declarant, other Owners, and their respective servants, agents and guests.

9.5 Review of Insurance.

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

9.6 Waiver of Claim Against Association.

As to all policies of insurance maintained by or for the benefit of the Association and the Owners, the Association and the Owners hereby waive and release all claims against one another, the Board of Trustees and Declarant, to the extent of the insurance proceeds available, whether or not the insurable damage or injury is caused by the negligence of or breach of any agreement by any of said persons.

9.7 Notice of Expiration Requirements.

If available, all of the policies of insurance maintained by the Association shall contain a provision that said policy or policies shall not be reduced or canceled for any reason, without thirty (30) days prior written notice to the Board, the Owners and their respective Mortgagees or Mortgage Servicers.

9.8 Trustee for Policies.

The Association, acting through its Board of Trustees, is hereby appointed and shall be deemed trustee of the interests of all named insureds under policies of insurance purchased and maintained by the Association. All insurance proceeds under any such policies as provided for in this Article 9, shall be paid to the Board as trustees. The Board shall have full power to receive and to receipt for the proceeds, and all such proceeds shall be used by the Association for the repair or replacement of the property for which the insurance was carried or otherwise disposed of as provided in Article 10 of this Declaration. The Board is hereby granted the authority to negotiate loss settlements with the appropriate insurance carriers, with participation, to the extent they desire, of first mortgagees who have filed written requests with the Board within ten (10) days of receipt of notice of any damage or destruction.

9.9 Actions as Trustees.

Except as otherwise specifically provided in this Declaration, the Board, acting on behalf of the Association and all Owners shall have the exclusive right to bind such parties in respect to all matters affecting insurance carried by the Association, the settlement of a loss claim, and the surrender, cancellation, and modification of all such insurance.

9.10 Required Waivers.

All policies of physical damage insurance shall provide, if reasonably possible, for waiver of the following rights, to the extent that the respective insurers would have the rights without such waivers:

9.10.1 Subrogation of claims against the Owners and tenants of the Owners;

9.10.2 Any defense based upon co-insurance;

9.10.3 Any right of set-off, counterclaim apportionment, proration or contribution by reason of other insurance not carried by the Association;

9.10.4 Any invalidity, other adverse effect or defense on account of any breach of warranty or condition caused by the Association, any Owner or any tenant of any Owner, or arising from any act, neglect, or omission of any named insured or the respective agents, contractors and employees of any insured; and

9.10.5 Any right of the insurer to repair, rebuild or replace, and, if the improvement is not repaired, rebuilt or replaced following loss, any right to pay under the insurance an amount less than the replacement value of the improvements insured.

ARTICLE 10

DESTRUCTION OF IMPROVEMENTS

10.1 Association as Attorney in Fact.

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

10.2 Definition of Repair and Reconstruction.

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

10.3 Procedures.

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

10.3.1 Notices to First Mortgagees. The Association shall give timely written notice to any institutional holder of any Mortgage on a Unit in the event of substantial damage to or destruction of that Unit.

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

10.3.3 Sufficient Insurance. 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 Units, such repair and reconstruction shall be carried out.

10.3.4 Insufficient Insurance - Less than 75% Destruction. If the proceeds of the insurance maintained by the Association are less than the estimated costs to repair and reconstruct the damaged or destroyed part of the Units, and if less than seventy-five percent (75%) of the Units are damaged or destroyed, such repair and reconstruction shall nevertheless be carried out. The Association shall levy a Special Assessment sufficient to provide funds to pay the actual costs of such repair and reconstruction to the extent that such insurance proceeds are insufficient to pay such costs. Such Special Assessment shall be allocated and collected from the Owners of the Units, 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.

10.3.5 Insufficient Insurance - 75% or More Destruction. If the proceeds of the insurance maintained by the Association are less than the estimated costs to repair and reconstruct the damaged or destroyed part of the Units, and if seventy-five percent (75%) or more of the Units are damaged or destroyed, such damage or destruction shall be repaired and reconstructed if, but only if, within one hundred (100) days following the damage or destruction, the Owners of at least seventy-five percent (75%) of the Units shall elect to carry out such repair and reconstruction. If, however, the Owners of at least seventy-five percent (75%) of the Units shall not, within one hundred (100) days after such damage or destruction, elect to carry out such repair and reconstruction, the Association shall record in the office of the County Recorder of Summit County, State of Utah, a notice setting forth such facts. Upon the recording of such notice the following shall occur:

- (a) The Units shall be deemed to be owned in common by the Owners of the Units;
- (b) The undivided interest in the Units owned in common which shall appertain to each Unit Owner shall be the percentage of the undivided interest previously owned by such Unit Owner in the Common Areas;
- (c) Any liens affecting any of the Units shall be deemed to be transferred, in accordance with the existing priorities, to the undivided interest of the respective Unit Owner; and
- (d) The Units shall be subject to an action for partition initiated by any Unit 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 Units, if any, shall be considered as one fund and shall be divided among all of the Unit Owners in a percentage equal to the percentage of undivided interest owned by each respective Unit Owner in the Common Areas, after first paying out of the respective share of each Unit Owner, to the extent sufficient for the purposes, all liens on the undivided interest in the Units owned by such Unit Owner.

10.4 Repair or Reconstruction.

If the damage or destruction is to be repaired and reconstructed as provided above, the Association shall, as soon as practicable after receiving the said estimate of costs, commence and diligently pursue to completion the repair and reconstruction of that part of the Units 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 an Owner shall be necessary in connection therewith, except as otherwise expressly provided herein. The Units shall be restored or repaired to substantially the same condition in which they existed prior to the damage or destruction, with each Unit and the Common Areas having the same vertical and horizontal boundaries as before.

10.5 Disbursement of Funds for Repair and Reconstruction.

If repair or reconstruction is to occur, the insurance proceeds held by the Association and any amounts received from assessments made pursuant to this Article 10 shall constitute a fund for the payment of costs of repair and reconstruction after casualty. It shall be deemed that the first money disbursed in payment for cost of repair and reconstruction shall be made from insurance proceeds, if there is a balance after payment of all costs of such repair and reconstruction, such balance shall be distributed to the Unit Owners in proportion to their respective percentages of Ownership of the Common Areas.

10.6 Amendment of Article.

This Article 10 shall not be amended unless the Owners of at least seventy-five percent (75%) of the Units consent and agree to such amendment by duly executed and recorded instruments.

10.7 Damage to Common Area.

Except as otherwise provided in this Declaration, in the event of any destruction of any portion of the Common Area (other than the Units as referenced in Section 10.1 through 10.6 above), the repair or replacement of which is the responsibility of the Association, it shall be the duty of the Association to restore and repair the same to its former condition, as promptly as practical. The proceeds of any insurance maintained pursuant to Article 9 hereof for reconstruction or repair of the Common Area shall be used for such purpose, unless otherwise provided herein. The Board shall be authorized to have prepared the necessary documents to effect such reconstruction as promptly as practical. The Common Area shall be repaired, reconstructed or rebuilt substantially in accordance with the original construction plans. If the amount available from the proceeds of such insurance policies for such restoration and repair is inadequate to complete the restoration and repair, the Board shall levy an Extraordinary Assessment for the deficiency and proceed with such restoration and repair.

10.8 Alternate Plans for Restoration and Repair.

Notwithstanding the provisions of Paragraph 10.7, the Association shall have the right, by a vote of seventy-five percent (75%) of the voting power of the Association, to make alternate arrangements respecting the repair, restoration or demolition of the damaged portion of the Common Area. The alternate plan may provide for special allocation of insurance proceeds, modification of design, or special allocation of any necessary Assessments. Any plan adopted pursuant to this subparagraph shall be adopted within sixty (60) days of the damage or destruction to such Common Area, and shall be supported by the vote of any Owner whose Condominium Unit has been physically damaged, to the extent the proposed plan affects such Condominium Unit.

10.9 Appraisal of Damage.

In the event the parties affected by damage or destruction to the Common Area cannot agree, within twenty (20) days of the date of the damage, on the estimated cost of repair or the allocations referred to in this Article 10, the Association shall appoint three (3) independent appraisers having at least five (5) years full-time appraisal experience in Summit County, Utah, to appraise the damage and establish allocations among various damaged portions of the Common Area. Within twenty (20) days after the selection of the appraisers, a majority of the appraisers shall set the estimated and allocations. If a majority of the appraisers are unable to agree within the stipulated period of time, the average of the three (3) appraisals shall be utilized. If, however, the low appraisal and/or the high appraisal are/is more than fifteen percent (15%) lower and/or higher than the middle appraisal, the low appraisal and/or the high appraisal shall be disregarded. If only one appraisal is disregarded, the average of the two remaining appraisals shall be utilized. If both the low appraisal and the high appraisal are disregarded, the middle appraisal shall be utilized. The cost of the appraisals required by this subparagraph shall be paid by the Association and reimbursed by the Owners through an Extraordinary Assessment.

ARTICLE 11

DECLARANT'S RIGHTS AND RESERVATIONS

11.1 Rights.

Declarant is undertaking the work of construction of the infrastructure improvements for the Development, and the construction of Units within the Development. The completion of that work and the sale or other disposition of the Units is essential to the establishment and welfare of the Development as a condominium community. In order that said work may be completed and that the Development be established as a fully occupied community as rapidly as possible, nothing in this Declaration shall be understood or construed to:

11.1.1 Prevent Declarant, its contractors, or subcontractors from doing within the Development, whatever is reasonably necessary or advisable in connection with the completion of the work, including, but not limited to, using any portion of the Development as a staging area for construction; or

11.1.2 Prevent Declarant or its representatives from erecting, constructing and maintaining on any portion of the Development, such structures as may be reasonable and necessary for the conduct of its business of completing said work and establishing the Development as a condominium community and disposing of the same in Condominium Units, by sale or other disposition; or

11.1.3 Prevent Declarant from maintaining such sign or signs on any portion of the Development as may be necessary for the sale or disposition thereof.

11.2 Declarant Subject to Declaration.

So long as Declarant, or its successors and assigns, owns one or more of the Units established and described in this Declaration, and except as otherwise specifically provided herein, Declarant, its successors and assigns, shall be subject to the provisions of this Declaration.

11.3 Sale or Transfer by Declarant.

In the event Declarant shall convey all of its right, title and interest in and to the Development, to any partnership, individual or individuals, corporation or corporations, or other entity, then and in such event, Declarant shall be relieved of the performance of any further duty or obligation hereunder, and such partnership, individual or individuals, corporation or corporations, or entity shall be obligated to perform all such duties and obligations of the Declarant.

11.4 Declarant Control Period.

Notwithstanding any provision to the contrary contained in this Declaration, the Articles of Incorporation for Grand Lodge Owners Association, Inc. or the Bylaws, 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 Board of Trustees and the Architectural Committee. The period of Declarant control shall terminate no later than the earlier of:

- (a) on the sixth anniversary of the recordation of the Declaration; or
- (b) after Units to which three-fourths (3/4) of the undivided interest in the Common Areas appertain have been conveyed to Owners.

ARTICLE 12

RIGHTS OF MORTGAGEES

In order to induce various lenders and lending agencies to participate in the financing of Units within the Development, this Article 12 is included in this Declaration. The provisions of this Article apply to both this Declaration and to the Bylaws, notwithstanding any other provisions contained herein or therein. For purposes of this Article 12, the terms "Eligible Holder", "Eligible Insurer" or "Guarantor" refer to a Mortgagee, insurer or guarantor of any Mortgage on a Unit, who has provided a written request to the Association (such request to state the name and address of such holder, insurer or guarantor, and the street address of the Unit to which its Mortgage relates), to be notified of any of the events listed below.

12.1 Notices of Action.

Each Eligible Holder and each Eligible Insurer or Guarantor is entitled to timely written notice of the following:

12.1.1 Any condemnation or casualty loss that affects either a material portion of the Development or the Unit securing its mortgage;

12.1.2 Any delinquency in the payment of assessments or charges owed by a Unit subject to the Mortgage of such Eligible Holder, where such delinquency has continued for a period of sixty (60) days, or any other violation of the governing documents relating to such Unit or the Owner or occupant which is not cured within sixty (60) days;

12.1.3 Any proposed action which would require the consent of a specified percentage of Eligible Holders; or

12.1.4 A lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association.

12.2 Federal Guidelines.

In addition to the foregoing, the Declarant and the Board shall have the power and authority, without the vote of the Association, to enter into such contracts or agreements on behalf of the Association as are required in order to satisfy the guidelines of any generally recognized federal agency or lending institution (e.g., FNMA, GNMA, FHA or VA), so as to allow for the purchase, guaranty or insurance, as the case may be, by such entities of mortgages encumbering Units. Each Owner hereby agrees that it will benefit the Association and the membership of the Association, as a class of potential mortgage borrowers and potential sellers of their Units, if such agencies or lending institutions approve the property as a qualifying Development under their respective policies, rules and regulations, as adopted from time to time.

12.3 No Priority.

No provision of this Declaration of the Bylaws gives or shall be construed as giving any Owner or other party priority over any rights of the first Mortgagee of such Owner's Unit in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Area.

12.4 Notice to Association.

Upon request, each Owner shall be obligated to furnish to the Association the name and address of the holder of any Mortgage encumbering the Owner's Unit.

12.5 Failure of Mortgagee to Respond.

Any Mortgagee who receives a written request from the Board of Trustees to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from the Mortgagee within thirty (30) days of the date of the Association's request, provided such request is delivered to the Mortgagee by certified or registered mail, return receipt requested.

ARTICLE 13

DURATION AND AMENDMENT

13.1 Duration.

This Declaration shall continue in full force for a term of fifty (50) years from the date hereof, after which time the same shall be automatically extended for successive periods of ten (10) years, unless a Declaration of Termination is recorded, meeting the requirements of an amendment to this Declaration as set forth in Section 13.2.

There shall be no severance by sale, conveyance, encumbrance or hypothecation of an interest in any Unit from the concomitant membership of the Association, as long as this Declaration shall continue in full force and effect.

13.2 Amendment.

This Declaration may be amended by recording with the County Recorder of Summit County, Utah, a certificate of amendment, duly signed and acknowledged by and on behalf of the Association. The certificate of amendment shall set forth in full the amendment adopted, and except as otherwise provided for in this Declaration, shall certify that at a meeting duly called, noticed and held pursuant to the Articles and Bylaws of the Association, or by separate written consent without a meeting, the members of the Association entitled to cast at least sixty-seven percent (67%) of the votes of the Association voted affirmatively for the adoption of the amendment or approved such amendment by separate written consent. Within six (6) years from the date of recording of this Declaration, and so long as the Declarant is the Owner of any Unit or part of the Development, this Declaration may not be amended or terminated without the written approval of the Declarant. The Association shall maintain in its files the record of all such votes or written consents. Such a certificate reflecting any amendment which requires the written consent of any of the Mortgagees of Mortgages shall be signed and sworn to by such Mortgagees.

13.3 Unilateral Amendment.

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 the Master Declaration or any applicable governmental statute, rule, regulation or judicial determination, to make technical corrections, to correct mistakes or remove/clarify ambiguities; or (b) if such amendment is reasonably necessary to enable any reputable title insurance company to issue title insurance coverage with respect to the Land or Units subject to this Declaration; provided, however, any such amendment shall not adversely affect the title to any Owner's Condominium Unit, unless any such Owner shall consent thereto in writing.

13.4 Right of Amendment if Requested by Governmental Agency or Federally Chartered Lending Institutions.

Notwithstanding anything in this Article or Declaration to the contrary, Declarant reserves the unilateral right to amend all or any part of this Declaration so such extent and with such language as may be requested by a state department of real estate, FHA, VA, the FHLMC or FNMA and to further amend to the extent requested by any other federal, state or local governmental agency with requests such an amendment as a condition precedent to such agency's approval of this Declaration or approval of the sale of property within the Development, or by any federally chartered lending institution as a condition precedent to lending funds upon the security of any Land or Units in the Development. Any such amendment shall be effected by the recordation by Declarant of a certificate of amendment duly signed and acknowledged by the Declarant, specifying the federal, state or local governmental agency or the federally chartered lending institution requesting the amendment. Recordation of such a certificate of amendment shall be conclusive proof of the agency's or institution's request for such an amendment, and such certificate of amendment, when recorded, shall be binding upon the Development 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 deletes, diminishes or alters such control, Declarant alone shall have the right to amend this Declaration to restore such control.

ARTICLE 14

GENERAL PROVISIONS

14.1 Enforcement.

The Board, any Owner, and any governmental or quasi-governmental agency or municipality having jurisdiction over the Development shall have the right to enforce, by any proceedings at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by this Declaration, and in such action shall be entitled to recover costs and reasonable attorneys' fees as are ordered by the Court. Any such action by the Board shall be taken on behalf of two (2) or more Unit Owners, as their respective interests may appear, with respect to any cause or action relating to the Common Area or more than one Unit. Failure by any

such person or entity to enforce any such provision shall in no event be deemed a waiver of the right to do so thereafter.

14.2 Invalidity of Any Provision.

Should any provision of this Declaration be declared invalid or in conflict with any law of the jurisdiction where the Development is situated, the validity of all other provisions shall remain unaffected and in full force and effect.

14.3 Conflict of Development Documents.

If there is any conflict among or between the Development Documents, the provisions of this Declaration shall prevail; thereafter, priority shall be given to Development Documents in the following order; Map, Articles, Bylaws, and rules and regulations of the Association. Notwithstanding the foregoing, any provision in any of the Development Documents which is for the protection of mortgagees shall have priority over any inconsistent provision in that document or in any other Development Document.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has executed this Declaration on this ____ day of _____ 2005.

GRAND LODGE PARTNERS, LLC,
a Utah Limited liability company

By: _____
Matthew T. Mullin, Manager

ACKNOWLEDGEMENT

STATE OF UTAH)
 ss.
County of Summit)

The foregoing instrument was acknowledged before me this ____ day of _____, 2005 by Matthew T. Mullin, as the duly authorized and empowered Manager of Grand Lodge Partners, LLC, a Utah limited liability company.

Notary Public

EXHIBIT "A"

LEGAL DESCRIPTION OF DECLARANT'S PROPERTY

All of Lot D of the Northside Village Subdivision II, a multifamily subdivision as shown on the Official Plat recorded on June 28, 2002, as Entry No. 623453 in the Official Records of Summit County, Utah
[nothing follows]

EXHIBIT "B"

SCHEDULE OF UNITS, APPROXIMATE SQUARE FOOTAGE, VOTES
AND UNDIVIDED INTEREST IN COMMON AREAS

Unit Number	Approximate Square Footage of Unit	Number of Votes Per Unit (if not owned by Declarant)	Undivided Interest in Common Areas
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
TOTALS			100%

EXHIBIT "C"
RECORD OF SURVEY MAP
GRAND LODGE

EXHIBIT "D"

ARTICLES OF INCORPORATION

OF

GRAND LODGE OWNERS ASSOCIATION, INC.
A Utah Nonprofit Corporation

EXHIBIT "E"
BYLAWS OF
GRAND LODGE OWNERS ASSOCIATION, INC.