

assessments assessed by the Association. Each Owner shall pay his assessments to the Association subject to and in accordance with the restrictions set forth below; provided, however, anything to the contrary notwithstanding, the Declarant shall not be obligated to pay assessments until such time as any residential structure, building or Unit is substantially completed and a permanent certificate of occupancy has been issued or, in the alternative, the Declarant elects in writing to commence payment, whichever first occurs. Notwithstanding the foregoing, Declarant's obligation to pay assessments shall be determined as follows: In no event during the first year that Declarant owns any Unit subject to this Declaration, no assessments shall be due from Declarant. Thereafter, Declarant may, at its sole option, pay assessments equal to twenty-five percent (25%) of the regular assessments or other charge made or levied against any other Unit for each Unit owned by Declarant which is subject to this Declaration or Declarant may pay any operating deficit of the Association up to the date of the Transition Events. If Declarant elects to pay the deficit, it shall be entitled to meet the deficit funding obligation by making, or (if such person so agrees in writing) causing any other person to make on its behalf, one or more cash payments or in-kind contributions of goods or services, or any combination thereof to the Association, and the Association shall have the right to enter into written or oral contracts with the Declarant for the contribution of such goods or services for such purpose.

12.1.1 Purpose of Common Area Assessments. The assessments shall pay for the common expenses of the Association as may be from time to time specifically authorized by the Board of Directors. The assessments provided for herein shall be used for the general purpose of operating the Project, promoting the recreation, health, safety welfare, common benefit and enjoyment of the Owners and residents, including the maintenance of any real and personal property owned by the Association, and regulating the Community, all as may be more specifically authorized from time to time by the Board of Directors. At no time shall any assessment be used in connection with any legal action against Declarant or Builder.

12.1.1.2 Assessments by Bear Hollow Village for Common Areas Services & Amenities. The Units are wholly located within the Bear Hollow Village Master Planned Community and are also subject to the Bear Hollow Village CC&Rs. Owners of the Units will be granted easements for the use of all Common Areas with the SPA and will have the same rights to the use and enjoyment of all common recreation facilities within the SPA. The Association will provide the Bear Hollow Village Home Owners Association with a list of the names, home addresses, email and telephone contact information for all Owners as they become Owners, and shall provide the square footage of living space size of each unit delivered upon closing. Owners will participate in the expenses of the SPA as set forth in the Bear Hollow Village CC&Rs, and specifically, each Owner will pay a monthly assessment equal to the rate of \$0.0609 per square foot of finished living space. As the Bear Hollow Village Homeowners Association changes the rate of assessment on other units within the SPA, this monthly rate will be changed.

12.1.1.3 Assessments by the Association. Owners will participate in the expenses of the Association and specifically, each Owner will pay a monthly assessment equal to the rate of \$0.125 per square foot of finished living space. The Association may change this rate of assessment. The Units shall pay Ten Dollars (\$10.00) per month to the Association for irrigation water usage subject to increase from time to time.

12.1.3 Budget. At least twenty (20) days prior to the annual meeting of the Association, the Board of Directors shall prepare and deliver to the Owners a proposed budget which:

12.1.3.1 Itemization. Shall set forth an itemization of the anticipated Common Expenses for the twelve (12) month calendar year, commencing with the following January 1.

12.1.3.2 Basis. Shall be based upon advance estimates of cash requirements by the Board of Directors to provide for the payment of all estimated expenses growing out of or connected with the maintenance and operation of the Common Areas and Facilities, which estimates shall include but are not limited to expenses of premiums for all insurance which the Board of Directors is required or permitted to maintain, common lighting and heating, water charges, carpeting, painting, repairs and maintenance of the Common Areas and Facilities and replacement of the elements and components thereof that must be replaced on a periodic basis, wages for Board of Directors employees, legal and accounting fees, any deficit remaining from a previous period; the creation of a reasonable contingency reserve, surplus or sinking fund, Capital Improvement reserve, and other expenses and liabilities which may be incurred by the Association for the benefit of the Owners under and by reason of this Declaration.

12.1.4 Approval of Budget and Assessments. The proposed budget and the assessments shall become effective unless disapproved at the annual meeting by a vote of at least a majority of the Owners; provided, however, that to the extent the budget increases the assessment by not more than fifteen percent (15%) from the prior year's assessment, then the Board shall have the right to approve such budget without a vote of the Owners, Notwithstanding the foregoing, however, if the membership disapproves the proposed budget and assessment schedule, or if the Board of Directors fails for any reason to establish the budget and assessment schedule for the succeeding year, then and until such time as a new budget and new assessment schedule shall have been established, the budget and the assessment schedule in affect for the then current year shall continue for the succeeding year.

12.1.5 Payment of Assessments. The Board of Directors has the sole authority and discretion to determine how and when the annual Assessments are paid, and to amend, modify, change or supplement that schedule from time to time. Initially, the assessments shall be paid monthly, and shall be due on or before the fifth day of each month.

12.1.6 Personal Obligation of Owners. Each Unit Owner shall pay his assessments and additional charges; provided, however, no first mortgages or beneficiary under a first deed of trust (but not the Seller under an executory contract of sale, uniform real estate contract, land sales contract, or other similar instrument), who obtains title of a Unit pursuant to the remedies provided in the mortgage or trust deed shall be liable for unpaid assessments which accrued prior to the acquisition of title. For purposes of this Section, the term 'Owner" shall mean and refer jointly and severally to: the Owner of both the legal and equitable interest in any Unit; the owner of record in the offices of the County Recorder of Summit County, Utah; and both the Buyer and Seller under any executory sales contract, uniform real estate contract, land sales contract, or other similar instrument.

12.1.7 Equitable Changes. If the aggregate of all of the monthly assessment payments on all of the Units is too large or too small as a result of unanticipated income or expenses, the Board of Directors may from time to time effect an equitable change in the amount of said payments provided the Owners are given at least thirty (30) days written notice of any changes.

12.1.8 Dates and Manner of Payments. The Association will collect all assessments, including assessments for the Bear Hollow Village Common Areas Services and Facilities. The

dates, method, form and manner of payment shall be determined by the Board of Directors. Initially, all monthly assessments shall be paid by check, payable to "The Bear Hollow Ridge Condominiums Association, Inc." and sent to the following address:

Bear Hollow Ridge Condominiums Association, Inc.
Attention: Matt Lowe
1750 Sun Peak Drive Suite 175
Park City, UT 84098

12.1.9 Reserve Accounts. The Board of Directors shall establish and maintain at least one (1) reserve account for Capital Improvements.

12.1.10 Acceleration. Assessments shall be paid in the manner and on dates fixed by the Board of Directors who may, at its option and in its sole discretion, elect to accelerate the entire annual assessment for Owners who have failed to pay their monthly assessment in a timely manner. If, however, the assessment is accelerated and an Owner subsequently files bankruptcy or the Board of Directors otherwise decides acceleration is not in its best interest, the Board of Directors, at its option and in its sole discretion, may elect to decelerate the obligation.

12.1.11 Statement of Assessments Due. Upon written request, the Board of Directors shall furnish to any Owner a statement of assessments due, if any on his Unit. Failure to provide the certificate within thirty (30) days after a written request shall be deemed conclusive evidence that all assessments are paid current. The Association may require the advance payment of a processing charge not to exceed \$15.00 for the issuance of such certificate.

12.1.12 Superiority of Assessments. All Assessments and liens created to secure the obligation to pay assessments are superior to any homestead exemptions to which an Owner may be entitled and each Owner, by accepting a deed to a Unit or other document of conveyance, hereby waives such homestead exemption as to the Association.

12.1.13 Termination of Utility Service. At the discretion of the Board of Directors, the utility service to any Owner paid for by assessments may be terminated if the Owner is in arrears on his obligation to pay assessments and has failed to cure or make satisfactory arrangements to cure the default after reasonable notice of at least ten (10) days.

12.1.14 Suspension of Right to Vote for Non-Payment. At the discretion of the Board of Directors, the right of an Owner to vote on issues concerning the Association may be suspended if the Owner is delinquent in the payment of his assessments, and has failed to cure or make satisfactory arrangements to cure the default after reasonable notice of at least (10) days.

12.1.15 Initial Monthly Assessment Amount. The initial monthly assessment for each Unit shall be: \$189.25 for Unit 2104; \$193.34 for Unit 2101; \$241.67 for Unit 2208; \$243.16 for Units 2102 and 2103; \$245.02 for Units 2201, 2203, 2204, 2206, 2303, 2304, 2308, 2403, 2404, 2406; \$250.97 for Units 2205, 2207, 2301, 2305, 2306, 2307, 2401, and 2405; \$252.82 for Units 2202, 2302, and 2402. The Assessment amount shall increase or decrease from time to time subject to the provisions described herein.

12.2 Special Assessments. In addition, the Association may levy Special Assessments in any year, subject to the following:

12.2.1 Special Assessment Approval. So long as the Special Assessment does not exceed the sum of Five Hundred and 00/100 Dollars (\$500.00) per Unit in any one fiscal year (the "Special Assessment Limit"); the Board of Directors may impose the special assessment without any additional approval. The Bear Hollow Village Homeowners Association may adopt a Special Assessment and levy it upon the Owners.

12.2.2 Association Approval. Any Special Assessment which would exceed the Special Assessment limit of five-hundred dollars (\$500) shall be effective only if approved by a majority of votes of the Owners of the Association. The Board of Directors in its discretion may allow any Special Assessment to be paid in installments.

12.3 Specific Assessments. If a Unit Owner may accept or reject the benefit, then the Board of Directors shall also have the power to specifically assess the Owners in a particular area as follows:

12.3.1 Benefit only to specific Unit. If the expense benefits less than all of the Units, then those Units benefited may be specifically assessed, and the specific assessment shall be equitably apportioned among those Units according to the benefit received.

12.3.2 Unequal or Disproportionate Benefit. If the expense benefits all Units, but does not provide an equal benefit to all Units, then all Units shall be specifically assessed, but the specific assessment shall be equitably apportioned among all Units according to the benefit received.

12.3.3 No Waiver. The failure of the Board of Directors to exercise its authority under this Section shall not be grounds for any action against the Association or the Board of Directors and shall not constitute a waiver of the Board of Director's right to exercise its authority under this Section in the future with respect to any expenses, including an expense for which the Board of Directors has not previously exercised its authority under this Section.

12.4 Individual Assessments. Individual Assessments may be levied by the Board of Directors against a Unit and its Owner to reimburse the Association for:

12.4.1 Costs and expenses incurred in enforcing the Project Documents.

12.4.2 Costs and expenses associated with the maintenance, repair or replacement of Common Area for which the Unit Owner is responsible.

12.4.3 Any other charge, fee, due, expense, or cost designated as an Individual Assessment in the Declaration,

12.4.4 Attorneys' fees, interest, and other charges relating thereto as provided in this Declaration.

12.5 Collection of Assessments. Assessments must be paid in a timely manner and shall be collected as follows:

12.5.1 Time is of the Essence. Time is of the essence and all assessments shall be paid promptly when due.

12.5.2 Delinquent Assessments. Any assessments which are not paid when due are deemed to be delinquent.

12.5.3 Lien. If any Unit Owner fails or refuses to make any payment of the Common Expenses when due, that amount shall constitute a lien on the interest of the Owner in the Property. A notice of lien may be recorded in the Office of the County Recorder of County, but shall only be necessary in order to establish the priority of the lien.

12.5.4 Late Fees and Default Interest Rate. Any assessments delinquent for a period of more than ten (10) days shall incur a late charge of twenty five Dollars (\$25.00) or five percent (5%) of the delinquent amount, whichever is greater. Interest at the rate of one and one-half percent (1.5%) per month shall accrue on all delinquent accounts. The Board of Directors may, in its sole discretion, change the amount of the late fee or default interest rate or waive late assessments and accruing interest, but is not required to do so.

12.5.5 Foreclosure of Lien and/or Collection Action. If any assessments remain unpaid, the Association may, as determined by the Board of Directors, institute suit to collect the amounts due, to foreclose the lien, or both.

12.5.6 Personal Obligation. Each Owner, by acceptance of a deed or as a party to any other type of conveyance, vests in the Association or its agents the right and power to obtain a personal judgment against him for unpaid assessments and additional charges, to foreclose the lien securing the debt in the same manner as mechanics liens, mortgages, trust deeds or encumbrances may be foreclosed, or both,

12.5.7 No Waiver. No Owner may waive or otherwise exempt himself from liability for the payment of Assessments, including but not limited to the non-use of Common Areas and Facilities or the abandonment of his Unit.

12.5.8 Duty to Pay Independent. No reduction or abatement of assessments shall be claimed or allowed by reason of any alleged failure of the Association or Board of Directors to take some action or perform some function required to be taken or performed by the Association or Board of Directors under the Project Documents, or for inconvenience or discomfort arising from them making of repairs or improvements which are the responsibility of the Association, or from any action taken to comply with any law, ordinance, or with any order or directive of any municipal or other governmental authority, the obligation to pay assessments being a separate and independent covenant on the part of each Owner.

12.5.9 Application of Payments. All payments shall be applied as follows: Additional Charges, delinquent assessments and current assessments.

12.5.10 Foreclosure of Lien as Mortgage or Trust Deed. The lien for nonpayment of assessments may be enforced by sale or foreclosure of the Owner's interest therein by the Board of Directors. The sale or foreclosure shall be conducted in the same manner as foreclosures in deeds of trust or mortgages or in any other manner permitted by law. In any foreclosure or sale, the Owner shall pay the costs and expenses of such proceedings, including but not limited to the cost of a foreclosure report, reasonable attorney's assessments, and a reasonable rental for the Unit during the pendency of the foreclosure action. The Association in the foreclosure action may require the appointment of a receiver to collect the rental without regard to the value of the mortgage security. The Board of Directors may bid for the Unit at foreclosure or other sale and

hold, lease, mortgage, or convey the same.

12.5.11 Appointment of Trustee. The Declarant hereby conveys and warrants pursuant to U.C.A. Sections 57-1-20 and 57-8-45, to Shawn W. Potter, Esq., Trustee, with power of sale, each unit and all improvements to each unit for the purpose of securing payment of assessments under the terms of the Declaration. If the Board of Directors elects to foreclose a lien in the same manner as foreclosures in deeds of trust, then the Owner by accepting a deed to the Unit hereby irrevocably assents to the appointment the attorney of the Association, provided he is a member of the Utah State Bar, as Trustee or substitute Trustee, and hereby confers upon said Trustee the power of sale set forth with particularity in Utah Code Annotated, Section 57-1-23 (1953), as amended. In addition, Owner hereby transfers in trust to said Trustee all of his right, title and interest in and to the real property for the purpose of securing his performance of the obligations set forth herein.

12.5.12 Attorney in Fact. Each Owner, by accepting a deed to a Unit or other document of conveyance, hereby irrevocably appoints the Association as his attorney in fact to collect rent from any person renting his Unit, if the Unit is rented and Owner is delinquent in his assessments. Rent due shall be paid directly to the Association, upon written demand, until such time as the Owner's assessments are current; and the Owner shall credit the tenant or lessee, against rent due, for the amount of money paid to the Association.

12.6 Liability of Board of Directors. The Association shall indemnify every officer and member of the Board of Directors against any and all expenses, including but not limited to attorney's fees reasonably incurred by or imposed upon any officer or Member of the Board of Directors in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board of Directors) to which he may be a party by reason of being or having been an officer or Member of the Board of Directors. The officers and Members of the Board of Directors shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct or bad faith. The officers and Members of the Board of Directors shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent that such officers or Members of the Board of Directors may also be Members of the Association), and the Association shall indemnify and forever hold each such officer and Member of the Board of Directors free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall be exclusive of any other rights to which any officer or Member of the Board of Directors, or former officer or Member of the Board of Directors, may be entitled.

12.7 Insurance. The Board of Directors shall at all times purchase, maintain in force, and pay the premiums for insurance on the Common Areas and Facilities satisfying at least the following requirements:

12.7.1 Property Insurance. Blanket property insurance using the standard "Special" or "All-Risk" building form. Loss adjustment shall be based upon replacement cost. For purposes of this sub-section, the term "casualty insurance" shall not mean or refer to "earthquake" or other special risks not included in the standard Utah Condominium project casualty policy. This additional coverage may be added by the Board of Directors as it deems necessary in its best judgment and in its sole discretion.

12.7.2 Liability Insurance. Liability insurance with adequate limits of liability for bodily injury and property damage, consistent with that of similarly situated first class subdivisions in the county. If possible, the policy should be written on the comprehensive

form and shall include not-owned and hired automobile liability protection.

12.7.3 Director's and Officer's Insurance. Adequate director's and officer's liability insurance (a.k.a. errors and omissions insurance), which shall include coverage without limitation, for any employee or other agent of Declarant which serves in such capacity, shall be made a party by reason of his or her services.

12.7.4 Fidelity Bond. A separate fidelity bond in a reasonable amount to be determined by the Board of Directors to cover all non-compensated officers as well as all employees for theft of Association funds, subject to the following:

12.7.4.1 Agents. Furthermore, where the Board of Directors or the Association has delegated some or all of the responsibility for the handling of funds to a management agent, such bonds are required for the management agent's officers, employees and agents handling or responsible for funds of, or administered on behalf of, the Board of Directors or the Association.

12.7.4.2 Amount of Coverage. The total amount of fidelity bond coverage required shall be based upon the Board of Director's best business judgment, but shall not be less than the estimated maximum amount of funds, including reserve funds, in the custody of the Board of Directors, the Association, or the management agent, as the case may be, at any given time during the term of each bond. Nevertheless, in no event may the amount of such bonds be less than a sum equal to three (3) months' aggregate assessments on all Units, plus reserve funds.

12.7.4.3 Quality of Coverage. The bonds required shall meet the following additional requirements:

(a) they shall name the Board of Directors, the Association, and the Property Manager as obligee;

(b) if the insurance contract or bond excludes coverage for damages caused by persons serving without compensation, and may use that exclusion as a defense or reason not to pay a claim, the insurance company shall, if possible, be required to waive that exclusion or defense;

(e) the premiums on all bonds required herein for the Board of Directors and the Association (except for premiums on fidelity bonds maintained by a management agent for its officers, employees and agents) shall be paid by the Board of Directors or the Association as part of the Common Expenses; and

(d) the bonds shall provide that they may not be canceled or substantially modified, including cancellation for nonpayment of premium, without at least ten (10) days' prior written notice to the Board of Directors and the Association, to any Insurance Trustee, and to each service of loans on behalf of any Mortgagee.

12.7.5. Earthquake Insurance shall not be required unless requested by at least Seventy five percent (75%) of the Members of the Association.

12.7.6 Miscellaneous Items. The following provisions shall apply to all insurance coverage:

12.7.6.1 Quality of Carrier. A "B +" or better general policyholder's rating or a Class XII or better financial performance index rating in Best's Insurance Reports.

12.7.6.2 The Insured. The name of the insured under each policy required to be maintained hereby shall be set forth therein substantially as follows: "The Bear Hollow Ridge Condominium Owners Association, for the use and benefit of the individual Owners."

12.7.6.3 Designated Representative. The Association may designate an authorized representative of the Association, including any Insurance Trustee with whom the Association has entered into an Insurance Trust Agreement, or any successor to such Trustee, for the use and benefit of the individual Owners.

12.7.6.4 Beneficiary. In any policy covering the entire Project, each Owner and his Mortgagee, if any, shall be beneficiaries of the policy in an amount equal to the Owner's percentage of undivided Ownership interest in the Common Areas and Facilities.

12.7.6.5 Certificate of Insurance. Evidence of insurance shall be issued to each Owner and Mortgagee upon request.

12.7.6.6 Mortgage Provisions. Each policy shall contain a standard mortgage clause or its equivalent and shall provide that the policy may not be canceled or substantially modified without at least ten (10) days prior written notice to the Association and to each Mortgagee.

12.7.6.7 Waiver of Subrogation. A waiver of the right of a subrogation against Owners individually.

12.7.6.8 Individual Neglect. A provision that the insurance is not prejudiced by any act or neglect of any individual Owner.

12.7.6.9 Deductible. The deductible on a claim made against the Association's Property Insurance Policy shall be paid for by the Association.

12.7.6.10 Individual Insurance. Each Owner and resident shall purchase and maintain adequate liability and property insurance on his Unit, personal property and contents; provided, however, no Owner shall be entitled to exercise his right to maintain insurance coverage in such a way as to decrease the amount which the Association, on behalf of all the Owners and their mortgagees, may realize under any insurance policy which the Association may have in force on the Property at any particular time.

12.7.6.11 Primary Coverage. The insurance coverage of an Owner shall, in the event the Association also has insurance covering the loss, be primary and the insurance of the Association shall be secondary.

12.7.6.12 Prompt Repair. Each Owner further covenants and agrees that in the event of any partial loss, damage or destruction of his Unit, the Owner shall proceed promptly repair or to reconstruct the damaged structure in a manner consistent with the original construction.

12.7.6.13 Disbursement of Proceeds. Proceeds of insurance policies shall be disbursed to repair promptly and reasonably the damages. Any proceeds remaining thereafter shall be placed in the Capital Improvement Reserve Account and retained by and for the benefit of the Association, This is a covenant for the benefit of the Association and any Mortgagee of a Unit, and may be enforced by them.

12.7.6.14 Special Endorsements. Each policy shall also contain or provide those endorsements commonly purchased by other associations in similarly situated first class subdivisions in the county, including but not limited to a guaranteed replacement cost endorsement under which the insurer agrees to replace the insurable property regardless of the cost and; or a Replacement Cost Endorsement under which the insurer agrees to pay up to 100% of the property's insurable replacement cost, but no more, and, if the policy includes a coinsurance clause, an Agreed Amount Endorsement which waives the requirement for coinsurance; an Inflation Guard Endorsement when it can be obtained, a Building Ordinance or Law Endorsement, if the enforcement of any building, zoning or land-use law will result in loss or damage, increased cost of repairs or reconstruction, or additional demotion and removal costs, and increased costs of reconstruction; Steam Boiler and Machinery Coverage Endorsement if the Project has any central heating or cooling.

12.7.6.15 Restrictions on Policies. No insurance policy shall be maintained where:

(a) Individual Assessments Prohibited. Under the term of the carrier's charter, Bylaws, or policy, contributions may be required from, or assessments may be made against, an Owner, a borrower, a Mortgagee, the Board of Directors, the Association, V.A., FHA, FNMA, or their designees,

(b) Payments Contingent. By the terms of the Declaration, Bylaws, or policy, payments are contingent upon action by the carrier's board of directors, policyholder, or Member; or

(c) Mortgage Limitation Provisions. The policy includes any limited clauses (other than insurance conditions) which could prevent the party entitled (including, without limitation, the Board of Directors, the Association, an Owner, or the borrowers) from collecting insurance proceeds.

12.7.6.16 Intent. The foregoing provisions shall not be construed to limit the power or authority of the Association, Board of Directors or Owners to obtain and maintain insurance coverage, in addition to any insurance coverage required hereunder, in such

amounts and in such forms as the Board of Directors or Association may deem appropriate from time to time.

12.8 Reinvestment Fee. The Property, including each Unit, is burdened by a Reinvestment Fee pursuant to § 57-1-46 (5) *et seq*, Utah Code, Ann. The Reinvestment Fee shall be paid to the Association at the address stated in Section 12.1.8. The burden of the reinvestment fee covenant is intended to run with the land perpetually and to bind successors in interest and assigns. The existence of the Reinvestment Fee covenant precludes the imposition of an additional reinvestment fee covenant on the burdened property.

12.8.1 Amount. Each Owner (other than the Declarant) agrees to pay to the Association, upon the sale or transfer of their respective Unit, in an amount not to exceed \$250.00. The Board may increase or decrease this amount but in no case shall the Board require more than 0.5% of the gross sales price on any Unit. The Board may change the actual amount from time to time.

12.8.2 Purpose of the Fee. The funds generated from the Reinvestment Fee shall only be used to benefit the burdened property and may only be spent on the following: common planning, facilities, and infrastructure; obligations arising from an environmental covenant; community programming; common facilities; open space; recreation amenities; charitable purposes; or association expenses.

12.8.3 The Reinvestment Fee shall not be enforced upon (a) an involuntary transfer; (b) a transfer that results from a court order; c) a bona fide transfer to a family member of the seller within three degrees of consanguinity who, before the transfer, provides adequate proof of consanguinity; (d) a transfer or change of interest due to death, whether provided in a will, trust, or decree of distribution; or (e) the transfer of burdened property by a financial institution, except to the extent that the reinvestment fee covenant requires the payment of a common interest association's costs directly related to the transfer of the burdened property, not to exceed \$250.

ARTICLE XIII

DESTRUCTION, CONDEMNATION, OBSOLESCENCE

13.1 Destruction, Condemnation, and Obsolescence. The following provisions shall apply with respect to the destruction, condemnation, or obsolescence of the Project.

13.2 Definitions. Each of the following terms shall have the meaning indicated:

13.2.1 "Substantial Destruction" shall exist whenever, as a result of any damage or destruction to the Project or any part thereof, the excess of the estimated cost of restoration over the funds available is Twenty Five (25%) percent or more of the estimated restored value of the Project.

13.2.2 "Partial Destruction" shall mean any other damage or

destruction to the Project or any part thereof.

13.2.3 "Substantial Condemnation" shall exist whenever a complete taking of the Project or a taking of part of the Project has occurred under eminent domain or by grant or conveyance in lieu of condemnation, and the excess of the estimated cost of restoration over the funds available is Twenty Five (25%) percent or more of the estimated restored value of the Project.

13.2.4 "Partial Condemnation" shall mean any other such taken by eminent domain or grant or conveyance in lieu thereof.

13.2.5 "Substantial Obsolescence" shall exist whenever the Project or any part thereof has reached such a state of obsolescence or disrepair that the excess of the estimated cost of restoration over the funds available is Twenty Five (25%) percent or more of the estimated restored value of the Project.

13.2.6 "Partial Obsolescence" shall mean any state of obsolescence or disrepair which does not constitute Substantial Obsolescence.

13.2.7 "Restored Value" shall mean the fair market value of the Project after Restoration as determined by an MAI or other qualified appraisal.

13.2.8 "Estimated Cost of Restoration" shall mean the estimated costs of restoring the Project to its former condition.

13.2.9 "Available Funds" shall mean any proceeds of insurance, condemnation awards, payments in lieu of condemnation, and any uncommitted funds of the Board of Directors or insurance proceeds legally required to be paid to any party other than the Association, including a mortgagee, or that portion of any condemnation award or payment in lieu of condemnation payable to the Owner or Mortgagee for the condemnation or taking of the Unit in which they are interested.

13.3 Determination by Board of Directors. Upon the occurrence of any damage or destruction to the Project or any part thereof, or upon a complete or partial taking of the Project under eminent domain or by grant or conveyance in lieu thereof, the Board of Directors shall make a determination as to whether the excess of Estimated Costs of Restoration over Available Funds is twenty-five (25%) percent or more of the estimated Restored Value of the Project. In addition, the Board of Directors shall, from time to time, review the condition of the Project to determine whether Substantial Obsolescence exists. In making such determinations the Board of Directors may retain and rely upon one or more qualified appraisers or other professionals.

13.4 Restoration of the Project. Restoration of the Project shall be undertaken by the Board of Directors promptly without a vote of the Owners in the event of Partial Destruction, Partial Condemnation, or Partial Obsolescence and shall also be undertaken in the event of Substantial Destruction, Substantial Condemnation, or Substantial Obsolescence unless the failure to make Restoration is consented to by Owners collectively holding at least sixty-seven (67%) percent of the Project's undivided Ownership interest and is further consented to by Eligible Mortgagees holding Mortgages on Units which have appurtenant at least fifty-one (51%) percent of the undivided ownership interest in the Common Areas and Facilities and

Facilities which is then subject to Mortgages held by Eligible Mortgagees.

13.5 Notices of Destruction or Obsolescence. Within thirty (30) days after the Board of Directors has determined that Substantial Destruction, Substantial Condemnation, or Substantial Obsolescence exists, it shall send to each Owner and Eligible Mortgagee a written description of the destruction, condemnation, or state of obsolescence involved, shall take appropriate steps to ascertain the preferences of the Eligible Mortgagees concerning Restoration, and shall, with or without a meeting of the Owners (but in any event in accordance with the applicable provisions of this Declaration), take appropriate steps to determine the preferences of the Owners regarding Restoration.

13.6 Excess Insurance. If the insurance proceeds condemnation awards, or payments in lieu of condemnation actually received by the Board of Directors or Association exceed the cost of Restoration when Restoration is undertaken, then the excess funds shall be placed in the Capital Improvement Reserve Account and retained by and for the benefit of the Association. This covenant is also for the benefit of the Association and any Mortgagee, and therefore, may also be enforced by them. Payment to any Owner whose Unit is the subject of a Mortgage shall be made jointly to such Owner and the interested Mortgagee.

13.7 Inadequate Insurance. In the event the cost of Restoration exceeds Available Fund, all of the Units shall be assessed for the deficiency on the basis of their respective percentages of undivided Ownership interest in the Common Areas and Facilities.

13.8 Reallocation in Event of Partial Restoration. In the event that all or any portion of one or more Units will not be the subject of Restoration (even though the Project will continue as a planned unit development) or is taken in a condemnation proceeding or pursuant to any agreement in lieu thereof; the undivided Ownership interest in the Common Areas and Facilities shall be immediately reallocated to the remaining Units.

13.9 Sale of Project. Unless Restoration is accomplished as set forth above, the Project shall be sold in the event of Substantial Destruction, Substantial Condemnation, or Substantial Obsolescence. In the event of such sale, ownership under the Declaration and the Map shall terminate and the proceeds of sale and any Available Funds shall be distributed by the Board of Directors to the Owners in proportion to their respective undivided interest in the Common Areas and Facilities. Payment to any Owner whose Unit is then the subject of a Mortgage shall be made jointly to such Owner and the interested Mortgagee.

13.10 Authority of Board of Directors to Represent Owners in Condemnation or to Restore or Sell. The Board of Directors, as attorney-in-fact for each Owner, shall represent all of the Owners and the Association in any condemnation proceeding or in negotiations, settlements, and agreements with the condemning authority for the acquisition of all or any part of the Common Areas and Facilities.

13.11 Settlement Proceeds. The award in any condemnation proceeding and the proceeds of any settlement related thereto shall be payable to the Association for the use and benefit of the Owners and their mortgagees as their interests may appear.

13.12 Restoration Power. The Board of Directors, as attorney-in-fact for each Owner, shall have and is hereby granted full power and authority to restore or to sell the Project and each Unit therein whenever Restoration or sale, as the case may be, is undertaken as herein above

provided.

13.13 Right of Entry. Such authority shall include the right and power to enter into any contracts, deeds or other instruments which may be necessary or appropriate for Restoration or sale, as the case may be.

ARTICLE VIV MORTGAGEE PROTECTION

14.1 Mortgagee Protection. The lien or claim against a Unit for unpaid assessments levied by the Board of Directors or by the Association pursuant to this Declaration or the Act shall be subordinate to any Mortgage recorded on or before the date such assessments become due.

14.2 Effects of Voluntary and Involuntary Sale. The lien or claim against a Unit for such unpaid assessments shall not be affected by any sale or transfer of such Unit, except that a sale or transfer pursuant to a foreclosure of the Mortgage affecting such Unit or the exercise of a power of sale available thereunder shall extinguish any debt payable prior to such sale or transfer. Nevertheless, any such unpaid assessments which are extinguished in accordance with the foreclosure or power of sale shall not relieve the purchaser or transferee of such Unit from liability for, nor such Unit the lien of any assessments becoming due thereafter.

14.3 Books and Records Available for Inspection. The Board of Directors or the Association shall make available to the Owners, to Mortgagees, and lenders, and to holders, insurers, or guarantors of any Mortgage current copies of the Project Documents, as well as the books, records, and financial statements of the Board of Directors and the Association. The term "Available", as used in the Paragraph, shall mean available for reasonable inspection upon request during normal business hours or under other reasonable circumstances. The Association shall have the right to recover its photocopying and service charges incurred in making the inspection and photocopying available,

14.4 Right to Financial Statement. The holder, insurer or guarantor of any Mortgage shall be entitled, upon written request, to a financial statement for the immediately preceding fiscal year. Any financial statement requested pursuant hereto shall be furnished to the requesting party within a reasonable time following such request. The Association may charge a reasonable fee to cover the creation, copying and postage for any documents requested by realtors, mortgage or title company, Owner or authorized agent of Owner.

14.5 Management Contracts. Any agreement for professional management of the Project, and any contract for goods or services, or any lease which is entered into by the Board of Directors or the Association shall provide or be deemed to provide hereby that either party may terminate the contract with or without cause, penalty or severance charge, upon at least thirty (30) days prior written notice to the other party thereto.

14.6 Eligible Mortgagee Designation. Upon written request to the Board of Directors or the Association by the holder, insurer, or guarantor of a Mortgage (which request identifies the name and address of such holder, insurer or guarantor and the Unit Number or address of the property encumbered by the Mortgage held or insured by such holder, insurer, or guarantor), such holder or insurer, or guarantor shall be deemed thereafter to be an "Eligible

Mortgagee" or "Eligible Insurer" or "Eligible Guarantor," as the case may be, shall be included on the appropriate lists maintained by the Association, and shall be entitled to timely written notice of any of the following:

14.6.1 Condemnation Loss or Award. Any condemnation loss or any casualty loss which affects a material portion of the Project or any Unit on which there is a Mortgage held, insured, or guaranteed by such Eligible Insurer or Guarantor.

14.6.2 Delinquency. Any delinquency in the payment of assessments owed by an Owner of a Unit subject to a Mortgage held, insured or guaranteed by such Eligible Insurer or Guarantor, which delinquency remains uncured for a period of sixty days.

14.6.3 Lapse of Insurance. Any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Board of Directors or the Association.

14.6.4 Consent Required. Any proposed action which would require the consent of specified percentage of Eligible Mortgagees.

ARTICLE XV

MISCELLANEOUS PROVISIONS

15.2 Amendment. Subject to the conditions set forth herein this Declaration may be amended subject to the following:

15.2.1 Consent of the Owners. The affirmative vote of at least sixty seven (67%) percent of the votes cast of the Owners shall be required and shall be sufficient to amend the Declaration or the Map. Any amendment so authorized shall be accomplished through the recording of an instrument executed by the Board of Directors. In such instrument the Board of Directors shall certify that the vote required by this Section for amendment has occurred, and, if approval of a specified percentage of Eligible Mortgagees is required for such amendment, that such approval has been obtained; and

15.2.2 Consent of Eligible Mortgagee. The consent of at least sixty-seven (67%) percent of the Eligible Mortgagees shall be required to any amendment which would terminate the legal status of the Project; and the consent of Eligible Mortgagees holding at least fifty-one percent (51%) of the undivided Ownership interest in the Common Areas and Facilities shall be required to add to or amend any material provision of this Declaration or the Map which establishes, provides for, governs, or regulates any of the following:

15.2.2.1 voting rights;

15.2.2.2 increases in assessments that raise the previously assessed amount by more than twenty-five (25%) percent assessment liens, or the priority of assessment liens;

15.2.2.3 reduction in reserves for maintenance, repair, and replacement of the Common Areas and Facilities;

- 15.2.2.4 insurance or fidelity bonds;
- 15.2.2.5 limitations and restrictions on the right to use of the Common Areas and Facilities;
- 15.2.2.6 responsibility for maintenance and repairs;
- 15.2.2.7 expansion or contraction of the Project or the addition, annexation or withdrawal of property to or from the Project;
- 15.2.2.8 the boundaries of any Unit;
- 15.2.2.9 the percentages of Ownership interest in the Common Areas and Facilities;
- 15.2.2.10 convertibility of a Unit into Common Areas and Facilities or Common Area into a Unit;
- 15.2.2.11 the imposition of any right of first refusal or similar restriction on the light of an Owner to sell, transfer, or otherwise convey his Unit;
- 15.2.2.12 express benefits or rights of Mortgages, Eligible Mortgagees, or Eligible Insurers or Guarantors; and
- 15.2.2.13 the requirement that the Project be professionally managed rather than self-managed; and further provided, that at least seventy-five percent (75%) of all votes in the Project shall be required to change management of the Project from professional management to self-management.
- 15.2.2.14 Notice of any proposed amendment to any Eligible Mortgagee to whom a written request to approve an addition or amendment to this Declaration or the Map is required shall be mailed postage prepaid to the address for such Mortgagee shown on the list maintained by the Association.
- 15.2.2.15 Except for the Secretary of Veterans Affairs, any Eligible Mortgagee who does not deliver to the Board of Directors or the Association a negative response to the notice of the proposed amendment within thirty (30) days from the date of such mailing shall be deemed to have approved the proposal,
- 15.2.2.16 The foregoing consent requirements shall not be applicable to amendments to this Declaration and the Map or the termination of the legal status of the Project as a Utah Condominium Project if such amendments or such termination are made or accomplished in accordance with the provisions of this Declaration regarding Condemnation or Substantial Obsolescence.
- 15.2.2.17 Any addition or amendment shall not be considered material for purposes of this Section 15.2 if it is for clarification only or to correct a clerical error.

15.3 Notice and Hearing. In the event the Board of Directors or a Unit Owner claims another Unit Owner or resident has violated the Project Documents, before any sanction, citation, penalty,

or Individual Assessment becomes final, the Owner or resident about whom the complaint has been made shall be entitled to the following rights of due process:

15.3.1 Notice. Written notice specifying the nature of the violation (and providing any other appropriate information) and stating the time, date and place that the Member will have an opportunity to be heard by the Board of Directors. Written notice shall be given at least fifteen (15) days prior to the date set for the hearing and may be delivered either personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered seventy-two (72) hours after it has been deposited in the United States mail, first class postage prepaid, addressed to the Member at the address given by the Member to the Board of Directors for the purpose of service of notice or to the address of the member's Unit if no other address has been provided. Any address may be changed from time to time by giving written notice to the Board of Directors.

15.3.2 Costs and Assessments. If the violation, or the failure to correct or remedy a violation, results or may result in the expenditure of funds, the notice shall also state that the Board of Directors may vote to assess the adverse party, levy a fine, or impose other sanctions if the Board of Directors finds that a violation has occurred.

15.3.3 Final Determination. After the hearing has taken place, the Board of Directors shall (1) determine whether a violation has occurred and, if so, may impose a fine or issue sanctions which shall become effective not less than five (5) days after the date of the hearing; or (2) take such other action as may be appropriate. The determination of the Board of Directors shall be final. However, nothing herein shall be construed to prevent the Board of Directors from making any emergency repairs or taking any other emergency action it deems necessary and subsequently providing Notice and Hearing.

15.4 Limitation on Improvements by Association. Until the occurrence of the Transition Events, neither the Association, Board of Directors nor Unit Owners shall, without the written consent of Declarant, make any improvement to or alteration in any of the Common Areas and Facilities and Facilities created or constructed by Declarant, other than such repairs, replacements, or similar matters as may be necessary to properly maintain the Common Areas and Facilities as originally created or constructed by Declarant.

15.5 Declarant's Rights Assignable. All of the rights of Declarant under this Declaration may be assigned or transferred either by operation of law or through a voluntary conveyance, transfer or assignment. Any Mortgage covering all Units or Buildings in the Project title to which is vested in Declarant shall, at any given point in time and whether or not such Mortgage does so by its terms, automatically cover, encumber, and include all of the then unexercised or then unused rights, powers, authority, privileges, protection and controls which are accorded to Declarant (in its capacity as Declarant) herein.

15.6 Working Capital Fund. Working capital fund shall be established by the Declarant to meet unforeseen expenditures or to purchase any additional equipment or services. The initial working capital fund shall be in an amount equal to two (2) months of estimated common assessments for each Unit. Each Unit's share of the working capital fund shall be collected either at the time the sale of any Unit is closed or when control of the Project is transferred to the Unit Owners, whichever first occurs. Any amounts paid into the working capital fund shall not be considered as advance payments of regular monthly assessments. The working capital fund shall be transferred to the Association for deposition to a segregated fund when control of the Association is transferred to the Unit Owners. The Declarant is prohibited from using the working capital fund to

defray any of its expenses, reserve contributions, or construction costs or to make up any budget deficits while it is in control of the Association. When a Unit is sold, however, the Declarant may reimburse itself for monies it has paid the Association for an unsold Unit's share of the working capital fund by using funds collected at closing when the Unit is sold.

15.7 Transfer of Management. Anything to the contrary notwithstanding at any time before the Transition Events, Declarant may at any time relinquish its reserved right to select members of the Board of Directors, and to transfer management of the Project to the Association. If and when Declarant elects to do so, Declarant shall send written notification to each Owner of the effective date of the transfer (the "Transfer or Transition Date") at least thirty (30) days prior thereto. Thereupon, the Owners shall call a meeting to elect the members of their own Board of Directors to take office as of the Transfer Date. Declarant covenants to cooperate with the Owners in effecting an orderly transition of management. Moreover, Declarant shall cause all obligations for Common Area expenses of the Board of Directors incurred prior to the Transfer Date to be paid in full on or before such date.

15.8 Certain Provisions Applicable to Declarant. Anything to the contrary notwithstanding, for so long as Declarant continues to own any of the Units in the Project, the following provisions shall be deemed to be in full force and effect, none of which shall be construed so as to relieve the Declarant from any obligations of an Owner to pay assessments, except as herein otherwise provided.

15.8.1 Declarant specifically disclaims any intent to have made any warranty or representation in connection with the Project or the Declaration except as specifically set forth herein or in any agreement for sale of a Unit, and no person shall rely upon any warranty or representation not so specifically made therein.

15.8.2 No amendment may be made to the Declaration without the written consent of Declarant until the occurrence of the Transition Events.

15.9 Completion Obligation. Declarant hereby covenants in favor of each Owner that within two (2) years from the date of any contract of sale:

15.9.1 Units. Each Unit which an Owner has contracted to purchase, the Building within which a Unit is contained or is to be contained, and the appurtenant Limited Common Area shall be substantially constructed, and ready for use or occupancy (as the case may be; and

15.9.2 Common Area. On the land submitted to the Declaration hereby or by any Supplemental Declaration, all planned amenities, landscaping, green space, sidewalks, parking facilities, roads, streets, fences, outdoor lighting, and utility lines and conduits adjacent to the Unit or Building in which a Unit is located, and necessary for its use shall be substantially completed.

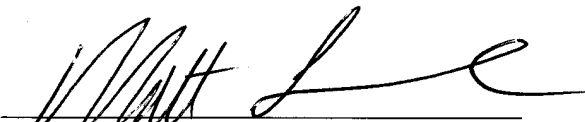
15.10 Interpretation. To the extent Utah law is consistent with this Declaration, such provision shall supplement the terms hereof and are incorporated herein. The captions which precede the Articles and Sections of this Declaration are for convenience only and shall in no way affect the manner in which any provision hereof is construed. Whenever the context so requires, the singular shall include the plural, the plural shall include the singular, the whole shall include any part thereof; and any gender shall include both the genders, The invalidity or unenforceability of any portion of the Declaration shall not affect the validity or enforceability of the remainder hereof.

15.11 Enforcement and Right to Recover Attorney's Fees. The Association, Board of Directors, or any Unit Owner may take action, at law or in equity, to enforce the terms, covenants or conditions of the Project Documents. Should the Association, Board of Directors or a Unit Owner be required to take action to enforce the Project Documents, or to pursue any remedy provided hereunder or by applicable law, whether such remedy is pursued by filing suit or otherwise, they may recover all Additional Charges, including a reasonable attorney's fee, which may arise or accrue.

15.12 Agent for Service of Process. After the occurrence of the Transition Events, the President of the Association shall be the person to receive service of process in the cases authorized by the Act and the office. The initial Registered Agent shall Shawn W. Potter, Esq. and the initial office of the Registered Agent shall be 1750 Sun Peak Drive, Park City, Utah 84098.

15.13 Effective Date. This Declaration, any amendment or supplement hereto, and any amendment or supplement to the Map shall take effect upon its being filed for record in the office of the County Recorder of Summit County, Utah.

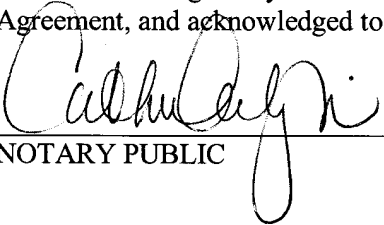
EXECUTED this 11th day of February, 2015.
PARK CITY ENDEAVOR, LLC



Matt Lowe, Member

STATE OF UTAH)
 :SS
COUNTY OF SUMMIT)

On this 11th day of February, 2015, personally appeared before me Matt Lowe, whose identity is personally known to me or proven on the basis of satisfactory evidence and who by me duly sworn/affirmed, did say that he is the Managing Member of Park City Endeavor, LLC, and that said document was signed by him in behalf of said Company by Authority of its Members or Operating Agreement, and acknowledged to me that said Company executed the same.



NOTARY PUBLIC



EXHIBIT "A"

BOUNDARY DESCRIPTION

PART OF THE NORTHWEST QUARTER OF SECTION 30, TOWNSHIP 1 SOUTH, RANGE 4 EAST, SALT LAKE BASE AND MERIDIAN, U.S. SURVEY. DESCRIBED AS FOLLOWS:

ALL OF LOT 401 OF BEAR HOLLOW VILLAGE 2ND AMENDMENT.

MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SECTION LINE AND THE SOUTHWEST CORNER OF THE LODGES AT BEAR HOLLOW VILLAGE 1 CONDO, SAID POINT LIES $50^{\circ}03'43''$ E 99.24 FEET FROM THE NORTHWEST CORNER OF SAID SECTION 30; THENCE $N86^{\circ}52'24''$ E ALONG THE SOUTH LINE OF SAID LODGES AT BEAR HOLLOW VILLAGE 1 CONDO, 80.81 FEET TO THE NORTHWEST CORNER OF LOT 402 OF BEAR HOLLOW VILLAGE 2ND AMENDMENT; THENCE ALONG THE WEST LINE OF SAID LOT 402 THE FOLLOWING THREE (3) COURSES: (1) $50^{\circ}07'36''$ E 61.56 FEET, (2) $S23^{\circ}58'51''$ E 261.10 FEET, AND (3) $S18^{\circ}55'49''$ E 55.99 FEET TO THE NORTHERLY RIGHT OF WAY LINE OF LUGE LANE (A PRIVATE ROAD); THENCE ALONG SAID NORTHERLY RIGHT OF WAY LINE ALONG A CURVE TURNING TO THE LEFT WITH AN ARC LENGTH OF 73.69 FEET, A RADIUS OF 154.34 FEET, A CHORD BEARING OF $S57^{\circ}46'08''$ W, AND A CHORD LENGTH OF 72.99 FEET TO THE NORTHEAST CORNER OF LOT 30 OF BEAR HOLLOW VILLAGE 3RD AMENDMENT; THENCE $N54^{\circ}58'06''$ W ALONG THE NORTHERLY LINE OF SAID LOT 30, 178.65 FEET TO THE SECTION LINE; THENCE $N00^{\circ}03'43''$ W ALONG SAID SECTION LINE, 284.96 FEET TO THE POINT OF BEGINNING.

CONTAINING 47,266 SQUARE FEET AND 1.085 ACRES

BHVS-401-2AM

Exhibit B

Percentage Ownership of Common Areas and Facilities

Unit No.	Square Feet (Living Area) Interest	Percentage of Ownership
2101	1040	3.06%
2102	1308	3.84%
2103	1308	3.84%
2104	1018	2.99%
2201	1318	3.87%
2202	1360	4.00%
2203	1318	3.87%
2204	1318	3.87%
2205	1350	3.97%
2206	1318	3.87%
2207	1350	3.97%
2208	1300	3.82%
2301	1350	3.97%
2302	1360	4.00%
2303	1318	3.87%
2304	1318	3.87%
2305	1350	3.97%
2306	1350	3.97%
2307	1350	3.97%
2308	1318	3.87%
2401	1350	3.97%
2402	1360	4.00%
2403	1318	3.87%
2404	1318	3.87%
2405	1350	3.97%
2406	1318	3.87%
Totals	34034	100%

Exhibit C

[Plat]