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EXHIBIT A - SCHEDULE OF UNITS, PAR VALUE POINTS,
VOTES AND UNDIVIDED INTERESTS IN COMMON AREAS

EXHIBIT B - CONDOMINIUM ASSOCIATION BYLAWS

EXHIBIT C - REDUCED COPY OF MAP

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DECLARATION OF CONDOMINIUM
FOR
SUNDIAL LODGE AT THE CANYONS

THIS DECLARATION OF CONDOMINIUM for SUNDIAL LODGE AT THE CANYONS ("Declaration") is made and executed by The Canyon Resort Properties, Inc., a Utah corporation (hereinafter referred to as "Developer"), pursuant to the provisions of Title 17, Chapter 10, Utah Code Annotated, as amended.

1. INTENT:

1.1 Developer hereby declares that the land and improvements located at the County of Summit, State of Utah, hereinafter more particularly described, upon which Declaration is being recorded, constitute a condominium project.

1.2 The ownership, possession and control of the land and improvements located at the County of Summit, State of Utah, hereinafter more particularly described, shall be held in common by the owners of the units in the project.

1.3 The land and improvements located at the County of Summit, State of Utah, hereinafter more particularly described, shall be held in common by the owners of the units in the project.

1.4 All rights in the land and improvements located at the County of Summit, State of Utah, hereinafter more particularly described, shall be held in common by the owners of the units in the project.

DECLARATION OF CONDOMINIUM
FOR
SUNDIAL LODGE
AT
THE CANYONS

2. DESCRIPTION:

2.1 The land and improvements located at the County of Summit, State of Utah, hereinafter more particularly described, shall be held in common by the owners of the units in the project.

2.2 The land and improvements located at the County of Summit, State of Utah, hereinafter more particularly described, shall be held in common by the owners of the units in the project.

2.3 The land and improvements located at the County of Summit, State of Utah, hereinafter more particularly described, shall be held in common by the owners of the units in the project.

2.4 The land and improvements located at the County of Summit, State of Utah, hereinafter more particularly described, shall be held in common by the owners of the units in the project.

2.5 The land and improvements located at the County of Summit, State of Utah, hereinafter more particularly described, shall be held in common by the owners of the units in the project.

2.6 The land and improvements located at the County of Summit, State of Utah, hereinafter more particularly described, shall be held in common by the owners of the units in the project.

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**DECLARATION OF CONDOMINIUM
FOR
SUNDIAL LODGE AT THE CANYONS**

THIS DECLARATION OF CONDOMINIUM for SUNDIAL LODGE AT THE CANYONS ("Declaration") is made and executed by The Canyons Resort Properties, Inc., a Maine corporation (hereinafter referred to as "Declarant"), pursuant to the provisions of Title 57, Chapter 8, Utah Code Annotated, as amended.

1. RECITALS.

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

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

1.3 Recorded simultaneously herewith is a record of survey map of the Project (as hereinafter defined) as required by the Act (as hereinafter defined).

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

1.5 The Project shall be known as Sundial Lodge at The Canyons.

2. DEFINITIONS.

2.1 Unless the context clearly indicates otherwise, certain terms as used in this Declaration and the foregoing Recitals shall have the meanings set forth in this Section 2.

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

2.3 "Additional Land" shall mean the land that may be added to the Project in accordance with the provisions of Section 9, and as shown on the Map.

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

2.5 "Buildings" shall mean the buildings constructed as part of the Project, as described in Section 3.2.

2.6 "Commercial Owner" shall mean any person or entity or combination thereof, including Declarant, at any time owning a Commercial Unit. The term "Commercial Owner" shall not include any Mortgagee (unless such Mortgagee has acquired title for other than security purposes).

2.7 "Commercial Unit" shall mean a Unit within the Project which has been designated in Exhibit A hereto and/or on the Map as a Commercial Unit.

2.8 "Common Areas and Facilities" shall mean all portions of the Project other than the Units, as described in Section 6.1 hereof, including the Limited Common Areas and Facilities. The undivided interest in the Common Areas and Facilities appurtenant to each Unit is based upon the par value of such Unit as described in Section 6.2 hereof and is set forth in Exhibit A hereto.

2.9 "Common Assessments" shall mean those Assessments described in Section 24 to fund the Common Expenses, and include Regular Common Assessments, Special Common Assessments and any other assessments levied by the Condominium Association including but not limited to the expenses of the Condominium Association arising under the Village Management Agreement.

2.10 "Common Expenses" shall mean all expenses of the administration, maintenance, repair, or replacement of the Common Areas and Facilities and all other expenses denominated as Common Expenses by this Declaration or by the Act.

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

2.12 "Condominium Articles" shall mean the Articles of Incorporation of Sundial Lodge Condominium Owners Association, Inc.

2.13 "Condominium Association" shall mean Sundial Lodge Condominium Owners Association, Inc., a Utah non-profit corporation, organized for the purposes set forth in this Declaration.

2.14 "Condominium Bylaws" shall mean the Bylaws of the Condominium Association, a copy of which is attached hereto as Exhibit B, as amended from time to time.

2.15 "Condominium Management Committee" shall mean the Board of Trustees of the Condominium Association, appointed or elected in accordance with this Declaration and the Condominium Bylaws.

2.16 "Convertible Space" shall mean those portions of the Project that may be converted into Units, Common and Limited Common Areas and Facilities, as provided in Section 8 hereof, and as designated on the Map. Pursuant to the Act, all convertible space will be treated as a single Commercial Unit unless it is converted pursuant to Section 8.

2.17 "Cost of Living Index" shall mean the Consumer Price Index, all Urban Consumers -- U.S. City Average -- All Items (1982-84 = 100). Declarant may select any other comparable index which measures changes in the cost of living.

2.18 "Declarant" shall mean The Canyons Resort Properties, Inc., a Maine corporation, or any successor in interest as defined by the Act.

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

2.20 "Developmental Rights" shall mean the right under the Act to (1) convert a portion of the Project into one or more Units, Common Areas and Facilities, or Limited Common Areas and Facilities pursuant to Section 8 hereof, (2) add real estate to the Project pursuant to Section 9 hereof, and (3) exercise any of the rights set forth in Section 14 hereof.

2.21 "Furnishings" shall mean all furniture, furnishings, utensils, equipment, facilities and personal property within Residential Units.

2.22 "Limited Common Areas and Facilities" shall mean a portion of the Common Areas and Facilities allocated by this Declaration or the Act, and as may be shown on the Map, for the exclusive use of one or more, but fewer than all, of the Units.

2.23 "Manager" shall mean the person, firm or company designated by the Condominium Association to manage, in whole or in part, the affairs of the Condominium Association and the Project.

2.24 "Map" shall mean the Record of Survey Map of Sundial Lodge at the Canyons, recorded in the office of the County Recorder for Summit County, State of Utah, a reduced copy of which is attached hereto as Exhibit C, as it may be amended from time to time pursuant to this Declaration and the Act. It is contemplated that the initial Map may be amended at such time as the Buildings are constructed in the event there are material changes in the Buildings' boundaries or elevations as constructed. Such an amendment to the Map is expressly authorized and may be undertaken by Declarant without the joinder or consent of any other Owners.

2.25 "Master Association" shall mean The Canyons Resort Village Association, Inc., a Utah non-profit corporation, or its designee, successor, or assign, under the Village Management Agreement.

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

2.27 "Mortgagee" shall mean any person or entity named as the mortgagee, beneficiary or holder of the seller's interest under any Mortgage by which the interest of any Owner is encumbered, or any successor to the interest of such person under such Mortgage. A "First Mortgagee" shall mean any person or entity holding a First Mortgage including any insurer or guarantor of a First Mortgage. Any and all Mortgagee protections contained in this Declaration shall also protect the Declarant as the holder of a First Mortgage of a Unit or any interest therein.

2.28 "Owner" shall mean any person or entity, including Declarant, at any time owning a Unit or an interest in a Unit within the Project (including, to the extent permitted by law, those purchasing an interest pursuant to a contract for deed who have given written notice of their purchase and a copy of their contract to the Condominium Association) and shall include

Commercial Owners and Residential Owners. The term "Owner" shall not refer to any Mortgagee, unless such Mortgagee has acquired title for other than security purposes.

2.29 "Par Value" shall mean the number of points assigned to each Unit as described herein and in the Act. In accordance with the provisions of the Act, the statement of par value should not be considered to reflect or control the sales price or fair market value of any Unit.

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

2.31 "Property" shall mean that certain real property situated in the County of Summit, State of Utah, more particularly described in Section 3 hereinafter, on which the Units and other improvements are located.

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

2.33 "Residential Owner" shall mean any person or entity, including Declarant, at any time owning a Residential Unit. The term "Residential Owner" shall not include any Mortgagee, unless such Mortgagee has acquired title for other than security purposes.

2.34 "Residential Unit" shall mean a Unit in the Project which has been designated in Exhibit A hereto and/or on the Map as a Residential Unit.

2.35 "Special Common Assessments" shall mean assessments that the Condominium Association may levy from time to time, in addition to the Regular Common Assessments, for unexpected Common Expenses or other purposes as provided herein.

2.36 "Supplemental Map" shall mean any amendment to the Map made in accordance with this Declaration and the Act.

2.37 "Total Votes of the Condominium Association" shall mean the total number of votes appertaining to all Units, as described in Section 12 hereof.

2.38 "Unit" shall mean a physical portion of the Project designed for separate ownership and occupancy as described in Section 5 hereof.

2.39 "Unit Number" shall mean the number, letter or combination of numbers and letters that identifies only one Unit in the Project. The Unit Number for Commercial and Residential Units shall consist of four alphabetic or numeric characters representing (in order): the building in which the Unit is located, the floor number and the room number of the Unit.

2.40 "Village Management Agreement" means The Canyons Resort Village Management Agreement dated _____, 1999, between ASC Utah, Inc., American Skiing Resort Properties, Inc., Wolf Mountain Resorts, L.C., The Canyons Resort Village Association, Inc., and certain other parties, and recorded on _____, 1999, as Entry No. _____, in Book _____, beginning at Page _____, with the Summit County, Utah Recorder.

3. DESCRIPTION OF THE PROPERTY AND THE IMPROVEMENTS

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

Beginning at the South Quarter Corner of Section 36, Township 1 South, Range 3 East, Salt Lake Base & Meridian; thence North 367.46 feet; thence East 790.60 feet to the true point of beginning; (basis of bearing being North 89°59'43" West between the Southeast Corner of Section 36, Township 1 South, Range 3 East, Salt Lake Base & Meridian and the said South Quarter Corner of Section 36); thence generally following a course that is 1 foot perpendicularly equidistant from the said furthest most exterior portions of the Sundial Lodge, including the underground parking structure, the following calls:

North 29°28'29" West 107.25 feet; thence South 60°30'24" West 59.55 feet; thence North 29°29'36" West 25.02 feet; thence South 60°31'31" West 32.10 feet; thence South 25°01'31" West 55.56 feet; thence North 64°58'29" West 59.33 feet; thence South 25°01'31" West 27.18 feet; thence North 64°58'29" West 11.00 feet; thence North 25°01'31" East 24.31 feet; thence North 64°58'29" West 31.96 feet to the point of curvature of a 48.62 foot radius tangent curve to the right; thence Northwesterly along the arc of said curve 51.18 feet through a central angle of 60°19'10" to the curves end; thence North 86°59'44" West 1.54 feet; thence North 02°44'03" East 8.73 feet; thence North 64°59'36" West 49.85 feet; thence North 29°29'36" West 112.45 feet; thence North 06°00'24" East 160.59 feet; thence South 83°58'29" East 20.68 feet; thence North 33°14'56" East 8.54 feet; thence North 56°43'29" West 3.48 feet; thence North 33°16'31" East 18.00 feet; thence South 56°43'29" East 18.00 feet; thence South 33°16'31" West 6.33 feet; thence South 56°43'29" East 32.67 feet; thence North 33°16'31" East 6.33 feet; thence South 56°43'29" East 18.00 feet; thence South 33°16'31" West 6.66 feet; thence South 55°34'59" East 14.76 feet; thence South 12°43'29" West 16.50 feet; thence South 83°58'28" East 1.38 feet; thence South 06°01'30" West 45.44 feet; thence South 05°28'29" East 39.96 feet; thence South 29°28'29" East 43.44 feet; thence South 53°28'29" East 39.96 feet; thence South 64°58'29" East 54.93 feet; thence South 78°46'47" East 7.29 feet; thence North 85°38'18" East 37.12 feet; thence North 60°31'31" East 13.49 feet; North 29°28'29" West 4.34 feet; thence North 60°30'24" East 58.50 feet; thence North 29°28'29" West 2.55 feet; thence North 60°31'31" East 12.00 feet; thence South 29°28'29" East 2.55 feet; thence North 60°30'24" East 31.92 feet; thence South 74°29'36" East 6.19 feet; thence North 60°31'31" East 10.70 feet; thence North 29°28'29" West 3.25 feet; thence North 60°31'31" East 12.00 feet; thence South 29°28'29" East 3.25 feet; thence North 60°31'31" East 13.58 feet; thence South 29°28'29" East 36.24 feet; thence South 74°32'36" East 6.30 feet; thence South 29°29'36" East 172.47 feet; thence South 60°31'31" West 17.85 feet; thence South 29°28'29" East 3.50 feet; thence South 60°31'31" West 10.83 feet; thence South 29°28'29" East 9.50 feet; thence South 60°31'31" West 13.50 feet; thence South 29°28'29" East 18.00 feet; thence South 60°31'31" West 11.92 feet; thence North 29°28'29" West 18.00 feet; thence South 60°31'31" West 33.89 feet; thence North 29°28'29"

West 9.75 feet; thence South 60°31'31" West 43.03 feet to the point of beginning.
Contains 1.902 Acres more or less.

3.2 The initial improvements will consist of two connected buildings (the "Buildings") designated as Pavilion B and Pavilion C. Pavilion B has 5 floors containing 85 Residential Units and 1 Commercial Unit and Pavilion C has 5 floors containing 65 Residential Units and 1 Commercial Unit. Both Buildings contain certain Convertible Space, as defined in Section 8.1.1 hereof. The Buildings are principally constructed of: concrete footings and foundation; steel and concrete frame; stone, wood, and stucco exteriors; sheetrock interiors and asphalt shingle roofs; and such other materials as allowed by current building codes. The Buildings will be supplied with telephone, television, electricity, water, and sewer service. The Project also includes the Common Areas and Facilities described herein.

4. SUBMISSION TO ACT

Declarant hereby submits the Property, the Buildings and all other improvements thereon to the provisions of the Act. All of said Project is and shall be held, conveyed, hypothecated, encumbered, leased, subleased, rented, used and improved as a condominium project. All of the Project is and shall be subject to the covenants, conditions, restrictions, uses, limitations and obligations set forth herein, each and all of which are declared and agreed to be for the benefit of the Project and in furtherance of a plan for improvement of the Project and division thereof into Commercial Units and Residential Units; further, each and all of the provisions hereof shall be deemed to run with the land and shall be a burden and a benefit to the Declarant, the successors and assigns of the Declarant, and any person acquiring, leasing, subleasing or owning an interest in the real property and improvements comprising the Project, their assigns, lessees, sublessees, heirs, executors, administrators, devisees and successors. The Declarant and the Condominium Association are each hereby granted a limited license to use the name "Sundial Lodge at the Canyons" in connection with the administration, sale and operation of their respective interests in the Project.

5. DESCRIPTION OF UNITS

The boundary lines of each Unit are as set forth on the Map and consist of the undecorated and/or unfinished interior surfaces of its perimeter walls, bearing walls, lowermost floor, uppermost ceiling, and the interior surfaces of windows and doors. The interior surfaces of the doors and windows mean the points at which such surfaces are located when such window or door is closed. Each Unit shall include both the portions of a building that are not Common Areas and Facilities within such boundary lines and the space so encompassed, excepting Common Areas and Facilities. Without limitation, a Unit shall include any finishing material applied or affixed to the interior surfaces of the interior walls, floors and ceilings; non-supporting interior walls; and all utility outlets, fixtures or appliances found within the boundary lines of the Unit and servicing only that Unit. Notwithstanding the fact that they may be within the boundaries of the Unit, the following are not part of any Unit: bearing walls; floors, ceilings and roofs (except the interior finished surfaces thereof); foundations, ceiling equipment, tanks, pumps, pipes, vents, ducts, shafts, flues, chutes, conduits, wires and other utility installations, except the outlets thereof when located within the Unit. The Map and/or Exhibit A hereto contain the Unit Number of each Unit in the Project.

6. DESCRIPTION AND OWNERSHIP OF COMMON AREAS AND FACILITIES

6.1 The Common Areas and Facilities shall mean and include the Property on which all Units are located and all portions of the Project not included as part of any Unit, including, but not by way of limitation, the foundation, columns, girders, beams, supports, exterior and bearing walls, roofs, halls, corridors, elevators, stairwells, lobbies, fire escapes and entrances and exits of the buildings; the grounds and recreational facilities, if any, in the Project, designated as part of the Common Areas and Facilities on the Map; installations of all central services, including power, light, gas, hot and cold water, heating, ventilating and garbage collection; tanks, pumps, motors, fans, ducts and, in general, all apparatuses and installations existing for common use; all utility pipes, lines or systems servicing the Units; all ducts, flues, chutes, wires, conduits and other accessories and utility installations to the outlets used therewith; all other parts of the Property necessary or convenient to its existence, maintenance and safety, or normally in common use, or which have been designated as Common Areas and Facilities on the Map or any Supplemental Map; and all repairs and replacements of any of the foregoing. In the event of a conflict between this Declaration and the Map, the provisions of this Declaration shall control.

6.2 The undivided interest in the Common Areas and Facilities appurtenant to each Unit in the Project is based upon the Par Value of such Unit, which is determined by the number of points allocated to each Unit. Points are allocated to each Unit based on a combination of factors including the square footage in the Unit, the number of rooms in the Unit (excluding bathrooms and closets), the maximum occupancy of the Unit and other amenities such as the number of entrances and the size of the decks appurtenant to the Unit. Exhibit A to this Declaration shows the number of points (the Par Value) allocated to each Unit. For the purposes of this Section, the area of each Unit is measured from the exterior finished surface of each perimeter wall of the Unit and from the center line of each party wall of the Unit. The percentage of undivided interest in the Common Areas and Facilities appurtenant to each Unit shall be determined by dividing the number of points allocated to that Unit by the total number of points allocated to all Units in the Project. In accordance with the provisions of the Act, the statement of Par Value shall not be considered to reflect or control the sales price or fair market value of any Unit. Except as otherwise provided in this Declaration, the undivided interest appurtenant to each Unit shall have a permanent character and shall not be altered; provided, however, Declarant reserves the right to determine points with respect to Units created pursuant to Sections 8 and 9 hereof, and to adjust the undivided interest of each Unit in the Common Areas and Facilities following any addition of Units to the Project, in accordance with the formulas set forth in Sections 8 and 9. The sum of the undivided interests in the Common Areas and Facilities allocated to all Units shall at all times equal one hundred percent. Declarant is authorized to round the undivided interest of one or more Units in order to cause the total to equal one hundred percent. Unless specifically designated otherwise on the Map, all of the hallways and stairwells on levels 1 through 5 of both Buildings, shown on Exhibit C, shall be Common Areas and Facilities, provided that the Condominium Association may make and enforce rules and regulations that restrict Residential Owners from accessing and using certain Common Areas and Facilities primarily designed for the use of the Commercial Owners and restrict Commercial Owners from accessing and using certain Common Areas and Facilities primarily designed for the use of the Residential Owners. The Condominium Association shall have the right and obligation to design, maintain, replace and otherwise control all landscaping

on the Common Areas and Facilities. The Owners may not repair, replace, maintain or otherwise alter in any manner the landscaping in the Common Areas and Facilities.

7. DESCRIPTION OF LIMITED COMMON AREAS AND FACILITIES

Limited Common Areas and Facilities shall mean a portion of the Common Areas and Facilities reserved for the use of certain Owners to the exclusion of other Owners, including but not limited to any porches, balconies, patios, certain hallways and corridors, ski storage units, and garage storage units as indicated by this Declaration or the Act to be for the exclusive use of one or more but fewer than all of the Units. The ski storage lockers and garage storage lockers, located in the garage storage room identified on the Map, bearing the Unit Number of the Residential Units are reserved for the exclusive use of their Owners. Mechanical systems serving only the Commercial Units or only the Residential Units shall be Limited Common Areas and Facilities with respect to the Units they serve. Similarly, hallways and other common walkways serving only the Commercial Units or only the Residential Units shall be limited Common Areas and Facilities with respect to the Units they serve. The Limited Common Areas and Facilities shall be those areas designated as such on the Map, in this Declaration or as provided for by the Act. The use and occupancy of designated Limited Common Areas and Facilities shall be reserved to the Units as shown on the Map or as specified in this Declaration. Owners may not reallocate Limited Common Areas and Facilities between or among Units in which they have an interest.

8. OPTION TO CONVERT SPACE

8.1 Declarant hereby reserves the option, pursuant to Section 57-8-13.4 of the Act, to create additional Units (Residential or Commercial), Common Areas and Facilities, or Limited Common Areas and Facilities within and without certain portions of the Buildings (collectively, the "Option to Convert Space") upon the terms and provisions set forth in this Section and the Act. Declarant shall have the right to exercise the rights under this Section 8 with respect to the portion of the Property to which it holds fee simple title or an option to purchase. The terms and conditions of the Option to Convert Space shall be as follows:

8.1.1 The real property subject to this Option to Convert Space consists of the property identified in Section 8.1.3 hereof ("Convertible Space"). The Declarant shall initially own all Units created pursuant to the exercise of the Option to Convert Space. All Units converted to Common Areas and Facilities must be owned by the Declarant at the time of conversion.

8.1.2 Declarant may convert from time to time and at different times, all or any portion or portions of the Convertible Space into one or more Units (Residential or Commercial), Common Areas and Facilities and/or Limited Common Areas and Facilities, so long as such conversion is made pursuant to the provisions of this Section 8. No assurance is made with regard to which portions of the Convertible Space, if any, will be so converted, or the order in which such portions will be converted. In the event the Option to Convert Space is exercised with respect to a portion of the Convertible Space, such option may subsequently be exercised by Declarant with respect to any other portion of the Convertible Space.

8.1.3 The Convertible Space includes all those portions of the Project that have been designated on the Map as Convertible Space, and consists of all or a portion of the ground floor of the Buildings and closets and other enclosed spaces, excluding the Residential Units, of the other floors of the Buildings. Any such space converted to Units shall be subject to the provisions of Sections 10 and 11, as applicable. The Convertible Space outside of the Buildings may only be converted to Limited Common Areas and Facilities. The Units to be created from the Convertible Space may be dissimilar to the Units. Declarant shall determine the percentage of undivided interest in the Common Areas and Facilities for any Units created from the Convertible Space on the basis described in Section 6.2 hereof. Declarant reserves the right to exercise all other Developmental Rights with respect to any Units created from the Convertible Space.

8.1.4 Declarant shall not be required to obtain the consent of any Owners or of any other person or entity having any right or interest in all or any portion of the Project prior or subsequent to converting all or portions of the Convertible Space into Commercial Units, Common Areas and Facilities or Limited Common Areas and Facilities.

8.1.5 In order to convert all or any portion of the Convertible Space, the Declarant shall:

(a) Record, with regard to the Convertible Space or any portion thereof that is being converted to Units, Common Areas and Facilities, or Limited Common Areas and Facilities, a Supplemental Map showing the location and dimensions of the vertical and horizontal boundaries of each Unit, Common Areas and Facilities, or Limited Common Areas and Facilities, if any, formed out of the Convertible Space or a portion thereof, and assigning or reassigning any Limited Common Areas and Facilities that are to be appurtenant to any such Unit. Each such Supplemental Map shall be certified as to its accuracy and compliance with the requirements of the Act by the engineer or land surveyor who prepared or supervised the preparation of it; and

(b) Record simultaneously with each Supplemental Map an Amendment to this Declaration describing the conversion. Each such Amendment shall assign a Unit Number to each Unit, if any, formed out of the Convertible Space or a portion thereof and shall reallocate to each Unit, on the basis provided for in Sections 6.2 and 9.1.7 of this Declaration, the percentage of undivided interest in the Common Areas and Facilities appertaining to all Units following such conversion. Each Amendment shall allocate points to each Unit as described in Section 6.2 hereof. Except as otherwise provided by the Act, each such Amendment or Supplemental Map shall also describe the Limited Common Areas and Facilities, if any, formed out of the Convertible Space or a portion thereof, showing or designating the Unit or Units to which each is assigned.

8.1.6 No provision of this Section 8 shall be amended without the prior written consent of Declarant so long as it owns or has the right to acquire any Units in the Project.

8.1.7 Each Owner, by execution of a contract for deed or the acceptance of a deed to a Unit in the Project, shall be deemed to have consented to all provisions of this Section 8.

8.1.8 In accordance with Section 57-8-13.4(3) of the Act, the Convertible Space shall be treated for all purposes as a single Commercial Unit, until and unless it is so converted. The Act and this Declaration shall be deemed applicable to the Convertible Space as though the same were a Unit. The Convertible Space shall be assessed its appropriate portion of the Common Expenses related to the Project, and Declarant shall pay the Common Expenses attributable to such Convertible Space. However, because the Convertible Space that lies outside of the Buildings can only be converted into Limited Common Areas and Facilities (rather than Units), such Convertible Space shall be treated as part of the Common Areas and Facilities prior to conversion, and shall not be subject to assessments, have voting rights or in any other way be treated as a Unit.

9. OPTION TO EXPAND

9.1 Declarant hereby reserves, pursuant to Sections 57-8-10(4) and 57-8-13.6 of the Act, the option to expand Sundial Lodge at The Canyons (the "Option to Expand") upon the terms and provisions set forth in this Section without the prior consent of the Owners or the Condominium Association. Each Option to Expand must be exercised no later than seven (7) years from the date of recording this Declaration. Declarant shall have the right to exercise the rights under this Section 9 with respect to the portion of the Property Declarant owns in fee simple or has an option to purchase. The terms and conditions of the Option to Expand shall be as follows:

9.1.1 Subject to the power granted Declarant in paragraph 9.1.3 below, the real property subject to the Option to Expand consists of the real property referred to as the Additional Land, being more particularly described as follows:

BEGINNING AT THE SOUTHEAST CORNER OF SECTION 36, TOWNSHIP 1 SOUTH, RANGE 3 EAST, SALT LAKE BASE & MERIDIAN, A FOUND BRASS CAP; THENCE NORTH 89°59'43" WEST 2126.00 FEET ALONG THE SOUTH LINE OF SAID SECTION 36, (BASIS OF BEARING BEING NORTH 89°59'43" WEST ALONG THE SOUTH LINE OF SAID SECTION 36 BETWEEN THE SOUTHEAST CORNER AND SOUTH QUARTER CORNER OF SAID SECTION 36); THENCE LEAVING SAID SECTION LINE NORTH 749.46 FEET TO THE TRUE POINT OF BEGINNING; THENCE NORTH 56°44'36" WEST 19.97 FEET; THENCE SOUTH 33°14'47" WEST 34.63 FEET TO THE NORTHEASTERLY BOUNDARY OF THE SUNDIAL LODGE AMENDED SITE PLAT ON FILE AND OF RECORD IN THE OFFICE OF THE SUMMIT COUNTY RECORDER; THENCE ALONG SAID BOUNDARY THE FOLLOWING SEVEN COURSES; 1.) NORTH 55°34'59" WEST 4.69 FEET; 2.) NORTH 33°16'31" EAST 6.66 FEET; 3.) NORTH 56°43'29" WEST 18.00 FEET; 4.) SOUTH 33°16'31" WEST 6.33 FEET; 5.) NORTH 56°43'29" WEST 32.67 FEET; 6.) NORTH 33°16'31" EAST 6.33 FEET; 7.) NORTH 56°43'29" WEST 18.00 FEET; THENCE LEAVING SAID SUNDIAL LODGE AMENDED SITE PLAT NORTH 33°16'31" EAST 32.49 FEET; THENCE NORTH 56°56'11" WEST 27.41 FEET; THENCE NORTH 33°15'24" EAST 31.30 FEET; THENCE NORTH 29°29'36" WEST 64.48 FEET; THENCE

NORTH 60°30'24" EAST 188.20 FEET; THENCE SOUTH 29°29'36" EAST 154.09 FEET; THENCE SOUTH 15°30'24" WEST 52.27 FEET; THENCE NORTH 74°29'36" WEST 4.02 FEET; THENCE SOUTH 60°30'24" WEST 124.99 FEET TO THE POINT OF BEGINNING.

CONTAINS 0.866 ACRES MORE OR LESS.

9.1.2 Subject to the provisions of paragraph 9.1.3 below, the Option to Expand may be exercised at different times as to portions of the Additional Land and in any order elected by the Declarant. No assurance is made with regard to which portions of the Additional Land, if any, will be added to the Project or the order in which such portions will be so expanded. In the event the Option to Expand is exercised with respect to a portion of the Additional Land, the Option to Expand may subsequently be exercised with respect to any other portion of the Additional Land.

9.1.3 Declarant shall not be restricted in the location of improvements on the Additional Land or in the number of Units that may be created on the Additional Land, except as may be required by applicable zoning requirements, ordinances or regulations, provided the Project when completed shall not exceed 230 Residential Units and 3 Commercial Units; provided further, the limitation on the number of Commercial Units shall not apply to Owners dividing their Commercial Units as allowed or permitted by this Declaration. The foregoing limitations on the number of Units to be constructed in the Project are set forth herein for the purpose of satisfying Section 57-10-10(4)(a)(vii) of the Act. Declarant currently intends to construct a maximum of 230 Residential Units. However, the Declarant may construct a different number of such Units if it elects to change the Unit size.

9.1.4 The Units to be located on the Additional Land shall be subject to the same uses as provided in Sections 10 and 11, as applicable, hereof. Declarant reserves the right to exercise all Developmental Rights with respect to any Units located on the Additional Land.

9.1.5 The Units to be built on the Additional Land shall be substantially identical to the Units depicted on the Map. Structures other than buildings containing Units may be erected on the Additional Land. Further improvements may include recreational facilities, parking areas, walkways and landscaping of the Common Areas and Facilities contained therein. Declarant reserves the right to add additional Limited Common Areas and Facilities to the Additional Land without limitation.

9.1.6 The ownership interest in the Common Areas and Facilities for all Units in the Project shall be changed at the time Declarant records an Amendment and Supplemental Map reflecting Declarant's exercise of the Option to Expand in accordance with the provisions set forth in paragraph 9.1.7 below. Said changes in ownership interest shall be reflected in an amended Exhibit "A" to this Declaration to be filed with the Summit County Recorder as part of the Amendment. It is contemplated that there may be multiple Amendments filed by Declarant and such Amendments are hereby expressly authorized.

9.1.7 Declarant shall calculate and revise the undivided interest for each Unit in Common Areas and Facilities based upon the following formula:

Number of points assigned
to a Unit pursuant to Section
6.2 hereof

= Undivided Interest in the
Common Areas and
Facilities of the Project

Total number of points
assigned to all the Units

Declarant shall have the right to adjust the resulting ownership interests of all Units in the Common Areas and Facilities of the Project as may be necessary to assure that the total ownership interest equals 100% as required by the Act.

9.1.8 Each Owner, by execution of a contract for deed or the acceptance of a deed to a Unit in the Project, shall be deemed to have consented to all provisions of this Section, including the procedure for adjustment of Unit ownership interests pursuant to paragraph 9.1.7 hereof. After the filing for record of any amended Exhibit "A" to this Declaration and the Supplemental Map reflecting Declarant's exercise of the Option to Expand, or any part thereof, legal and equitable title to each Unit thereby created within the Additional Land including its appurtenant ownership interest in the Common Areas and Facilities shall be vested in and held by Declarant and none of the other Owners shall have any claim or title to or interest in such Unit or its appurtenant ownership interest in the Common Areas and Facilities.

9.1.9 Declarant shall not be required to obtain the consent of any Owners or of any other person or entity having any right or interest in all or any portion of the Project prior to or subsequent to adding all or portions of the Additional Land.

9.1.10 No provision of this Section 9 shall be amended without the prior written consent of Declarant so long as it owns or has the right to acquire any Units in the Project.

10. NATURE AND INCIDENTS OF RESIDENTIAL UNIT OWNERSHIP

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

10.2 Subject to the limitations contained in this Declaration, each Residential Owner shall have the non-exclusive right to use and enjoy the Common Areas and Facilities and the exclusive right to occupy and use his Unit and any Limited Common Areas and Facilities designated for exclusive use by such Residential Owner or all Residential Owners.

10.3 Each Residential Owner shall keep the interior of his Unit, including without limitation, the furnishings, interior walls, windows, ceilings, floors and permanent fixtures and appurtenances thereto, in a sanitary condition and in a good state of repair. In the event that any such Unit should develop an unsanitary condition or fall into a state of disrepair and in the event that the Owner of such Unit should fail to correct such condition or state of disrepair promptly following written notice from the Condominium Management Committee, the Condominium Management Committee shall have the right, at the expense of the Owner and without liability to the Owner for trespass or otherwise, to enter said Unit and correct or eliminate said unsanitary condition or state of disrepair. Residential Owners of adjoining Residential Units may not

reallocate or change the boundaries of such Units. No Residential Owner may subdivide his Unit.

10.4 The Condominium Management Committee shall have the right to enter into any Residential Unit for the purpose of cleaning, maintenance, repairs, including emergency repairs, and for the purpose of abating a nuisance, or a known or suspected dangerous or unlawful activity.

10.5 Nothing in this Declaration shall limit the rights of Declarant to operate the Units owned by it for transient rental (hotel) purposes. Each Residential Owner shall pay his full pro rata share of Common Assessments regardless of whether or not such Residential Owner participates in the rental pool established pursuant to the Rental Agreement between the Residential Owners and Declarant. Each Residential Owner hereby acknowledges that the Common Assessments shall include assessments for costs associated with such rental activities.

10.6 The persons or entities who are at the time of reference Residential Owners shall, together with all other Owners, be members of the Condominium Association, the characteristics and nature of which are determined by the Act, this Declaration, the Condominium Bylaws, the Condominium Articles and other applicable Utah law.

10.7 Each Residential Unit shall be deemed to be a parcel and shall be assessed separately for all taxes, assessments, and other charges of the State of Utah or of any political subdivision thereof or of any special improvement district or of any other taxing or assessing authority. All such taxes, assessments, and other charges on each respective Residential Unit shall be separately levied against the Owner thereof. No forfeiture or sale of any Residential Unit for delinquent taxes, assessments, or other governmental charges shall divest or in any way affect the title to any other Unit.

10.8 The parking area (exclusive of certain structural components contained therein, which constitute Common Areas and Facilities) is part of Commercial Unit 1 as shown on the Map. Therefore, Unit Owners have no rights to parking spaces because of their ownership of their Units. However, the Condominium Management Committee shall enter into an agreement that provides for parking for the Owners, their guests and tenants ("Parking Agreement") with the owner of Commercial Unit 1 as shown on the Map. Pursuant to the Parking Agreement, each occupied Unit shall be entitled to use one undedicated parking space during the period of occupancy for a maximum number of parking spaces at any one time equal to the total number of Residential Units. Each Residential Owner shall have priority under the Parking Agreement to park his vehicle for a reduced fee as set forth in the Parking Agreement. This priority is based on availability only and does not guaranty any Owner the use of a parking space, unless such Owner is currently occupying his Unit.

11. NATURE AND INCIDENTS OF COMMERCIAL OWNERSHIP

11.1 Each Commercial Unit is and shall hereafter be a parcel of real property which may be separately held, conveyed, devised, mortgaged, encumbered, leased, rented, used, occupied, improved and otherwise affected in accordance with the provisions of this Declaration. All Convertible Space within the Building shall, prior to the exercise of the Option to Convert

with respect to such Convertible Space, be treated as a single Commercial Unit for all purposes hereunder, including, without limitation, Condominium Association voting and assessments.

11.2 Each Commercial Owner shall have the exclusive right to paint, repaint, tile, paper, carpet, or otherwise decorate the interior surfaces of the walls, ceilings, floors and doors forming the boundaries of his Unit and surfaces of all walls, ceilings, floors and doors within such boundaries. Each Commercial Owner shall keep the interior of their Unit, including without limitation, interior walls, windows, ceilings, floors and permanent fixtures and appurtenances thereto, in a clean and sanitary condition and in a state of good repair. In the event that any such Unit should develop an unsanitary or unclean condition or fall into a state of disrepair, and in the event that the Owner of such Unit should fail to correct such condition or state of disrepair promptly following notice from the Condominium Management Committee, the Condominium Management Committee shall have the right, at the expense of the Owner and without liability to the Owner for trespass or otherwise, to enter said Unit and correct or eliminate said unsanitary or unclean condition or state of disrepair.

11.3 With the written consent of the Condominium Management Committee, two or more Commercial Units may be utilized by the Commercial Owners thereof as if they were one Unit. To the extent permitted in the written consent of the Condominium Management Committee, any walls, floors or other structural separations between any two such Units may, for as long as the two Units are utilized as one Unit, be utilized by the Commercial Owners of the adjoining Units as Limited Common Areas and Facilities, except to the extent that any such structural separations are necessary or contain facilities necessary for the support, use or enjoyment of other parts of the Project. At any time, upon the request of the Owner of one of such adjoining Units, any opening between the two Commercial Units that, but for joint utilization of the two Units, would have been occupied by the structural separation, shall be closed, at the equal expense of the Owners of each of the two Units and the structural separations between the two Units shall thereupon become Common Areas and Facilities.

11.4 Commercial Units may be subdivided or combined as set forth in the following paragraphs:

11.4.1 No Commercial Unit or Units shall be subdivided and/or combined either by agreement or legal proceedings, except as provided in this Section 11.4. An Owner or Owners may propose subdividing or combining Commercial Units by submitting the proposal in writing to the Condominium Management Committee, the Mortgagees of the Commercial Units to be subdivided or combined and, if required by local law, to Summit County. The proposal must include complete plans and specifications for accomplishing the subdivision or combination and proposed amendments of this Declaration and the Map.

11.4.2 A proposal that contemplates subdivision of a Unit will be accepted only if approved in writing by the Condominium Management Committee, the Mortgagees of the Units to be subdivided, and Summit County, to the extent required by applicable law. The Condominium Management Committee may approve the proposal as to form and legal sufficiency. Summit County, if required, may approve the proposal as to applicable planning and zoning requirements. No proposal shall be approved unless the resulting Units provide adequate

facilities and means of ingress and egress to comply with applicable zoning and condominium statutes and regulations.

11.4.3 A proposal to subdivide Commercial Units shall provide for reallocation of the percentage ownership in the Common Areas and Facilities among the resulting Units on the basis of points, consistent with the provisions of Section 6.2, so that the combined percentages of ownership of the resulting Units are identical with the percentage ownerships of the subdivided Units prior to subdivision.

11.4.4 The Commercial Owners of the Units to be subdivided or combined shall be responsible for all costs associated with the proposal and its implementation including but not limited to costs of amendment and recording of this Declaration and Map to effect the proposal; review of the proposal, including reasonable attorneys' fees incurred by the Condominium Management Committee, the Mortgagees and Summit County; and the cost of any modifications to the Project to implement the proposal.

11.4.5 Upon approval of the proposal, the Commercial Owners making the proposal may proceed according to the proposed plans and specifications; provided that the Condominium Management Committee may, in its discretion, require that the Condominium Management Committee administer the work, or that provisions for the protection of other Units or Common Areas and Facilities and/or reasonable deadlines for completion of the work be inserted in the contracts for the work. The changes in the Map, if any, and the changes in this Declaration shall be placed of record, at the requesting Owner's expense, as amendments thereto.

11.5 The exterior surfaces of the Commercial Units shall not be altered or modified without the prior written approval of the Condominium Management Committee and the Manager, unless such changes or modifications are consistent with any written rules or regulations for the exterior surfaces established by the Condominium Management Committee. In the absence of such written rules or regulations, no exterior alterations, improvements, or remodeling, whether structural or cosmetic, will be made without the prior written approval of the Condominium Management Committee.

11.6 The persons or entities who are at the time of reference Commercial Owners shall be members of the Condominium Association, the characteristics and nature of which are determined by the Act, this Declaration, the Condominium Bylaws, the Condominium Articles and other applicable Utah law.

11.7 Each Commercial Unit shall be deemed to be a parcel and shall be assessed separately for all taxes, assessments, and other charges of the State of Utah or of any political subdivision thereof or of any special improvement district of any other taxing or assessing authority. All such taxes, assessments, and other charges on each respective Commercial Unit shall be separately levied against the Owner thereof. No forfeiture or sale of any Commercial Unit for delinquent taxes, assessments, or other governmental charges shall divest or in any way affect the title to any other Unit.

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12. VOTING.

At any meeting of the Condominium Association, each Owner of a Commercial Unit and each Owner of a Residential Unit, including Declarant, either in person or by proxy, shall be entitled to vote the number of votes appurtenant to each respective Commercial Unit and Residential Unit as set forth in Exhibit A. The voting rights appurtenant to each Commercial and Residential Unit shall vest upon execution and recording of this Declaration.

13. TITLE TO UNITS

13.1 Title to a Commercial Unit or a Residential Unit within the Project may be held or owned by any person or entity and in any manner in which title to any other real property may be held or owned in the State of Utah.

13.2 Title to a part of a Commercial Unit or Residential Unit within the Project may not be separated from any other part thereof during the period of ownership, and each Commercial Unit or Residential Unit, and the undivided interest in the Common Areas and Facilities appurtenant to each, shall always be conveyed, devised, encumbered and otherwise affected only as a complete Commercial Unit or Residential Unit. Every gift, devise, bequest, transfer, encumbrance, conveyance or other disposition of a Commercial Unit or Residential Unit, or any part thereof, shall be construed to be a gift, devise, bequest, transfer, encumbrance or conveyance, respectively, of the entire Commercial Unit or Residential Unit, together with all appurtenant rights created by law and by this Declaration, including appurtenant membership in the Condominium Association as herein set forth.

13.3 The Common Areas and Facilities shall be owned in common by all of the Owners, and no Owner may bring any action for partition thereof.

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

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

13.6 Every contract for the sale of a Commercial Unit or Residential Unit and every other instrument affecting title to a Commercial Unit or Residential Unit within the Project may describe a Unit by the name of the Project, the recording date for this Declaration, the county wherein the Project is located and its Unit Number as indicated in this Declaration or as shown on the Map. Such description will be construed to describe the Commercial Unit or Residential Unit, together with the appurtenant undivided interest in the Common Areas and Facilities, and to incorporate all the rights incident to ownership of a Commercial Unit or Residential Unit within the Project and all of the limitations on such ownership as described in this Declaration.

14. CERTAIN ADDITIONAL DEVELOPMENTAL RIGHTS

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

14.1 Declarant hereby reserves an easement throughout the Project for a period of eight (8) years from the recording of this Declaration for the purpose of completing all improvements contemplated by this Declaration and the Map, including but not limited to improvements to the Convertible Space and the Additional Land.

14.2 Declarant hereby reserves the right to maintain sales offices, management offices, signs advertising the Project, and models in any of the Units that it owns or is under contract to purchase or on the Common Areas and Facilities of the Project for a period of ten (10) years from the recording of this Declaration. Declarant shall be entitled to utilize, at any one time, up to 5 Units which it owns or is under contract to purchase and some or all of the Common Areas and Facilities as sales offices, management offices, and models anywhere in the Project. Declarant may relocate sales offices, management offices, and models to other Units or Common Areas and Facilities at any time.

14.3 There is hereby established a period of Declarant control of the Condominium Association during which period Declarant or persons designated by it shall have the authority to appoint and remove the Condominium Association officers and members of the Management Committee. The period of Declarant control shall terminate no later than the earlier of: (a) six (6) years from and after the recording of this Declaration; or (b) after conveyance of Units to which three-fourths of the undivided interest in the Common Areas and Facilities appertain or after all Additional Land has been added to the Project and all Convertible Space has been converted, whichever last occurs.

Notwithstanding the foregoing, to assure the representation of Owners other than Declarant on the Condominium Management Committee, at least twenty percent (20%) of the members of the Condominium Management Committee shall be elected solely by the vote of the Owners other than Declarant so long as a majority of the voting power of the Condominium Association resides in Declarant. A member who has been elected to office solely by the vote of Owners other than Declarant may be removed from office prior to the expiration of his term of office only by the vote of at least a simple majority of the voting power residing in Owners other than Declarant. After termination of the period of Declarant control, the Condominium Management Committee shall be elected as provided in the Condominium Bylaws.

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15. RESTRICTIONS ON USE

The Units, Furnishings, Convertible Space, and Common Areas and Facilities, including but not limited to the Limited Common Areas and Facilities, except as otherwise permitted in writing by the Condominium Management Committee, shall be used in accordance with the following restrictions:

15.1 The Commercial Units and Convertible Space within the Project may be used only as restaurants, retail businesses, business offices, professional offices, health and fitness facilities, and for such other uses as may be allowed under applicable law; provided, however, that if the particular use of any Commercial Unit increases the rate of insurance on the Project or any part thereof over what the Condominium Association, but for such activity, would pay, the Owner of such Commercial Unit shall be assessed for and shall pay the amount of such increase.

15.2 All customers, clients, patrons, and licensees of Owners of Commercial Units shall be permitted to enter upon the Project and shall have a non-exclusive easement across the Common Areas and Facilities to the extent reasonably necessary for access to such Commercial Units.

15.3 No Residential Unit shall be used for commercial purposes; provided, however, that nothing in this Subsection shall prevent (a) Declarant or an affiliated corporation or a duly authorized agent from using any Residential Unit owned by Declarant as sales offices and model Units or a property management office as provided in Section 14.2 hereof, or (b) any Owner or his duly authorized agent from renting or assigning use rights to his Unit from time to time; provided, that such rentals or assignments of rights in the case of Owners, other than Declarant or an affiliated corporation, do not result in a pattern of rental activity or assignment of use rights that either the Manager or the Condominium Management Committee determines, in its reasonable judgment, constitutes a commercial use.

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

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

15.6 No signs, flags or advertising devices of any nature, including without limitation political, informational or directional signs or devices, shall be erected or maintained on any part of the Project, except as may be necessary temporarily to caution or warn of danger or except as may be used by Declarant as part of its sales program or in connection with the operation of the Units as a commercial hotel should Declarant so elect, or as approved by the Condominium Management Committee and Summit County (if required by law) with respect to the Commercial Units.

15.7 Each Residential Unit occupant shall be permitted to keep two dogs or cats (or one dog and one cat) in the Unit subject to reasonable rules and regulations established by the Condominium Management Committee.

15.8 The draperies, shades and other interior window coverings in Residential Units shall present a uniform appearance from the outside of the Units. All draperies, shades or other interior window coverings shall be installed or employed in each Residential Unit by the Condominium Management Committee or with the prior inspection and written approval of the Condominium Management Committee. The Condominium Management Committee shall have the right to establish rules requiring window coverings to present a uniform appearance from the exterior of the Buildings. Residential Owners shall not erect or display any signs, banners or similar items on, from or in their Units without the prior written consent of the Condominium Management Committee.

15.9 Except as otherwise provided in this Declaration, no Residential Unit, or portions thereof, may be combined with one or more other Units or further divided or subdivided or a fractional portion thereof sold or conveyed so as to be held in divided ownership (as opposed to community property, tenancy in common, or other form of joint undivided ownership).

15.10 No Owner shall, without the prior written consent of the Condominium Management Committee, do any act that would impair the structural soundness or integrity of the Buildings or the safety of property, impair any easement or hereditament appurtenant to the Project, or make or permit to be made any alteration, improvement or addition to the Common Areas and Facilities.

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

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

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

16. CONDOMINIUM ASSOCIATION AND CONDOMINIUM MANAGEMENT COMMITTEE.

16.1 The management and maintenance of the Project and the administration of the affairs of the Condominium Association shall be conducted by a Condominium Management

Committee consisting of five (5) natural persons as provided in the Condominium Bylaws, including at least one (1) from among the Commercial Owners. The Condominium Management Committee shall be elected as provided in this Declaration and in the Condominium Bylaws.

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

16.2.1 To make and enforce all rules and regulations covering the operation, use and maintenance of the Project, the Units, the Common Areas and Facilities, and the Limited Common Areas and Facilities.

16.2.2 To engage the services of the Manager, accountants, attorneys, or other employees or agents and to pay to said persons a reasonable compensation therefor.

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

16.2.4 To determine and pay the Common Expenses.

16.2.5 To assess and collect the proportionate share of Common Expenses from the Owners, as provided in Section 24 herein.

16.2.6 To grant easements and licenses and enter into contracts, deeds, leases, and/or other written instruments or documents and to authorize the execution and delivery thereof by the appropriate officers.

16.2.7 To open bank accounts and borrow money on behalf of the Condominium Association and to designate the signatories therefor.

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

16.2.9 To bring, prosecute and settle litigation for itself, the Condominium Association and the Project.

16.2.10 To obtain insurance for the Condominium Association with respect to the Units and the Common Areas and Facilities, workers' compensation insurance, and any other insurance it deems necessary or appropriate to protect the Owners and the Condominium Association.

16.2.11 To repair or restore the Project following damage or destruction or a permanent taking by the power of or power in the nature of eminent domain or by an action or deed in lieu of condemnation not resulting in the removal of the Project from the provisions of the Act.

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16.2.12 To own, purchase or lease, hold and sell or otherwise dispose of, on behalf of the Owners, items of personal property necessary to or convenient to the management of the business and affairs of the Condominium Association and the Condominium Management Committee and to the operation of the Project, including without limitation furniture, furnishings, fixtures, maintenance equipment, appliances and office supplies.

16.2.13 To keep adequate books and records and implement the policies and procedures for the inspection of the books and records of the Project by Owners in accordance with the terms of the Condominium Bylaws.

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

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

16.2.16 To grant easements and rights-of-way over the Common Areas and Facilities and to approve signage for the Project and enter into contracts with the Master Association and other entities. Such contracts may, among other things, obligate the Condominium Association to pay assessments and other costs associated with the maintenance of roads and other amenities that benefit the Condominium Association. In addition, it may grant the Master Association lien rights with respect to the Condominium Association's properties for non payment of assessments and other costs.

16.2.17 Subject to the limitations of the Act, and any other applicable law, the Condominium Management Committee may delegate to the Manager by written agreement all of the foregoing powers, duties and responsibilities referred to in this Section 16.2.

16.2.18 The Condominium Management Committee may convey or subject to a Mortgage all or portions of the Common Areas and Facilities of the Project if Owners entitled to cast a majority of the Total Votes of the Condominium Association. However, all Owners of Units to which any Limited Common Areas and Facilities are appurtenant must agree to convey those Limited Common Areas or Facilities or subject the same to the Mortgage. Any such agreement shall comply with all other applicable provisions of the Act.

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

might in any way be assessed against or imputed to them as a result or by virtue of their capacity as such.

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

16.3 Neither the Condominium Management Committee nor the Manager shall sell any property of the Association except as permitted by the Act.

16.4 The Condominium Management Committee may enter into a contract with the Manager for the management of the Project. Such contract shall comply with the requirements of Section 16.2 hereof as applicable to the Project.

17. MAINTENANCE, ALTERATION AND IMPROVEMENT

17.1 The maintenance, replacement and repair of the Common Areas and Facilities shall be the responsibility of the Condominium Association, including the maintenance, repair, and replacement obligations arising under the Village Management Agreement, and the cost thereof shall be a Common Expense. The Condominium Association shall also maintain, replace and repair all common porches, and decks and all conduits, ducts, plumbing, and wiring and other central facilities for the furnishing of heat, air conditioning, gas, light, power, water and sewer service. The Village Management Agreement provides for the maintenance of roads and other amenities that benefit the Condominium Association and shall be included as a Common Expense. All incidental damages caused to a Unit by the maintenance, replacement and repairs of the Common Areas and Facilities or utility services shall be repaired promptly and the cost thereof charged as a Common Expense.

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

practicable under the circumstances and any damage caused thereby shall be repaired by the Condominium Association.

17.3 The Commercial Owners shall have authority to create and authorize a commercial advisory committee to make recommendations to the Condominium Management Committee and the Manager with respect to the scheduling of special events and/or the construction or installation of temporary improvements and facilities utilized for seasonal or special events for the primary benefit of the Commercial Owners. Prior to implementing any such special events or constructing temporary improvements or facilities on any portion of the Common Areas and Facilities, the commercial advisory committee shall obtain the written consent of the Condominium Management Committee and the Manager, which consent shall not be unreasonably withheld so long as the Commercial Owners bear the entire cost of such special events, temporary improvements and facilities. All Commercial Owners agree that the Condominium Management Committee shall have the right to record a lien in the name of the Condominium Association and foreclose on such lien as provided in Section 24.1.5 with respect to any expenses incurred by or on behalf of the Commercial Owners and not paid in a timely fashion.

18. INSURANCE

18.1 Commencing not later than the time of the first conveyance of a Residential Unit or Commercial Unit to an Owner other than Declarant, the Condominium Association shall maintain, to the extent reasonably available, insurance as follows:

18.1.1 The Condominium Association shall maintain property insurance on the Common Areas and Facilities insuring against all risks of direct physical loss commonly insured against, including fire and extended coverage perils. The total amount of insurance, without regard to any deductibles, shall be not less than one hundred percent (100%) of the replacement value of the insured property at the time the insurance is purchased and at each renewal date, exclusive of land, excavations, foundations and other items normally excluded from property policies.

18.1.2 The Condominium Association shall maintain liability insurance in an amount determined by the Condominium Management Committee but not less than \$1,000,000 for any one person injured in any one occurrence and not less than \$5,000,000 for property damage in each occurrence covering all occurrences commonly insured against for death, bodily injury and property damage arising out of or in connection with the use, ownership or maintenance of the Units and the Common Areas and Facilities.

18.1.3 Insurance in types and amounts required by the Village Management Agreement.

18.2 The insurance maintained under Section 18.1 shall include the Units but need not include improvements and betterments installed by Owners or the personal property of Owners. The Condominium Association may carry any other insurance it deems appropriate to protect the Condominium Association or the Owners.

18.3 Where applicable, insurance policies carried by the Condominium Association shall provide the following:

18.3.1 Each Owner, or the Condominium Association, as agent for each of the Owners, shall be an insured person under the policy with respect to liability or loss arising out of his interest in the Common Areas and Facilities or membership in the Condominium Association.

18.3.2 The insurer waives its right to subrogation under the policy against any Owner or members of his household.

18.3.3 No act or omission by any Owner, unless acting within the scope of his authority on behalf of the Condominium Association, will void the policy or operate as a condition to recovery under the policy by another person.

18.3.4 If, at the time of a loss under the policy, there is other insurance in the name of an Owner covering the same property covered by the policy, then the Condominium Association's policy provides primary insurance.

18.3.5 All Owners as a class shall be named as additional insureds in any policy issued to the Condominium Association.

18.4 An insurance policy issued to the Condominium Association shall not prevent an Owner from obtaining insurance for his own benefit.

18.5 Any loss covered by the property policy under Sections 18.1.1 shall be adjusted with the Condominium Association, but the insurance proceeds for that loss shall be payable to an insurance trustee designated for that purpose by the Condominium Association and not to the Condominium Association or any Mortgagee. The insurance trustee shall hold any insurance proceeds in trust for the Condominium Association, Owners and Mortgagees as their interests may appear. Subject to the provisions of Section 19 of this Declaration, the proceeds shall be disbursed first for the repair or restoration of the damaged property, and the Condominium Association, Owners, and Mortgagees shall not be entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the property has been completely repaired or restored, or the Project is terminated.

18.6 An insurer that has issued an insurance policy under this Section shall issue certificates or memoranda of insurance to the Condominium Association and, on written request, to any Owner or Mortgagee. The insurer issuing the policy shall not cancel or refuse to renew it until thirty (30) days after notice of the proposed cancellation or nonrenewal has been mailed to the Condominium Association, each Owner, and each Mortgagee to whom a certificate or memorandum of insurance has been issued at their respective last known addresses.

18.7 This Section does not prohibit the Condominium Management Committee from acquiring additional or greater amounts of coverage as it reasonably deems appropriate.

18.8 The Condominium Management Committee shall require the Manager to obtain and maintain fidelity bonding of the Manager and employees of the Condominium Association

having control of, or access to, the funds of the Condominium Association with loss coverage ordinarily not less than the maximum amount of funds of the Condominium Association over which the principal(s) under the bond may reasonably be expected to have control or access at any time.

19. DESTRUCTION OR DAMAGE

19.1 In case of fire or any other disaster that causes damage or destruction to all or part of the Project, the Condominium Management Committee, with the help of an independent appraiser, shall determine the percentage that was destroyed or substantially damaged. If less than two-thirds (2/3) of the Project was destroyed or substantially damaged, the Condominium Management Committee shall arrange for the prompt repair and restoration thereof, using the proceeds of insurance on the Project for that purpose, and the Owners shall be liable for assessment for any deficiency in proportion to their respective ownership interests in the Common Areas and Facilities. Reconstruction of the Project shall mean restoring to substantially the same condition existing prior to the damage or destruction, with each Unit and the Common Areas and Facilities having approximately the same vertical and horizontal boundaries as before, unless the destruction or damage is by reason of eminent domain, in which event the provisions of Section 21 hereof shall apply.

19.2 If two-thirds (2/3) or more of the Project is destroyed or substantially damaged, the Condominium Management Committee shall, within one hundred (100) days after such destruction or damage, call a special meeting of the Condominium Association for the purpose of deciding whether or not the Project shall be repaired and restored. If Owners holding three fourths (3/4) or more of the Total Votes of the Condominium Association in the Project, in person or by proxy, vote to repair or restore the Project, the Condominium Management Committee shall promptly arrange for the reconstruction of the Project using the proceeds of insurance therefrom for that purpose, and the Owners shall be liable for assessment for any deficiency in proportion to their respective ownership interest in the Common Areas and Facilities. If the destruction or damage is by reason of eminent domain, the provisions of Section 21 hereof shall apply. At such election, if Owners holding three-fourths (3/4) or more of the Total Votes of the Condominium Association do not vote either in person or by proxy to make provision for reconstruction, the Condominium Management Committee shall record with the Recorder of Summit County a notice that complies with Section 57-8-31 of the Act setting forth such facts, and upon the recording of such notice (i) the Project shall be deemed to be owned in common by the Owners as tenants in common, each Owner owning an undivided interest in the Project equal to his ownership interest in the Common Areas and Facilities; (ii) 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 Owners in the Project; and (iii) the Project shall be subject to an action for partition at the suit of any Owner, in which event the net proceeds of sale, together with the net proceeds of the insurance on the Project, shall be considered as one fund and shall be divided among all Owners in an amount equal to the ownership interest owned by each Owner in the Project, after first paying out of the respective shares of the Owners, to the extent sufficient for such purposes, all sums necessary to satisfy liens on the undivided interest in the Project owned by each Owner.

20. TERMINATION

20.1 In the event that such fraction or percentage of the Project is destroyed or substantially damaged so as to bring into effect the provisions of paragraph 19.2 above and the Owners do not vote to reconstruct the Project as provided therein, the Project shall be removed from the provisions of the Act without further agreement one hundred and one (101) days after such destruction or damage.

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

20.3 After removal of the Project from the Act, the Owners shall own the Project and all assets of the Condominium Association as tenants in common and the respective Mortgagees and lienors shall have mortgages and liens upon the respective undivided interests of the Owners. Such undivided interests of the Owners shall be the same as the ownership interest in the Common Areas and Facilities appurtenant to the Units prior to removal from the Act.

20.4 This Section 20 cannot be amended without consent of all Owners and all record owners of Mortgages on Units.

21. EMINENT DOMAIN.

21.1 Whenever any proceeding is instituted that could result in the temporary or permanent taking, injury or destruction of all or part of the Common Areas and Facilities or one or more Units or portions thereof by the exercise of the power of or power in the nature of eminent domain or by an action or deed in lieu of condemnation, the Condominium Management Committee and each Owner shall be entitled to notice thereof and the Condominium Management Committee shall, and the Owners at their respective expense may, participate in the proceedings incident thereto.

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

21.3 With respect to one or more Units or portions thereof, the damages or awards for such taking shall be deemed to be proceeds from insurance on account of damages or destruction pursuant to Section 19 above and shall be deposited with the Condominium Management Committee as trustee. Even though the damage or awards may be payable to one or more Owners, the Owners shall deposit the damaged or awards with the Condominium Management

Committee as trustee. In the event an Owner refuses to so deposit his award with the Condominium Management Committee, then at the option of the Condominium Management Committee, either a special assessment shall be made against the defaulting Owner and his Unit in the amount of this award or the amount of such award shall be set off against the sum hereafter made payable to such Owner.

21.4 In the event the Project is removed from the provisions of the Act pursuant to Section 20 above, the proceeds of the damages or awards shall be distributed or used in accordance with the Owners respective undivided interest in the Common Areas and Facilities and the Owners of the affected Units shall have the rights provided in paragraph 19.2 above.

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

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

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

21.6 Changes in Units, in the Common Areas and Facilities, and in the ownership of the Common Areas and Facilities that are affected by the taking referred to in this Section 21 shall be evidenced by an amendment to this Declaration and the Map, which need not be approved by the Owners.

22. MORTGAGES PROTECTION

22.1 The Condominium Management Committee shall maintain a roster of Owners, which roster shall include the mailing addresses of all Owners. The Condominium Management Committee will also maintain a roster containing the name and address of each First Mortgagee of a Residential Unit or Commercial Unit if the Condominium Management Committee is provided notice of such First Mortgage by way of a certified copy of the recorded instrument evidencing the First Mortgage and containing the name and address of the First Mortgagee and a statement that the Mortgage is a First Mortgage. The First Mortgagee shall be stricken from the roster upon request by such First Mortgagee or upon receipt by the Condominium Management Committee of a certified copy of a recorded release or satisfaction of the First Mortgage. Notice

of such removal shall be given to the First Mortgagee unless the removal is requested by the First Mortgagee.

22.2 The Condominium Management Committee shall give to any First Mortgagee on the roster written notification of any default by the mortgagor of the respective Residential Unit or Commercial Unit in the performance of such mortgagor's obligations under this Declaration that is not cured within thirty (30) days.

22.3 Except as otherwise required by the Act, a First Mortgagee of any Residential Unit or Commercial Unit who comes into possession of the Residential Unit or Commercial Unit pursuant to the remedies provided in the First Mortgage or foreclosure of the First Mortgage, or by way of deed or assignment in lieu of foreclosure shall take the property free of any claims for unpaid assessments or charges against the mortgaged Residential Unit or Commercial Unit which accrued prior to the time such First Mortgagee comes into the possession of the Residential Unit or Commercial Unit, except for claims for a pro rata share of such assessments or charges resulting from a pro rata reallocation of such assessment or charges to all Units, including the mortgaged Unit. Furthermore, upon such foreclosure or deed or assignment in lieu of foreclosure, any rights with respect to any Residential Unit or Commercial Unit which have been suspended with respect to the defaulting Owner shall be reinstated.

22.4 Except as otherwise required by the Act, any liens created under the Act, pursuant to this Declaration or the Condominium Bylaws upon any Residential Unit or Commercial Unit shall be subject and subordinate to and shall not affect the rights of a First Mortgagee under a First Mortgage on such Residential Unit or Commercial Unit made in good faith and for value; provided, however, that any lien created after a foreclosure sale shall have the same effect and be enforced in the same manner as provided in the Act, this Declaration and/or the Condominium Bylaws.

22.5 No amendment to this paragraph shall adversely affect a First Mortgagee who has recorded a valid First Mortgage prior to the recordation of any such amendment.

23. AMENDMENT

Except as otherwise provided in this Declaration or by the Act, the provisions of this Declaration may be amended only by the affirmative vote or written assent of at least a bare majority of the Total Votes of the Condominium Association. The percentage of votes necessary to amend a specific clause in this Declaration shall not be less than the percentage of affirmative votes or written assents required for action to be taken under that clause. Any amendment shall be evidenced by an instrument containing a certification from an officer of the Condominium Association designated for that purpose, or in the absence of such designation, by the President of the Condominium Association that the appropriate consent has been obtained, and shall be duly recorded in the Office of the Summit County Recorder. Notwithstanding anything to the contrary contained or implied herein, Declarant reserves the right, without the consent of any other Owners, to amend any provisions of this Declaration to comply with the then existing statutes, regulations or other requirements of the Utah Department of Commerce-Real Estate Division or any other federal, state or local regulatory authority affecting the Project.

24. ASSESSMENT OF UNITS BY THE CONDOMINIUM ASSOCIATION

24.1 The making and collection of assessments by the Condominium Association from Owners of Residential Units and Commercial Units for their share of Common Expenses shall be pursuant to the Condominium Bylaws and subject to the following provisions:

24.1.1 Each Owner, including Declarant, for each Unit which it owns, shall be liable for a proportionate share of the Common Expenses, such share being the same as the ownership interest in the Common Areas and Facilities appurtenant to the Unit owned by him. Two separate and distinct funds shall be created and maintained hereunder; one for operating expenses and one for capital expenses. Such combined expenses shall constitute the Common Expenses, and the funds received from Common Assessments under this Section 24 shall be the Common Expense Fund. Common Assessments shall include both Regular Common Assessments and Special Common Assessments. Until the Condominium Association makes an assessment for Common Expenses, the Declarant shall pay all Common Expenses. After an assessment has been made by the Condominium Association, Regular Common Assessments must be made at least annually, based on a budget adopted at least annually by the Condominium Association in accordance with the provisions of this Declaration and the Condominium Bylaws. Regular Common Assessments shall be levied against each separate Unit, and shall commence as to all Units of the Project on the first day of the month following the closing of the first sale of a Residential Unit.

24.1.2 The Condominium Association shall provide notice, by first class mail to all Owners, of any increase in the Regular Common Assessments not less than thirty (30) nor more than sixty (60) days prior to the date the increased Regular Common Assessment is due.

24.1.3 In addition to the Regular Common Assessments, the Association may levy in any calendar year Special Common Assessments applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, or a described capital improvement upon any Common Areas and Facilities, including the necessary fixtures and personal property related thereto, and other costs, expenses of operation or shortfalls in the collection of Common Assessments from the Owners. The portion of any Special Common Assessment levied against a particular Unit shall be equal to the percentage of undivided interest in the Common Areas and Facilities appurtenant to such Unit. These provisions with respect to the imposition or allocation of Special Common Assessments shall not apply when the special assessment against an Owner is a remedy utilized by the Condominium Committee to reimburse the Condominium Association for costs incurred in bringing the Owner and/or his Unit into compliance with the provisions of this Declaration, the Condominium Bylaws, rules and regulations of the Condominium Association, or any other governing instrument for the Project. Assessments to bring an Owner or his Unit into compliance with the governing instruments or otherwise assessed as a disciplinary measure may not be secured by the lien for unpaid assessments described in Section 24.1.5. The Condominium Management Committee shall provide notice by first class mail to all Owners of any Special Common Assessments not less than thirty (30) nor more than sixty (60) days prior to the date such Assessment is due.

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24.1.4 All Common Assessments shall be due as determined pursuant to the Condominium Bylaws. Common Assessments and any installments thereof not paid on or before ten (10) days after the date when due shall bear interest at the rate of eighteen percent (18%) per annum, or at such lower rate of interest as may be set by the Condominium Management Committee, from the date when due until paid. Furthermore, Owners who do not pay their Common Assessments when due shall be subject to a late fee in the amount of \$5.00 per day, plus interest, adjustable from year to year at the discretion of the Condominium Management Committee pursuant to the Cost of Living Index. Any payments of Common Assessments shall be first applied to accrued interest and late fees, and then to the Common Assessment payment first due. All Common Assessments to pay a judgment against the Condominium Association may be made only against the Units in the Project at the time the judgment was entered, in proportion to their liabilities for Common Expenses. If any Common Expense is caused by the misconduct of any Owner, the Condominium Association may assess that expense exclusively against such Owner's Unit(s). If the Owners' percentage interests in the Common Areas and Facilities are reallocated, assessments for Common Expenses and any installment thereof not yet due must be recalculated in accordance with the reallocated percentage interests of the Owners.

24.1.5 There shall be a lien upon the applicable Unit for all unpaid Common Assessments, together with late fees, interest and costs (including attorneys' fees) charged pursuant to this Declaration and the Act. The lien for unpaid Common Assessments and related charges shall be effective upon recordation in the Office of the Summit County Recorder of a written notice of lien by the Condominium Management Committee or the Manager. Such lien shall be superior (prior) to all other liens and encumbrances except liens and encumbrances recorded before recordation of this Declaration, a First Mortgage on a Unit as provided for in Section 22.3 hereof and assessments, liens and charges in favor of the state or any political subdivision thereof, for taxes and other governmental assessments or charges past due and unpaid on the Unit. Such lien may be enforced by judicial foreclosure or by non-judicial foreclosure in the same manner in which mortgages and deeds of trust on real property may be foreclosed in the State of Utah. A lien for unpaid assessments shall be enforced in accordance with the provisions of this Section 24 or the then applicable provisions of the Act. The lien procedures described herein do not prohibit actions to recover sums for which the Act creates a lien or prohibit the Condominium Association from taking a deed in lieu of foreclosure. A judgment or decree in any action brought hereunder must include costs and reasonable attorneys' fees for the prevailing party. The Condominium Management Committee upon written request shall furnish to an Owner a statement setting forth the amount of unpaid assessments against the Unit. This statement must be furnished within ten (10) business days after receipt of the request and is binding on the Condominium Association, the Condominium Management Committee, the Manager and every Owner, in favor of all who rely on such statement in good faith.

24.2 The Condominium Management Committee shall include in the periodic assessments amounts representing sums to be used for the replacement of or additions to the capital items or improvements in the Project. Said amounts shall be dedicated for the uses provided in this Section and shall be set up as capital accounts for each Unit. In the event of transfer of a Unit, the capital account for such Unit shall be deemed transferred to the transferee of the Unit.

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24.3 The Condominium Management Committee shall not expend funds designated as reserves for any purpose other than the repair, restoration, replacement or maintenance of major components of the Common Areas and Facilities for which the Condominium Association is responsible and for which the reserve fund was established or for litigation involving such matters. Nevertheless, the Condominium Management Committee may authorize the temporary transfer of money from the reserve account to the Condominium Association's operating account from time to time to meet short term cash flow requirements and pay other expenses. Any such funds so transferred shall constitute a debt of the Condominium Association, and shall be restored and returned to the reserve account within three (3) years of the date of the initial transfer; provided, however, the Condominium Management Committee may, upon making a documented finding that a delay in the restoration of such funds to the reserve account would be in the best interests of the Project and Condominium Association, delay such restoration until the time it reasonably determines to be necessary. The Condominium Management Committee shall exercise prudent fiscal management in the timing of restoring any transferred funds to the reserve account and shall, if necessary, levy a Special Common Assessment to recover the full amount of the expended funds within the time limit specified above. Any such Special Common Assessment shall not be subject to the limitations set forth in Section 24.1.3 hereof. If the current replacement value of the major components of the Common Areas and Facilities which the Condominium Association is obligated to repair, replace, restore or maintain is equal to or greater than one-half of the total budgeted Common Expenses for any fiscal year, then at least once every three (3) years the Condominium Management Committee shall cause a study to be conducted of the reserve account of the Condominium Association and its adequacy to satisfy anticipated future expenditure requirements. The Condominium Management Committee shall, thereafter, annually review the reserve account study and shall consider and implement necessary adjustments to reserve account requirements and funding as a result of that review. Any reserve account study shall include, at a minimum:

- a. Identification of the major components which the Condominium Association is obligated to repair, replace, restore or maintain which, as of the date of the study, have a useful life of less than 30 years.
- b. Identification of the probable remaining useful life of the items identified in subparagraph a, above, as of the date of the study.
- c. An estimate of the cost of repair, replacement, restoration or maintenance of each item identified in subparagraph a, above, during and at the end of its useful life.
- d. An estimate of the total annual contribution necessary to defray the cost to repair, replace, restore or maintain each item during and at the end of its useful life, after subtracting total reserve funds as of the date of the study.

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

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24.4 If an Owner shall at any time lease his Unit and shall default in the payment of assessments, the Condominium Management Committee may, at its option, so long as such default shall continue, demand and receive from any tenant of the Owner the rent due or becoming due, and the payment of such rent to the Condominium Management Committee shall be sufficient payment and discharge of such tenant and the Owner for such assessments to the extent of the amount so paid.

25. EASEMENTS

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

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

25.3 Declarant shall have a transferable easement over, across and within the Property for the purposes of (i) completing construction of the Project and improvements therein as shown on the Map and for doing all things reasonably necessary or appropriate in connection therewith, (ii) connecting the Buildings to other adjoining structures or buildings, and (iii) constructing pedestrian bridges, walkways or other connecting devices capable of adjoining the Buildings, and other buildings which may be constructed in the Project, to other structures or buildings to be constructed in the Project. It is contemplated that Declarant or another party may construct additional buildings, as subsequent phases of the Project, which may encroach upon portions of the Common Areas and Facilities, and Declarant shall also have an easement over, across and within the Common Areas and Facilities for such purposes.

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

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

25.6 The Project is subject to and benefited by easements, rights-of-way and other encumbrances as set forth in the Village Management Agreement.

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

26. [Intentionally Left Blank]

27. NOTICES

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

Condominium Management Committee
Sundial Lodge Condominium Owners Association, Inc.
3720 North Sundial Court
Park City, Utah 84098

28. NO WAIVER

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

29. ENFORCEMENT

29.1 All Owners, guests or lessees of an Owner, and persons under Owner's control, shall strictly comply with the provisions of this Declaration, the Village Management

Agreement, the Condominium Bylaws and the rules and regulations of the Condominium Association and decisions issued pursuant thereto. Failure to so comply shall be grounds for: (i) an action to recover sums due for damages or injunctive relief or both, maintainable by the Condominium Management Committee or its agent or designee on behalf of the Owners, or in an appropriate case, by an aggrieved Owner; and/or (ii) the Condominium Management Committee to impose monetary penalties, temporary suspensions of an Owner's right to the use of a Unit or the Common Areas and Facilities, or other appropriate discipline so long as any such Owner has been given notice and has had an opportunity to present a written or oral defense to the charges in a hearing. The Condominium Management Committee shall determine whether the Owner's defense shall be oral or written. After the hearing, but before any disciplinary action is taken, the Owner shall be notified of the decision of the Condominium Management Committee. The Condominium Management Committee may delegate to the Manager, the power and authority to carry out disciplinary actions duly imposed.

29.2 The Condominium Association shall not have the power to cause the absolute forfeiture of an Owner's right, title or interest in the Project on account of the Owner's failure to comply with the provisions of this Declaration or the rules and regulations of the Condominium Association for the Project except pursuant to:

29.2.1 The judgment of a court; or

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

30. VILLAGE MANAGEMENT AGREEMENT

The Property is encumbered by, and is entitled to receive the benefits arising under, the Village Management Agreement. The Condominium Association shall have the right to enter into contracts with the Master Association for the maintenance, repair or replacement of the Common Elements and the Limited Common Elements. Such contracts may, among other things, obligate the Condominium Association to pay assessments and other costs associated with the ownership, operation and maintenance of resort facilities and amenities that benefit the Project. The Condominium Association may include such costs in the budgeting and assessment of as Common Expenses or Limited Common Expenses pursuant to this Declaration. In addition, the Condominium Association may grant or assign to the Master Association the right to lien, and enforce liens against the Units. Notwithstanding the foregoing, the obligations of each Owner arising under the Village Management Agreement shall constitute the personal liability and obligation of such Owner and the Condominium Association has no independent, joint or several obligation to pay the costs, and fees and other assessments arising under the Village Management Agreement.

31. DECLARANT

The term "Declarant", as used herein shall mean and include The Canyons Resort Properties, Inc., and any person or persons who might acquire title from it to all or substantially all unsold Units through foreclosure or deed in lieu of foreclosure; or, in the situation where, any

person purchases all, or substantially all, of the remaining Units in a sale in the nature of a bulk sale.

32. AGENT FOR SERVICE OF PROCESS

The agent for service of process under the Act until the expiration of the Option to Expand under Section 9 shall be Blaise Carrig whose address is The Canyons, 4000 The Canyons Drive, Park City, Utah 84098. Thereafter, the agent for service of process shall be the Manager.

33. SEVERABILITY

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

34. CAPTIONS

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

35. LAW CONTROLLING

This Declaration and the Map shall be construed and controlled by and under the laws of the State of Utah.

36. CONSTRUCTION

The provisions of this Declaration shall be in addition and supplemental to the Act and to all other provisions of law. Wherever used herein, unless the context shall otherwise provide, the singular number shall include the plural, the plural shall include the singular, and the use of any gender shall include all genders.

37. EFFECTIVE DATE This Declaration shall take effect when recorded.

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IN WITNESS WHEREOF, the undersigned have executed this instrument this 10th day of December, 1999.

THE CANYONS RESORT PROPERTIES, INC., a Maine corporation

By: [Signature]
Its: Senior Vice President

STATE OF UTAH)
COUNTY OF SUMMIT) ss.

The foregoing instrument was acknowledged before me this 10th day of DECEMBER, 1999, by GREG SPEAR, the Senior Vice President of THE CANYONS RESORT PROPERTIES, INC., a Maine Corporation.



[Signature]
Notary Public
Residing at: SALT LAKE COUNTY

My Commission Expires:
NOVEMBER 12, 2003

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**SUNDIAL LODGE AT THE CANYONS CONDOMINIUM
LIMITED JOINDER AND AGREEMENT OF MORTGAGEE**

The undersigned, **KEYBANK NATIONAL ASSOCIATION**, a national bank with a place of business in Boston, Massachusetts ("Lender") as beneficiary and lender under a certain Deed of Trust, Security Agreement, Assignment of Rents and Leases, and Financing Statement, a certain First Amendment to Deed of Trust, Security Agreement, Assignment of Rents and Lease and Financing Statement, a certain Collateral Assignment of Income, Revenues and Rentals and a Financing Statement, all from **THE CANYONS RESORT PROPERTIES, INC.**, a Maine corporation (the "Developer") dated December 18, 1999 and recorded in the records of the Summit County, Utah Recorder's Office, as Entry No. 537599, in Book 1253, Page 264, Entry No. 542797, in Book 1270, at page 43, Entry No. 537600, in Book 1253, Page 303 and Entry No. 537601, in Book 1253, Page 316 respectively or otherwise of record (the "Collateral Documents") covering premises located in Summit County, Utah as described therein:

Hereby consents to and joins with Developer submitting the land, the two buildings designated as Pavilion B and Pavilion C, improvements and rights appurtenant thereto to the Utah Condominium Ownership Act (Title 57, Chapter 8, Utah Code), as well as in the creation of 149 residential units, 1 commercial unit, common areas and limited common areas thereunder ("Condominium Project"), all as described in the Declaration of Condominium for Sundial Lodge at The Canyons ("Declaration") dated December __, 1999, recorded or to be recorded in said records of the Summit County, Utah Recorder's Office and as shown on the Record of Survey Map Sundial Lodge at The Canyons, a Utah condominium project ("Map") prepared under the supervision of Robert W. Pohl consisting of 28 sheets all being subject to the lien of said Collateral Documents for the sole and limited purposes of evidencing its consent as mortgage holder and secured party to such additions and actions and subordinating the lien and encumbrance of the Collateral Documents to the Declaration, the Map and the Condominium Project; PROVIDED, that such joinder and consent shall not be construed to make Lender, its successors and assigns, the Declarant or to impose on it any of the obligations or liabilities of the Declarant under said Declaration as amended, including, without limitation, any obligation or liability of any kind to any purchaser(s) of any units, and said Lender makes no warranties or covenants to any person or party as to title, merchantability, fitness for any particular purpose, physical condition or otherwise as to the premises, express or implied.

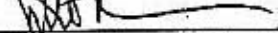
The undersigned hereby agrees that in the exercise of any rights under the Collateral Documents, the undersigned will recognize the actions taken under said Declaration pursuant to the provisions of the Utah Condominium Ownership Act.

WITNESS its hand and seal on December 14, 1999.



Witness:

KEYBANK NATIONAL ASSOCIATION

By: 
John P. Shea, its Senior Vice President

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Commonwealth of Massachusetts
Suffolk, ss

December 14, 1999

Then personally appeared before me the above named John P. Shea in his said capacity and acknowledged the foregoing to be his free act and deed and the free act and deed of said national bank.

Before me,

Peter T. Clark

Peter T. Clark, Notary Public
My Commission Expires March 31, 2000



STATE OF *Utah*
COUNTY OF *Salt Lake*

The foregoing instrument was acknowledged before me this *14th* day of *December*, 1999, by *John P. Shea*, as *President* of *First National Bank of Utah*, a corporation organized under the laws of the State of *Utah*.

Notary Public
Peter T. Clark

My Commission Expires *March 31, 2000*



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CONSENT TO RECORD AND SUBORDINATION

The undersigned are holders of liens of record against the property subject to the foregoing DECLARATION OF CONDOMINIUM FOR SUNDIAL LODGE AT THE CANYONS and hereby subordinate their liens to the rights of the Owners as set forth in such DECLARATION OF CONDOMINIUM FOR SUNDIAL LODGE AT THE CANYONS.

Wolf Mountain Resorts, L.C.,
a Utah limited liability company

By

Kenneth W. Griswold
Print Name: Kenneth W. Griswold
Title: manager

STATE OF Utah
COUNTY OF Summit ss.

The foregoing instrument, was acknowledged before me this 17th day of Dec., 1999, by Kenneth W. Griswold, manager of WOLF MOUNTAIN RESORTS, L.C., a Utah limited liability company.

Barbara L. Myers
Notary Public

Residing at: Park City

My Commission Expires:



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