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**SECOND AMENDED & RESTATED
DECLARATION OF COVENANTS,
CONDITIONS, EASEMENTS AND RESTRICTIONS
FOR SANTORINI VILLAGE**

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EXHIBIT A
EXHIBIT B

**SECOND AMENDED & RESTATED
DECLARATION OF COVENANTS,
CONDITIONS, EASEMENTS AND RESTRICTIONS
FOR SANTORINI VILLAGE**

This SECOND AMENDED & RESTATED DECLARATION OF COVENANTS, CONDITIONS, EASEMENTS AND RESTRICTIONS FOR SANTORINI VILLAGE, is dated _____, 2016, and is made by MREC DAI SANTORINI, LLC (“Declarant”), a Delaware limited liability company.

RECITALS

A. On October 3, 2013, the Declaration of Covenants, Conditions, Easements and Restrictions for Santorini Village (the “Original Declaration”) was recorded with the Salt Lake County Recorder as Entry No. 11736028 in Book 10182, Pages 8642–8718. The Original Declaration was amended and restated by the Amended and Restated Declaration of Covenants, Conditions, Easements and Restrictions For Santorini Village, which was recorded December 20, 2013, as Entry No. 11778509 in Book 10200, Pages 6092–6174 (“First Amendment”). The First Amendment was amended by a Certificate of Amendment For Santorini Village recorded July 10, 2015 as Entry No. 12088655 in Book 10342, Pages 820–823.

B. Declarant desires to exercise its right pursuant to Section 18.2 of the Original Declaration, as amended, to amend the Original Declaration, as amended, and to restate it in its entirety.

C. Capitalized terms in this Declaration are defined in Article I.

D. Declarant holds legal title to certain real property located in South Jordan City, Salt Lake County, Utah. Declarant desires to develop, in stages, the aforesaid lands into a planned community consisting of residential and other areas and uses.

E. At full development it is intended, without obligation, that said community will collectively have residential neighborhoods and recreational areas which may include, without obligation, parks, open spaces, walkways, and other facilities.

F. As part of the various stages of development of the aforesaid lands, Declarant intends, without obligation, to record various Plats; to dedicate portions of Santorini Village to the public for streets, roadways, drainage, parks and general public use; and to record, at Declarant’s sole option, one (1) or more Neighborhood Declarations covering portions of Santorini Village, which Neighborhood Declarations may designate the purposes for which limited portions of Santorini Village may be used and may set forth additional covenants, conditions, restrictions, assessments, charges, servitudes, liens, reservations and easements applicable to such portions of Santorini Village.

G. Declarant may, without obligation, annex Additional Land into the Santorini Village planned community, in the event that any such Additional Land is acquired from time to time by Declarant.

H. As part of the development of the aforesaid lands, Declarant may, without obligation, sell various parcels included in Santorini Village to one or more various Builders and to record one (1) or more Neighborhood Declarations containing restrictive covenants on the parcels sold, and those Builders

with the Declarant's approval, may from time to time record Plats and make public dedications on the parcels purchased.

I. Declarant desires to form the Association as a non-profit corporation for the purpose of benefiting Santorini Village and its Owners and Residents, which non-profit corporation may (1) acquire, construct, operate, manage and maintain a variety of Community Areas, Common Elements, and other areas within Santorini Village; (2) establish, levy, collect and disburse the Assessments and other charges imposed hereunder; and (3) as the agent and representative of the Members of the Association and Residents of Santorini Village, administer and enforce all provisions hereof and enforce use and other restrictions imposed on various parts of Santorini Village. It is intended that this Declaration shall serve as a binding contract between the Association and each Owner; however, nothing herein, is intended to create a contractual relationship between Declarant and the Association or Declarant and any Owner, or to inure to the benefit of any third-party. Additionally, it is not intended that this Declaration should be read in conjunction with any deed or real estate purchase contract to create privity of contract between Declarant and the Association.

J. Declarant desires to establish for its own benefit and for the mutual benefit of all future Owners, Mortgagees, Residents, occupants or other holders of an interest in Santorini Village, or any part thereof, certain easements and rights and certain mutually beneficial covenants, restrictions and obligations with respect to the proper development, use and maintenance of the various neighborhoods within the Santorini Village planned community.

K. Declarant therefore wishes to subject all of Santorini Village to the covenants, conditions, restrictions, assessments, charges, servitudes, liens, reservations and easements hereinafter set forth.

NOW, THEREFORE, DECLARANT hereby declares, covenants and agrees as follows:

ARTICLE I

DEFINITIONS

The following words, phrases or terms used in this Declaration (including that portion hereof headed "Recitals") shall have the following meanings:

1.1 "Additional Land" shall consist of any real property located adjacent to any portion of the property described in Exhibit A (or adjacent to property which may be annexed as part of the Property pursuant to Article XVI of this Declaration), which may be acquired by Declarant from time to time and annexed pursuant to Article XVI of this Declaration.

1.2 "Annual Assessment" shall mean the charge levied and assessed each year against each Lot, Parcel and the Owner thereof pursuant to Section 7.2, hereof.

1.3 "Articles" shall mean the Articles of Incorporation of the Association as the same may from time to time be amended or supplemented.

1.4 "Assessable Property" shall mean any Lot or Parcel, except such part or parts thereof as may from time to time constitute Exempt Property.

1.5 "Assessment" shall mean an Annual Assessment, Special Assessment, Reinvestment Fee, and/or Maintenance Charge imposed by the Association, and if applicable to a particular Neighborhood, shall also mean Neighborhood Assessments and/or Neighborhood Special Assessments.

1.6 “Assessment Lien” shall mean the lien created and imposed by Article VII.

1.7 “Assessment Period” shall mean the term set forth in Section 7.6.

1.8 “Association” shall mean the Utah nonprofit corporation to be organized by Declarant to administer and enforce the Covenants and to exercise the rights, powers and duties set forth in this Declaration, its successors and assigns. Declarant hereby reserves the exclusive right to cause such Association to be incorporated and intends to name the Association the “SANTORINI VILLAGE OWNERS ASSOCIATION, INC.”

1.9 “Association Land” shall mean such part or parts of Santorini Village, if any, together with any buildings, structures and Improvements thereon, and other real property which the Association now or hereafter owns in fee for as long as the Association is the owner of the fee.

1.10 “Association Use” shall mean those portions of Santorini Village intended for the use and benefit of the Association.

1.11 “Board” shall mean the Board of Trustees of the Association (also known as the “Board of Trustees” of the Association).

1.12 “Bound Party” or “Bound Parties” has the meaning given to such term in Section 21.1 below.

1.13 “Builder” shall mean a Person who acquires a Parcel or a group of five or more Lots in Santorini Village for the purpose of improving and constructing Dwelling Units or other Improvements thereon for resale to the general public or other development purposes; provided, however, that the term “Builder” shall not mean or refer to Declarant or its successors.

1.14 “Bylaws” shall mean the Bylaws of the Association as the same may from time to time be amended or supplemented. A copy of the Amended & Restated Bylaws is attached hereto and incorporated herein as Exhibit B.

1.15 “Church Use” shall mean use of property at Santorini Village by a church or religious organization for a permanent church facility including a chapel used for religious services and which may be used for church cultural and recreational activities. No Dwelling Unit may be utilized for Church Use.

1.16 “Claim” has the meaning given to such term in Section 21.1 below.

1.17 “Claimant” has the meaning given to such term in Section 21.2 below.

1.18 “Cluster Residential Development and/or Cluster Residential Use” shall mean Lots in planned unit developments or subdivisions with Dwelling Units intended for Single Family occupancy and may include those types of residential housing arrangements referred to herein as Townhome Units, clustered housing, duplexes, zero-lot line housing and similar arrangements, together with related areas intended for the use and enjoyment of the Owners and Residents of the Lots in the cluster development. Notwithstanding the foregoing, the setbacks identified in Part II(C) of the Design Guidelines for “Single-Family Cluster Lots” shall specifically exclude Townhome Units, which setbacks shall be established in the approved site plan for such townhome product.

1.19 “Community Area” and “Community Areas” shall mean (a) all Association Land, if any; (b) all areas identified as open space on the Land Use Plan and subjected to this Declaration, including the Trail System, which may or may not be dedicated to the public or to a Municipal Authority, but only until

such open space is dedicated to a Municipal Authority; (c) all land within Santorini Village which the Declarant indicates on a Plat or Neighborhood Declaration is to be used for landscaping, drainage, and/or flood control for the benefit of Santorini Village and/or the general public and is to be dedicated to the public or a Municipal Authority upon the expiration of a fixed period of time, but only until such land is so dedicated; (d) all land or right-of-way easements within Santorini Village which are dedicated to the public or to a Municipal Authority, but which such Municipal Authority or other governmental agency requires the Association to maintain, if any; (e) areas, including without limitation alleys and other private roadways, owned and/or maintained by a Sub-Association pursuant to the terms of a Neighborhood Declaration; and (f) areas on a Lot or Parcel within easements granted to the Association or its Members for the location, construction, maintenance, repair and replacement of a wall, which easement may be granted or created on a Plat or Neighborhood Declaration by a Deed or other conveyance accepted by the Association. "Community Areas" specifically include, without limitation, the area within the Project designated on one or more Plat(s) for parallel parking, as well as entry feature monuments within Santorini Village.

1.20 "Common Elements" has the meaning given to such term in Section 20.1 below.

1.21 "Community Expense Fund" shall mean and refer to the fund created or to be created pursuant to the provisions of Article VII of this Declaration and into which all monies of the Association shall be deposited. Two separate and distinct funds shall be created and maintained thereunder, one for operating expenses and one for capital or reserve expenses which together shall constitute the Community Expense Fund.

1.22 "Community Expenses" shall mean and refer to those costs and expenses arising out of or connected with the maintenance and operation of Santorini Village and the Association as described in Article VII hereof and which determine the Annual and Special Assessments made to Owners.

1.23 "Covenants" shall mean the covenants, conditions, restrictions, assessments, charges, servitudes, liens, reservations and easements set forth herein.

1.24 "Declarant" shall mean MREC DAI SANTORINI, LLC, a Delaware limited liability company and the successors and assigns of Declarant's rights and powers hereunder.

1.25 "Declaration" shall mean this SECOND AMENDED & RESTATED DECLARATION OF COVENANTS, CONDITIONS, EASEMENTS AND RESTRICTIONS FOR SANTORINI VILLAGE, as amended or supplemented from time to time. This Declaration amends, restates, supersedes and replaces in its entirety that certain Declaration of Covenants, Conditions, Easements and Restrictions for Santorini Village dated August 14, 2013, and recorded with the Salt Lake County Recorder on October 3, 2013 as Entry No. 11736028, at Book 10182, Pages 8642 *et seq.*, as the same has been amended by that certain Amended and Restated Declaration of Covenants, Conditions, Easements and Restrictions For Santorini Village, recorded December 20, 2013, as Entry No. 11778509 in Book 10200, Pages 6092 *et seq.* and that certain Certificate of Amendment For Santorini Village recorded July 10, 2015 as Entry No. 12088655 in Book 10342, Pages 820 *et seq.*

1.26 "Deed" shall mean a deed or other instrument conveying the fee simple title in a "Lot" or "Parcel".

1.27 "Design Guidelines" shall mean the Design Guidelines as may from time to time be amended. A copy of the Design Guidelines, as amended from time to time, shall be on file at all times in the office of the Association.

1.28 “Dwelling Unit” shall mean any building or portion of a building situated upon a Lot or Parcel designed and intended for use and occupancy as a residence by a Single Family.

1.29 “Eligible Mortgagee” shall mean and refer to a Mortgagee which has requested notice of certain matters from the Association in accordance with Section 17.1 of this Declaration.

1.30 “Exempt Property” shall mean the following parts of Santorini Village:

1.30.1 All land and Improvements owned by or dedicated to and accepted by a Municipal Authority, or any political subdivision thereof, for as long as any such entity or political subdivision is the owner thereof or for so long as said dedication remains effective including all Municipal Authority Property and all property utilized for General Public Uses;

1.30.2 All Association Land, for as long as the Association is the owner thereof;

1.30.3 All land utilized for Church Use;

1.30.4 Each other property, including each Lot or Parcel, while owned by Declarant or a Declarant-related developer entity, until the earliest to occur of (i) the acquisition of its record title by a Builder or other Person, other than Declarant or a Declarant-related developer entity, (ii) the 60th day after the Municipal Authority having jurisdiction thereover issues a certificate of occupancy for the first Dwelling Unit or building hereafter constructed thereon, or (iii) the 15th anniversary of the date on which the real property comprising such Exempt Property is subjected to this Declaration. Declarant or a Declarant-related developer entity may expressly waive its right to an exemption from Assessments as to some or all Exempt Properties of which it is then the Owner, by a Certificate of Amendment identifying such Exempt Properties and signed by it and all Mortgagees of such Exempt Properties. In such event, such exemption shall terminate as to each such identified Exempt Property when such Certificate of Amendment is Recorded. Any such waiver shall run with the title to each such Exempt Property and bind its subsequent Owners, including Declarant or any Declarant-related developer entity; and

1.30.5 All Exempt Property described herein shall be exempt from Assessments and Membership in the Association (provided, however, the Declarant or a Declarant-related entity shall remain a Member in the Association at all times as a Class B Member with voting rights, notwithstanding its temporary exemption status from required Assessment payments) and its associated privileges and responsibilities, but shall nevertheless be subject to all other provisions of this Declaration, including but not limited to, the use restrictions and architectural controls. Provided, however, at the sole and exclusive option of Declarant, property described in Section 1.30.1 shall be fully exempt from all of the terms and provisions of this Declaration.

1.31 “FHA” shall mean and refer to the Federal Housing Administration.

1.32 “FHLMC” shall mean the Federal Home Loan Mortgage Corporation.

1.33 “First Mortgage” means any Mortgage which is not subject to any lien or encumbrance except liens for taxes or other liens which are given priority by statute.

1.34 “First Mortgagee” means any person named as a Mortgagee under a First Mortgage, or any successor to the interest of any such person under a First Mortgage.

1.35 “FNMA” shall mean and refer to Federal National Mortgage Association.

1.36 “General Public Uses” shall mean those types of uses designated by the Land Use Plan as General Public Uses (or other similar designation), including but not limited to parks conveyed, assigned, or transferred by Deed or other written instrument to a Municipal Authority.

1.37 “Governing Documents” shall mean this Declaration and such recorded amendments, Neighborhood Declaration(s), the Bylaws, the Articles, the Santorini Village Rules, the Design Guidelines, and the Board’s resolutions.

1.38 “Improvement(s)” shall mean any improvement now or hereafter constructed in Santorini Village and includes anything which is a structure for purposes of applicable Municipal Authority law including but not limited to any building, structure, shed, covered patio, fountain, pool, radio or television antenna or receiving dish, tree, shrubbery, paving, curbing, landscaping, tank, fence, mailbox, sign, newspaper vending and distribution machines, overnight delivery service drop boxes, any excavation or fill having a volume exceeding ten (10) cubic yards and any excavation, fill, ditch, diversion, dam, or other thing or device which affects the natural flow of surface water or the flow of water in a natural or artificial stream, wash or drainage channel.

1.39 “Design Review Committee” or “DRC” shall mean the committee created pursuant to Article XI below.

1.40 “Land Use Classification” shall mean the classification to be established by the Declarant pursuant to Section 4.1, which designates the type of Improvements which may be constructed on a Lot, Parcel or Association Land and the purposes for which such Improvements and surrounding land may be utilized.

1.41 “Lease” shall mean a written lease or sublease for the leasing or rental of Residential property.

1.42 “Lot” shall mean any area of real property within Santorini Village designated as a Lot on any Plat recorded or approved by Declarant, and/or as may be limited by a Neighborhood Declaration to either Single Family Residential Use or Cluster Residential Use (specifically including, without limitation, Townhome Units).

1.43 “Maintenance/Default Charges” shall mean any and all costs and fees assessed pursuant to Sections 10.2 and 10.3.

1.44 “Manager” shall mean such person or entity retained by the Board of Trustees to perform certain functions of the Board pursuant to this Declaration or the Bylaws. The Manager for the Association shall carry out certain responsibilities of the Association as required herein.

1.45 “Land Use Plan” shall mean the Land Use Plan relating to Santorini Village approved by South Jordan City (and which from time to time may be amended). A copy of the Land Use Plan, as amended from time to time, shall be on file at all times in the office of the Association.

1.46 “Limited Common Areas” shall mean any portion of the Community Areas or Common Elements reserved for the exclusive use of the Owner of a particular Lot or Parcel, identified as Limited Common Areas on a Plat, including, with respect to any Townhome Unit, the driveway, sidewalk, patio and porches adjacent to each dwelling. The use and occupancy of the Limited Common Areas shall be reserved to its associated Lot or Parcel and each Owner is granted an irrevocable and exclusive license to use and occupy the same so long as such Owner owns the Lot or Parcel associated with such Limited Common Area.

1.47 “Member” shall mean any person holding a Membership in the Association pursuant to this Declaration.

1.48 “Membership” shall mean a Membership in the Association and the rights granted to the Owners and Declarant pursuant to Article VI to participate in the Association.

1.49 “Mortgage” shall mean any mortgage, deed of trust, or other document pledging any portion of a Lot or Parcel or interest therein as security for the payment of a debt or obligation.

1.50 “Mortgagee” shall mean a beneficiary of a Mortgage as well as a named Mortgagee.

1.51 “Municipal Authority” shall mean the applicable governmental entity or municipality which has jurisdiction over some part of Santorini Village including without limitation, Salt Lake County, Utah, and South Jordan City, Utah.

1.52 “Municipal Authority Property” shall mean all real property which is from time to time conveyed, assigned, dedicated or transferred by Deed or other written instrument to the applicable Municipal Authority, including but not limited to community parks, mini parks, portions or all of the Trail System, public streets including medians and enhanced parkways, retention basins, drainage facilities and open space areas.

1.53 “Neighborhood” shall mean two or more Lots or Parcels which share interests other than those common to all Lots or Parcels, as more particularly described in Section 6.6. By way of illustration and not limitation, a Single Family Residential Development or a Cluster Residential Development might be designated as separate Neighborhoods, or a Neighborhood may be comprised of more than one housing or use type with other features in common. In addition, each Parcel intended for development shall constitute a Neighborhood, subject to division by Declarant into more than one Neighborhood upon development. Where the context permits or requires, the term “Neighborhood” shall also refer to any Sub-Association which in some instances may be established to act on behalf of the Owners within the applicable Neighborhood. Neighborhood boundaries may be established and modified as provided herein.

1.54 “Neighborhood Assessment” means Assessments levied against the Lots and Parcels in a particular Neighborhood(s) to fund Neighborhood Expenses, as described in Section 7.2.

1.55 “Neighborhood Declaration” shall mean a declaration recorded pursuant to Section 4.1 of this Declaration, if any. A Neighborhood Declaration may contain restrictions on use and may establish a Land Use Classification for each Parcel covered by the Neighborhood Declaration as described in Section 4.1 of this Declaration. The Neighborhood Declaration may identify the density allocated to the property it covers. It is contemplated that a Neighborhood Declaration may more specifically regulate a Neighborhood and any common areas specific to such Neighborhood. In the event of any conflict between this Declaration and any Neighborhood Declaration, the terms of this Declaration shall control.

1.56 “Neighborhood Expense Fund” shall mean and refer to the fund created or to be created pursuant to the provisions of Article VII of this Declaration and into which monies of the Association shall be deposited which are specifically intended and reserved for Neighborhood Expenses. Two separate and distinct funds shall be created and maintained thereunder, one for operating expenses and one for capital or reserve expenses relating to Neighborhood Expenses, which together shall constitute the applicable Neighborhood Expense Fund.

1.57 “Neighborhood Expenses” means the actual and estimated expenses which the Association incurs or expects to incur for the benefit of Owners within a particular Neighborhood or

Neighborhoods relating to special Improvements owned or maintained by the Association and specifically and solely benefitting the Neighborhood and not Santorini Village as a whole (as reasonably determined by the Board from time to time), which expenses may include a reasonable reserve for capital repairs and replacement and a reasonable administrative charge, as may be authorized pursuant to this Declaration or in any Neighborhood Declaration(s) applicable to such Neighborhood(s).

1.58 “Neighborhood Special Assessment” shall mean an assessment levied and assessed pursuant to Section 7.4.

1.59 “Neighboring Property” is any property or street within Santorini Village (including annexed property) other than the specific property in question.

1.60 “Owner” shall mean (a) any Person(s) who is (are) record holder(s) of legal, beneficial or equitable title to the fee simple interest of any Lot or Parcel, including, without limitation, one who is buying a Lot or Parcel under a recorded contract or recorded notice of such contract, but excluding others who hold an interest therein merely as security, (b) any Person(s) entitled to occupy all of a Parcel or Lot under a lease or sublease for an initial term of at least ten (10) years in which case the fee owner or sublessor of the Parcel or Lot shall not be deemed the Owner thereof for purposes of this Declaration during the term of said lease or sublease, and (c) a Unit Owner.

1.61 “Parcel” shall mean an area of real property within Santorini Village which a Neighborhood Declaration or the Land Use Plan designates for Single Family Residential Use or Cluster Residential Use but which have not yet been subdivided into Lots and related amenities and rights-of-way, but any such areas shall cease to be a Parcel upon the recordation of a Plat or other instrument covering the area and creating Lots and related amenities. A Parcel shall not include a Lot, any Exempt Property, or any Association Land but, in the case of staged developments, shall include areas not yet included in a Plat, or other recorded instrument creating Lots and related amenities. Declarant shall have the right, subject to the ordinances of the Municipal Authority, to identify and create and/or reconfigure the boundaries of any Parcel of which Declarant is the Owner.

1.62 “Party Wall” means a wall that forms part of a Townhome Unit and is located on or adjacent to a boundary line between two or more adjoining Townhome Units owned by more than one Owner and is used or is intended to be used by the Unit Owners of the benefited Townhome Units, which wall may be separated by a sound board between two or more Townhome Units.

1.63 “Person” shall mean a natural individual, a corporation, limited liability company, partnership or any other entity with the legal right to hold title to real property.

1.64 “Plat” shall mean any subdivision plat or record of survey map affecting Santorini Village filed in the office of the County Recorder of Salt Lake County, Utah, as such may be amended from time to time, including but not limited to any such Recorded plats or maps respecting all or any portion of the Additional Land.

1.65 “Recording” “Record” shall mean placing an instrument of public record in the office of the County Recorder of Salt Lake County, Utah, and “Recorded” shall mean having been so placed of public record.

1.66 “Reinvestment Fee” shall mean the charge which may be levied and assessed by the Association in the event of a transfer of a Lot or Parcel, pursuant to Section 7.9, hereof. The Reinvestment Fee assessed, if any, shall be in compliance with Utah Code Ann. §57-1-46, as may be amended or replaced.

1.67 “Resident” shall mean:

1.67.1 Each buyer under a contract of sale covering any part of the Assessable Property, regardless of whether the contract is recorded, and each tenant or lessee actually residing or conducting a business on any part of the Assessable Property; and

1.67.2 Members of the immediate family of each Owner, lessee, tenant and of each buyer referred to in subparagraph (a) actually living in the same household with such Owner, lessee, tenant or buyer.

Subject to Santorini Village Rules as the Association may hereafter specify, the term “Resident” also shall include the guests or invitees of any such Owner, lessee, buyer or tenant, if and to the extent the Board in its absolute discretion by resolution so directs.

1.68 “Residential” or “Residential Areas” shall include Single Family Residential Developments and Cluster Residential Developments, and all common recreational areas and facilities associated with any of the foregoing.

1.69 “Santorini Village” shall mean, refer to, and consist of the parcels of real property situated in Salt Lake County, Utah, described in Exhibit A which is attached hereto and incorporated herein by this reference and the development to be completed thereon, together with any real property hereafter annexed pursuant to the provisions of this Declaration.

1.70 “Santorini Village Rules” shall mean the rules for Santorini Village adopted by the Board pursuant to Section 5.4.

1.71 “Single Family” shall mean a group of one or more persons, each related to the other by blood, marriage or legal adoption, or a group of persons not all so related, who maintain a common household in a Dwelling Unit.

1.72 “Single Family Residential Development and/or Single Family Residential Use” shall mean Lots intended for detached, Single Family occupancy in Dwelling Units, together with related areas intended for the use and enjoyment of the Owners and Residents of such Lots. As more fully set forth in the Design Guidelines, certain of the Single-Family Residential Development is intended specifically for “Single-Family” Lots and “Single-Family Cottage” Lots, with the differences between such Lots identified in Part II(C) of such Design Guidelines.

1.73 “Special Assessment” shall mean an assessment levied and assessed pursuant to Section 7.4.

1.74 “Sub-Association” shall mean any Utah nonprofit corporation or unincorporated association, or its successor in interest, the membership of which is composed of the Owners of a Parcel or Lots subject to one or more Neighborhood Declarations. Subject to Declarant approval, any Builder or Neighborhood may, but shall not be required to, Record a Neighborhood Declaration against a Neighborhood development or may organize such Sub-Association under the conditions set forth in this Declaration.

1.75 “Townhome Unit” and/or “Unit” shall mean any attached Dwelling Unit, separately numbered and individually described on a Plat and intended for independent and private use and ownership, and located within a Cluster Residential Development.

1.76 “Trail System” shall mean the system of trails for Santorini Village which may be established from time to time by the Declarant and/or the Association and which may be identified on the Land Use Plan or on any Plat for Santorini Village. The Trail System may be owned by the Association and/or conveyed, assigned, or transferred by Deed, plat dedication, or other written instrument to the appropriate Municipal Authority.

1.77 “Unit Owner” means an Owner who owns any Townhome Unit.

1.78 “Use” shall mean one or more specific types of property development and classification as set forth in Section 4.1 of this Declaration.

1.79 “V.A.” shall mean the Veterans Administration.

1.80 “Visible From Neighboring Property” shall mean, with respect to any given object, that such object is or would be visible to a person six feet tall standing on Neighboring Property, on the level of the base of the object being viewed.

1.81 “Voting Groups” means a group of Members (within a specific Neighborhood(s)) who vote on a common slate for election of members of the Board, as more particularly described in Section 6.9.

ARTICLE II

PROPERTY SUBJECT TO SANTORINI VILLAGE DECLARATION

2.1 General Declaration Creating Santorini Village. Declarant hereby declares that all of the real property within Santorini Village, together with any Additional Land annexed pursuant to Article XVI of this Declaration, is and shall be held, conveyed, hypothecated, encumbered, leased, occupied, built upon or otherwise used, improved or transferred, in whole or in part, subject to this Declaration as amended or modified from time to time. In addition, some or all of the real property within Santorini Village may be subject to Recorded Neighborhood Declarations and as amended from time to time. Declarant intends to develop Santorini Village by subdivision into various Lots and Parcels and to sell such Lots and Parcels. As portions of Santorini Village are developed and sold to Builders for development, except as otherwise provided in this Declaration, Declarant or its designated nominee may (but shall not be obligated to) Record one or more Neighborhood Declarations covering such property. Said Neighborhood Declarations may specify the Land Use Classification and permitted uses of property described therein (in accordance with Article IV hereof) and will incorporate this Declaration and establish such additional covenants, conditions and restrictions as may be appropriate for that property. This Declaration and all subsequent Neighborhood Declarations are declared and agreed to be in furtherance of a general plan for the subdivision, development, improvement and sale of Santorini Village and are established for the purpose of enhancing and perfecting the value, desirability and attractiveness of Santorini Village and every part thereof. All of this Declaration and applicable Neighborhood Declarations shall run with Santorini Village and shall be binding upon and inure to the benefit of Declarant, the Association, all Owners and Residents and their successors in interest. Nothing in this Declaration shall be construed to prevent the Declarant from modifying the Land Use Plan or any portions thereof as to which a Neighborhood Declaration has not been recorded. This Declaration shall not be construed to prevent the Declarant from dedicating or conveying portions of Santorini Village, including but not limited to streets or roadways, for uses other than as a Lot, Parcel, or Association Land, subject to the provisions of Section 4.1.

2.2 Association Bound. Upon issuance of Articles of Incorporation (or other documents evidencing valid existence) to the Association, the Covenants shall be binding upon and shall benefit the Association.

2.3 Municipal Authority Property. From time to time, the Declarant may, in its sole and exclusive discretion and without the vote of the Members, convey, assign, or transfer by Deed, plat dedication, or other written instrument certain Community Areas to the applicable Municipal Authority. Once any such Community Areas are conveyed, assigned or transferred to a Municipal Authority, they shall be Exempt Property and shall constitute Municipal Authority Property. It is contemplated that from time to time certain open space areas, the Trail System and other real property and facilities, may be conveyed, assigned, or transferred by Deed or other written instrument to a Municipal Authority, which conveyances are authorized pursuant to this Declaration.

ARTICLE III

EASEMENTS AND RIGHTS OF ENJOYMENT IN COMMUNITY AREAS

3.1 Easements of Enjoyment. There is hereby created a right and easement of enjoyment in and to the Community Areas which shall be appurtenant to and shall pass with the title to every Lot and Parcel, subject to the following provisions:

3.1.1 The right of the Association to suspend the voting rights and right to the use of the Community Areas by any Member (i) for any period during which any Assessment against his Lot or Parcel remains delinquent; (ii) for a period not to exceed sixty (60) days for any infraction of this Declaration, a Neighborhood Declaration, the Santorini Village Rules or applicable Design Guidelines, and (iii) for successive sixty-day (60) periods if any such infraction is not corrected during any prior sixty-day (60) day suspension period.

3.1.2 The right of the Association to dedicate or transfer all or any part of the Association Land to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Association.

3.1.3 The right of the Association to regulate the use of the Community Areas through the Santorini Village Rules and to prohibit access to those Community Areas, such as landscaped rights-of-way, not intended for use by the Members. The Santorini Village Rules shall be intended, in the absolute discretion of the Board, to enhance the preservation of the Community Areas or the safety and convenience of the users thereof, or otherwise shall serve to promote the best interests of the Owners and Residents.

3.1.4 The right of the applicable Municipal Authority and any other governmental or quasi-governmental body having jurisdiction over Santorini Village to access and rights of ingress and egress over and across any street, parking area, walkway, or open area contained within Santorini Village for purposes of providing police and fire protection, transporting school children and providing other governmental or municipal service.

3.2 Easements for Encroachments. If any part of a Dwelling Unit or Improvement built in substantial accord with the boundaries for such Dwelling Unit or Improvement as depicted on a Plat (or in other approved documents depicting the location of such on the Lot or Parcel) encroaches or shall encroach upon the Community Areas; or upon an adjoining Lot or Parcel, an easement for such encroachment and for the maintenance of the same shall and does exist. If any part of the Community Areas encroaches or shall encroach upon a Lot of a Dwelling Unit or Parcel of an Improvement, an easement for such encroachment and for the maintenance of the same shall and does exist. Each Owner shall have an unrestricted right of ingress or egress to and from its Lot or Parcel.

3.3 Easements for Utilities. There is hereby created an easement at specific locations approved by Declarant upon, across, over and under the Community Areas for reasonable ingress, egress, installation, replacement, repair or maintenance of all utilities, including, but not limited to, gas, water, sewer, telephone, cable television and electricity. By virtue of this easement, it shall be expressly permissible for the providing utility company to install and maintain the necessary equipment at such locations on the Community Areas but no sewers, electrical lines, water lines or other utility or service lines may be installed or located on the Community Areas, except as initially designed, approved and/or constructed by the Declarant or as approved by the Board.

3.4 Easements for Ingress and Egress. There are hereby created easements for ingress and egress for pedestrian traffic over, through and across sidewalks, paths, walks and lanes that from time to time may exist upon the Community Areas. There is also created an easement for ingress and egress for pedestrian and vehicular traffic over, through and across such driveways, roadways, sidewalks, and parking areas as from time to time may be paved and intended for such purposes, whether such areas are owned by the Association, Sub-Association, and/or otherwise. Such easements shall run in favor of and be for the benefit of the Owners and Residents of the Lots and Parcels and their guests, families, tenants and invitees. Further, certain pathways or trails around and/or through Santorini Village may be developed and maintained from time to time as part of walking and/or bicycling trail systems serving the public in addition to Owners and Residents; in such instances, members of the public shall also have the right to use such trails for the purposes for which they are developed and maintained, subject to reasonable, non-discriminatory rules and regulations as the Board may adopt from time to time and subject to applicable requirements and regulations of Salt Lake County and any other governmental body or agency having jurisdiction. There is also hereby created an easement upon, across and over the Community Areas and all private streets, private roadways, private driveways and private parking areas within Santorini Village for vehicular and pedestrian ingress and egress for police, fire, medical and other emergency vehicles and personnel. The Board shall have the right to relocate and/or reconfigure any and all such easements from time to time as it sees fit without the consent of any Owners (but subject to any necessary approvals of Salt Lake County, South Jordan City, or any other governmental body or agency having jurisdiction thereover including in particular, but without limitation, the easements granted herein for police, fire, medical and other emergency vehicles and personnel).

3.5 Delegation of Use. Each Member shall, in accordance with this Declaration and the Santorini Village Rules and the limitations therein contained, be deemed to have delegated his or her right of enjoyment in the Community Areas to the members of his or her family, his or her tenants or lessees, his or her guests or invitees or to his or her tenant's family, guests or invitees.

3.6 Transfer of Title. Declarant agrees that it shall convey to the Association title to the Association Land free and clear of all liens (other than the lien of current general taxes and the lien of my assessments, charges, or taxes imposed by governmental or quasi-governmental authorities) before the closing of the last sale of a Lot or Parcel within Santorini Village.

ARTICLE IV

LAND USE CLASSIFICATIONS, PERMITTED USES AND RESTRICTIONS

4.1 Land Use Classifications. As portions of Santorini Village are readied for development and sale to Builders, the Land Use Classifications, restrictions, easements, rights-of-way and other matters, including new or different uses and restrictions therefor and including any number of subclassifications thereof for any special uses, may be fixed by Declarant in any Neighborhood Declaration which may be recorded for that portion of Santorini Village. In the event Declarant elects in its sole discretion not to Record a Neighborhood Declaration upon a specific portion of Santorini Village, then the Land Use Classification applicable to such portion of Santorini Village shall be determined generally by reference to the Plat Recorded thereon, or in an absence of a Recorded Plat, then by other

approvals given by the Municipal Authority with respect to such portion of Santorini Village. Any such Neighborhood Declaration shall be construed as a supplement to this Declaration and fully a part hereof for all purposes to the same extent as if all of the provisions thereof were set forth in this Declaration. In exercising its authority to record Neighborhood Declarations, Declarant may impose new Land Use Classifications or new restrictions so long as such are generally in conformance with approvals given Santorini Village by the Municipal Authority, and any other existing uses and restrictions applicable to Santorini Village and with the scheme of development contemplated by the Land Use Plan and this Declaration. The Land Use Classifications for Lots, Parcels and Association Land established by a Neighborhood Declaration shall not be changed except as specifically permitted by the ordinances of the Municipal Authority and this Declaration. The contemplated Land Use Classifications are as follows:

- 4.1.1 Single Family Residential Use;
- 4.1.2 Cluster Residential Use;
- 4.1.3 Association Use, which may include Community Areas;
- 4.1.4 General Public Uses approved by the Declarant; and

Unless otherwise specifically provided in this Declaration, the definitions and characteristics of such Land Use Classifications, and specific permitted and prohibited uses in such Land Use Classifications, may be determined in the applicable Neighborhood Declaration and shall be within the discretion of the Declarant. All Neighborhood Declarations shall be subject to the laws, ordinances, and approvals of the applicable Municipal Authority.

4.2 Covenants, Conditions, Easements and Restrictions Applicable to Lots and Parcels Within All Land Use Classifications. The following covenants, conditions, restrictions and reservations of easements and rights shall apply to all Lots and Parcels, the Owners and lessees thereof, and all Residents, whether or not a Neighborhood Declaration has been recorded on said property and regardless of the Land Use Classification of such property.

4.2.1 Architectural Control. No Improvements (whether temporary or permanent), alterations, repairs, excavation, grading, landscaping or other work which in any way alters the exterior appearance of any property within Santorini Village, or the Improvements located thereon, from its natural or improved state existing on the date this Declaration is recorded shall be made or done without the prior approval of the DRC, except as otherwise expressly provided in this Declaration. No building, fence, wall, residence or other structure shall be commenced, erected, maintained, improved, altered or made without the prior written approval of the DRC. All subsequent additions to or changes or alterations in any building, fence, wall or other structure, including exterior color scheme, and all changes in the grade of Lots or Parcels, shall be subject to the prior written approval of the DRC. No changes or deviations in or from the plans and specifications once approved by the DRC shall be made without the prior written approval of the DRC.

4.2.2 Animals. No animal, bird, or fish, other than a reasonable number of generally recognized house or yard pets as determined solely by the Board (and not exceeding the number of pets permitted under Municipal Authority zoning regulations, including but not limited to Title 6 thereof) shall be maintained on any Lot or Parcel and then only if they are kept, and raised thereon solely as domestic pets and not for commercial purposes. All pets must be kept in a fenced yard (including electric) or on a leash at all times. No animal or bird shall be allowed to make an unreasonable amount of noise or to become a nuisance. No structure for the care, housing or confinement of any animal or bird shall be maintained so as to be Visible From Neighboring Property, unless otherwise approved by the DRC. If an Owner or Resident fails to

abide by the rules and regulations and/or covenants applicable to pets, the Board may bar such pet from use of or travel upon the Community Areas. Upon the written request of any Owner or Resident, the Board shall conclusively determine, in its sole and absolute subjective discretion whether for the purposes of this Section 4.2.2, a particular animal, fish or bird is a generally recognized house or yard pet, whether such a pet is a nuisance or whether the number of animals, fish or birds on any such property is reasonable. Any decision rendered by the Board shall be enforceable in the same manner as other restrictions contained herein.

4.2.3 Temporary Occupancy and Temporary Buildings. No trailer, basement of any incomplete building, tent, shack, garage or barn, and no temporary buildings or structures of any kind, shall be used at any time for a Residence, either temporary or permanent Temporary buildings or structures may be approved by the DRC for use during the construction of any structure on any property, but shall be removed immediately after the completion of construction.

4.2.4 Maintenance of Lawns and Plantings. Except where otherwise provided in a Neighborhood Declaration, each Owner of a Lot or Parcel shall keep all shrubs, trees, hedges, grass and plantings of every kind located on

4.2.4.1 his or her Lot or Parcel (including set back areas and any applicable portions of Community Areas);

4.2.4.2 planted public right-of-way areas between sidewalks (or bike paths) and the street curb on the front or side of his or her property, if any;

4.2.4.3 any other public right-of-way or easement area which abuts the Owner's Lot or Parcel and which is located between the boundary line of his or her Lot or Parcel and the paved area of any street, sidewalk, bike path or similar area; and

4.2.4.4 any non-street public right-of-way or easement area adjacent to his or her Lot or Parcel, neatly trimmed, and shall keep all such areas properly cultivated and free of trash, weeds and other unsightly material; provided, however, that such Owner shall not be responsible for maintenance of any area over which (1) the Association assumes the responsibility in writing; (2) the Association has been given such responsibility by a Recorded instrument as provided in Section 10.1 of this Declaration; or (3) a Municipal Authority assumes the responsibility. The DRC may require landscaping by the Owner of all or any portion of an improved or developed Lot or an improved or developed Parcel including the areas described in Subsections 4.2.4.1, 4.2.4.2, 4.2.4.3, and 4.2.4.4 above.

4.2.5 Landscaping. The following landscape criteria shall apply to all Single Family detached and attached Lots, and all landscape plans shall be approved by the DRC. Unless required to be completed earlier by a Neighborhood Declaration, all Owners and Residents are required to install or cause to be installed all Single Family Residential Use landscaping and irrigation based on the following schedule:

4.2.5.1 Unless otherwise approved by the DRC, front and corner side yard (including "parking strip", if any) landscaping shall be installed prior to receipt of a certificate of occupancy from the City, weather permitting.

4.2.5.2 Rear and side yard landscaping when visible from streets shall be installed within 120 days of closing to an Owner, weather permitting.

4.2.5.3 Interior side and rear yard landscaping shall be installed within one year of closing to an Owner, weather permitting.

4.2.5.4 With respect to each Single-Family detached Lot, each such Lot shall be improved to include at least 2 flower beds, and with respect to each Single-Family attached Lot, each such Lot shall be improved to include at least 1 flower bed.

Builders are required to offer a front yard landscape option package to Owners that meet the above minimum requirements. All front yards shall be fully landscaped and irrigated using a combination of turf grass, trees, shrubs, perennials, and groundcovers. All landscaping installed upon Lots shall be properly and reasonably kept and maintained by the Owners, unless the Association (or a Sub-Association) is to maintain such landscaping as a Neighborhood Expense.

4.2.6 Exterior Materials and Design Elements. All designs, styles and exterior materials utilized on the front exterior of all Dwelling Units located in Single Family Residential Developments and Cluster Residential Developments shall be consistent with the Design Guidelines. All exterior materials and colors are to be specified on plans and submitted for approval by the DRC.

4.2.7 Nuisances; Construction Activities. No odors or loud noises shall be permitted to arise or emit upon or adjacent to any Lot or Parcel, so as to render any such property or any portion thereof, or activity thereon, unsanitary, unsightly, offensive or detrimental to any other property in the vicinity thereof or to the Residents of such other property. No other nuisance shall be permitted to exist or operate upon any Lot or Parcel so as to be offensive or detrimental to any other property in the vicinity thereof or to its Residents. Normal construction activities and parking in connection with the building of Improvements on a Lot or Parcel shall not be considered a nuisance or otherwise prohibited by this Declaration, but Lots and Parcels shall be kept in a neat and tidy condition during construction periods, trash and debris shall not be permitted to accumulate, and supplies of brick, block, lumber and other building materials may be piled only in such areas as may be approved by the DRC.

4.2.8 Mineral Exploration. Except for Lots or Parcels owned by Declarant, no Lot or Parcel shall be used in any manner to explore for or to remove any water, oil or other hydrocarbons, minerals of any kind, gravel, earth or any earth substance of any kind.

4.2.9 Trash Containers and Collection. No garbage or trash shall be placed or kept on any Lot or Parcel, except in covered containers of a type, size and style which are approved by the Association or required by the applicable Municipal Authority. All rubbish, trash and garbage shall be removed from the Lots and Parcels and shall not be allowed to accumulate thereon. Excluding trash collection days (and a reasonable period of time prior to and after such collection day), trash containers shall not be stored in areas that would allow such containers to be visible from a street. No outdoor incinerators shall be kept or maintained on any Lot or Parcel.

4.2.10 Clothes Drying Facilities. Outside clotheslines or other outside facilities for drying or airing clothes shall not be erected, placed or maintained on any Lot or Parcel unless they are erected, placed or maintained exclusively within a fenced service yard or otherwise concealed and shall not be Visible From Neighboring Property.

4.2.11 Signs. Except as otherwise provided in this Declaration, no signs whatsoever (including, but not limited to, commercial, political and similar signs) which are Visible From Neighboring Property shall be erected or maintained on any Lot or Parcel except pursuant to the Design Guidelines and except:

4.2.11.1 Signs required by legal proceedings;

4.2.11.2 Not more than two (2) identification signs for individual residences, each with a face area of seventy-two (72) square inches or less;

4.2.11.3 Signs (including "for sale," "for lease" and "open house" signs), the nature, size, number and location of which have been approved in advance and in writing by the DRC or which comply with signage rules or guidelines adopted by the DRC.

4.2.11.4 Signs of Builders on any Lot or Parcel approved from time to time by Declarant as to number, size, colors, design, message content, location and type; and

4.2.11.5 Such other signs (including but not limited to construction job identification signs, builders signs, and subdivision, shopping center, apartment and business identification signs) which are in conformance with the requirements of the applicable Municipal Authority and which have been approved in writing by the DRC as to size, colors, design, message content and location.

4.2.12 Restriction on Further Subdivision, Property Restrictions and Rezoning. No Lot or Parcel shall be further subdivided or separated into smaller Lots, Parcels or interests by any Owner, and no portion less than all of any such Lot or Parcel, nor any easement or other interest therein, shall be conveyed or transferred by any Owner, without the prior written approval of the Declarant (or the Association following conversion of the Class B voting Memberships to Class A voting Memberships), which approval must be evidenced on the Plat or other instrument creating the subdivision, easement or other interest. This provision shall not apply to transfers of an ownership interest in the whole of any Lot or Parcel. Further, this provision shall not, in any way, limit Declarant from subdividing or separating into Lots or Parcels any property at any time owned by Declarant and which has not previously been platted or subdivided into Lots. No Neighborhood Declaration or further covenants, conditions, restrictions or easements shall be recorded by any Owner or other person against any Lot or Parcel without the provisions thereof having been first approved in writing by the Declarant or the DRC and any covenants, conditions, restrictions or easements recorded without such approval being evidenced thereon shall be null and void. No application for rezoning of any Lot or Parcel, and no applications for variances or use permits, shall be filed with a Municipal Authority unless the proposed use of the Lot or Parcel complies with this Declaration and any Neighborhood Declaration.

4.2.13 Utility Easements. There is hereby created a blanket easement upon, across, over and under each Lot and Parcel for ingress to, egress from, and the installation, replacing, repairing and maintaining of, all utility and service lines and systems, including, but not limited to water, sewers, gas, telephones, electricity, television cable or communication lines and systems, etc. as such utilities are installed in connection with the initial development of the Lot or Parcel and the construction of the first Dwelling Unit or other Improvement thereon. Pursuant to this easement, a providing utility or service company may install and maintain facilities and equipment on the property and affix and maintain wires, circuits and conduits on, in and under the roofs and exterior walls of buildings on the Lots and Parcels. Notwithstanding anything to the contrary contained in this Subsection, no sewers, electrical lines, water lines, or other utilities or service lines may be installed or relocated on any Lot or Parcel except as initially programmed and approved by the Declarant or the DRC.

4.2.14 Perimeter Fences and Walls. Perimeter fences or walls along major roadways, as determined solely by the Declarant, shall be maintained by the Association, subject to the provisions of Sections 10.2 and 10.3, except that each Owner of a Lot or Parcel shall remain responsible for painting and maintaining the surface of the portion of the perimeter wall or fence facing his or her Lot or Parcel. The Association shall be responsible for the maintenance of all

landscaping outside the perimeter walls and fences, except any maintenance assumed by a Municipal Authority or by a Sub-Association.

4.2.15 Utility Service. No lines, wires or other devices for the communication or transmission of electric current or power, including telephone, television and radio signals, and cable information highways, shall be erected, placed or maintained anywhere in or upon any Lot or Parcel unless the same shall be contained in conduits or cables installed and maintained underground or concealed in, under or buildings or other structures as approved by the Declarant or the DRC, except for:

4.2.15.1 overhead power poles and lines to perimeter areas of Santorini Village as approved by Declarant; and

4.2.15.2 boxes on the ground for electrical or communication connections, junctions, transformers and other apparatus customarily used in connection with such underground lines, wires and other devices.

4.2.16 Trucks, Trailers, Campers and Boats. No motor vehicle classed by manufacturer rating as exceeding 3/4-ton, mobile home, travel trailer, tent trailer, trailer, camper shell, detached camper, boat, boat trailer or other similar equipment or vehicle may be parked, maintained, constructed, reconstructed or repaired on any Lot or Parcel or on any street in Santorini Village except on an RV pad or similar side-yard or rear-yard driveway approved by the DRC and located behind a fence; provided, however, the provisions of this Section 4.2.16 shall not apply to (i) pickup trucks of less than 3/4-ton capacity with camper shells not exceeding seven (7) feet in height measured from ground level and mini-motor homes not exceeding seven (7) feet in height, and eighteen (18) feet in length which are parked as provided in Section 4.2.17 below and are used on a regular and recurring basis for basic transportation, or (ii) trucks, trailers and campers parked in an approved recreational vehicle storage area within a Residential Area or other approved areas.

4.2.17 Motor Vehicles. No automobile, motorcycle, motorbike or other motor vehicle shall be constructed, reconstructed or repaired upon any Lot, Parcel or street or other Community Area in Santorini Village, and no inoperable vehicle may be stored or parked on any such Lot, Parcel or street, except on an RV pad or similar side-yard or rear-yard driveway approved by the DRC and located behind a fence; provided, however, that the provisions of this Section 4.2.17 shall not apply to (i) emergency vehicle repairs; (ii) temporary construction shelters or facilities maintained during, and used exclusively in connection with, the construction of any Improvement approved by the DRC; (iii) vehicles parked in garages on Lots or Parcels so long as such vehicles are in good operating condition and appearance and are not under repair; (iv) the storage of such vehicles in an area designated for such purposes on a Neighborhood Declaration or on a site plan approved by the DRC; and (v) non-commercial vehicle repair within a garage which is closed except as necessary for ingress and egress.

4.2.18 Arterial Fencing and Walls. All perimeter walls and fencing along arterials (for the purposes of this Section 4.2.18 "arterials" shall be as designated by the Declarant) must be constructed and maintained in accordance with the specifications and regulations established by this Declaration and the Design Guidelines, or as otherwise approved by the DRC. Unless otherwise approved by the DRC, the Owners specifically acknowledge that all fencing shall be consistent in type, color and style.

4.2.19 Draperies and Window Coverings. In no event shall windows be covered with paper, aluminum foil, bed sheets or any other materials or temporary coverings not specifically intended for such purpose. No interior or exterior reflective material shall be used as a window

covering unless such material has been approved by the DRC. Townhomes Owners refer to Sections 20.4.6 through 20.4.8 below.

4.2.20 Drainage. No Owner or Resident shall interfere with or obstruct the drainage pattern over his or her Lot or Parcel from or to any other Lot or Parcel as that pattern may be established by Declarant.

4.2.21 Right of Entry. During reasonable hours and upon reasonable notice to the Owner or other Resident or occupant of a Lot or Parcel, any member of the DRC, any member of the Board or any authorized representative of either of them, shall have the right to enter upon and inspect any Lot or Parcel, and the Improvements thereon, except for the interior portions of any completed Dwelling Unit, for the purpose of ascertaining whether or not the provisions of this Declaration have been or are being complied with and such persons shall not be deemed guilty of trespass by reason of such entry.

4.2.22 Declarant's Exemption. Nothing contained in this Declaration shall be construed to prevent the erection or maintenance by Declarant or by Builders or their duly authorized agents, of structures, Improvements or signs necessary or convenient to the development or sale of property within Santorini Village if those structures, Improvements or signs have been approved by the DRC.

4.2.23 Health, Safety and Welfare. In the event additional uses, activities and facilities are deemed by the DRC or the Board to be a nuisance or to adversely affect the health, safety or welfare of Owners and Residents, the DRC or the Board may make rules restricting or regulating their presence within Santorini Village.

4.2.24 Model Homes. The provisions of this Declaration and of any Neighborhood Declarations which, in certain instances, prohibit non-Residential use of Lots and Parcels and regulate parking of vehicles shall not prohibit the construction and maintenance of model homes by persons engaged in the construction of Residential Dwelling Units at Santorini Village and parking incidental to the visiting of such model homes so long as the location of such model homes and the opening and closing hours are approved by the Board, and the construction, operation and maintenance of such model homes otherwise complies with all of the provisions of this Declaration. The Board may also permit Lots and other areas to be used for parking in connection with the showing of model homes so long as such parking and parking areas are in compliance with the ordinances of the governing Municipal Authority and any rules of the Board. Any homes constructed as model homes shall cease to be used as model homes at any time the Owner thereof is not actively engaged in the construction and sale of Single Family Residences at Santorini Village and no home shall be used as a model home for the sale of homes not located at Santorini Village.

4.2.25 Incidental Uses. The Declarant or the DRC may approve uses of property within a Land Use Classification which are incidental to the full enjoyment by the Owners of the property within that Land Use Classification. Such approval may be subject to such regulations, limitations and restrictions, including termination of the use, as the Declarant or DRC may wish to impose, in its sole discretion, for the benefit of Santorini Village as a whole. By way of example and not of limitation, the uses which the Board may permit are private roadways and streets within an area having a Land Use Classification of Cluster Residential Use or Single Family Residential Use; a business office for the Association within an area having a Land Use Classification of Association Use; tennis courts, swimming pools and other recreational facilities intended for usage by the Residents or Owners of more than a single Lot or Parcel within any Residential Area; and a sales, information and marketing center operated by the Declarant, Builder, or other developer within an area having a Land Use Classification of Association Use.

4.2.26 Leases. Any Lease between an Owner and a lessee respecting a Lot or Dwelling Unit shall be subject in all respects to the provisions of the Governing Documents, and any failure by the lessee to comply with the terms of such Governing Documents shall be a default under the Lease.

4.2.27 Energy Conservation Equipment. No solar energy collector panels or attendant hardware or other energy conservation equipment shall be constructed or installed unless (i) it is an integral and harmonious part of the architectural design of a structure, as determined in the sole discretion of the DRC, and (ii) in the case of Townhome Units, the terms of Section 20.4.1 below are satisfied. Panels are not permitted on the front of the roof.

4.2.28 Lighting. Except for seasonal Christmas decorative lights, which may be displayed between November 15 and January 15 only, all exterior lights must be approved in accordance with this Declaration.

4.2.29 Violations of Law. Any activity which violates local, state, or federal laws or regulations is prohibited; however, the Board shall have no obligation to take enforcement action in the event of a violation.

4.2.30 Easement for Development. The Declarant hereby reserves an easement throughout Santorini Village for the purpose of completing all Improvements contemplated by this Declaration, including but not limited to Improvements to the Additional Land. Declarant shall be entitled to use all Community Areas within Santorini Village, roadways within Santorini Village, and other facilities located in Santorini Village to access the Additional Land in order to make Improvements thereto and to continue with the development of Santorini Village.

4.2.31 Sales Offices. Declarant hereby reserves the right to maintain sales offices, management offices, signs advertising Santorini Village, and models in any areas of Santorini Village owned by the Declarant. Declarant may relocate sales offices, management offices and models to other locations within Santorini Village at any time.

4.2.32 Poles. No pole, including but not limited to a flag pole, shall be placed, constructed, or maintained on any Lot, Parcel or other part of Santorini Village unless such pole is approved in advance by the DRC. The DRC may adopt one or more rules or regulations permitting an Owner to install and maintain a flag pole upon Owner's Lot or Parcel; provided that the location and size of such flag pole (and the number and size of any flag(s) mounted thereon) may be regulated by the DRC, and may, if so provided in such rule or regulation, be made subject to the prior approval thereof by the DRC. Nothing in this section shall be deemed to prohibit the Declarant from installing and maintaining the flag poles on, at, or adjacent to model homes within Santorini Village.

4.3 Covenants, Conditions, Easements, and Restrictions Applicable to Lots Within Single Family Residential Use Classification. The following covenants, conditions, restrictions and reservations of easements and rights shall apply only to Lots and the Owners and Residents thereof lying within a Single Family Residential Use Classification:

4.3.1 General. Property classified for Single Family Residential Development under any Neighborhood Declaration, the Land Use Plan, or a Recorded Plat may be used only for the construction and occupancy of Single Family Dwelling Units and typical residential activities incidental thereto, such as the construction and use of a family swimming pool, together with any common recreational facilities or any other Community Areas or amenities. All property within such Land Use Classification shall be used, improved and devoted exclusively to Single Family Residential Use. No structure whatsoever, other than one private, Single Family Residence,

together with a private garage for cars and (if desired) a guest house, shall be erected, placed or permitted to remain on any Lot.

4.3.2 Business Activities. Property classified for Single Family Residential Development under any Neighborhood Declaration, the Land Use Plan, or a Recorded Plat shall not be used for any business, trade, garage sale, moving sale, rummage sale, or similar activity, except to the limited extent approved by the Municipal Authority in accordance with its ordinances, except that an Owner or Resident may conduct business activities within the Dwelling Unit so long as: (a) the existence or operation of the activity is not apparent or detectable by sight, sound, or smell from outside the Dwelling Unit; (b) the activity conforms to all zoning requirements for Santorini Village; (c) the activity does not involve regular visitation of the Dwelling Unit by clients, customers, suppliers, or other business invitees or door-to-door solicitation of residents of the project; (d) the activity is consistent with the residential character of the project and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other Residents of the project, as may be determined in the sole discretion of the Board. This Section 4.3.2 shall not apply to any activity conducted by the Declarant or a Builder approved by the Declarant with respect to its development and sale of the Lots or Parcels or its use of any Dwelling Units which it owns within Santorini Village.

4.3.3 Tenants. The entire Dwelling Unit may be let to a Single Family Tenant or lessee from time to time by the Owner, subject to the provisions of this Declaration and the Santorini Village Rules. With respect to any rental of Dwelling Units, it is acknowledged that such Dwelling Units be leased and rented to third party lessees who shall remain subject to the provisions of this Declaration and the Santorini Village Rules. The Owner of such Dwelling Unit leased and rented to a lessee shall remain fully liable under this Declaration for the actions and inactions of any lessee.

4.4 Covenants, Conditions, Easements and Restrictions Applicable to Property Within a Cluster Residential Development Use Classification. The following covenants, conditions, restrictions and reservations of rights shall apply only to Dwelling Units and the Owners and Residents thereof lying within a Cluster Residential Development Use Classification:

4.4.1 General. Property classified as a Cluster Residential Development under any Neighborhood Declaration, the Land Use Plan, or a Recorded Plat may be used only for the construction and occupancy of Single Family Dwelling Units together with common recreational facilities and other Community Areas. All property within such Land Use Classifications shall be used, improved and devoted exclusively to Single Family Residential Use.

4.4.2 Business Activities. Property classified for the purposes set forth in Section 4.4.1 under any Neighborhood Declaration, the Land Use Plan, or a Recorded Plat shall not be used for any business, trade, garage sale, moving sale, rummage sale, or similar activity (except in the case of a for rent Townhome Unit, such business may be operated as may be customary and necessary for the operation of such rental business), except that an Owner or Resident may conduct business activities within the Dwelling Unit so long as: (a) the existence or operation of the activity is not apparent or detectable by sight, sound, or smell from outside the Dwelling Unit; (b) the activity conforms to all zoning requirements for Santorini Village; (c) the activity does not involve regular visitation of the Dwelling Unit by clients, customers, suppliers, or other business invitees or door-to-door solicitation of residents of the project; and (d) the activity is consistent with the residential character of the project and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of the project, as may be determined in the sole discretion of the Board. This Section 4.4.2 shall not apply to any activity conducted by the Declarant or a Builder approved by the Declarant with respect to its development and sale of the Lots or Parcels or its use of any Dwelling Units which it owns within Santorini Village.

4.4.3 Tenants. The entire Dwelling Unit may be let to a Single Family Tenant or lessee from time to time by the Owner, subject to the provisions of this Declaration and the Santorini Village Rules. With respect to any rental of Dwelling Units, it is acknowledged that such Dwelling Units be leased and rented to a third party lessees who shall remain subject to the provisions of this Declaration and the Santorini Village Rules. The Owner of such Dwelling Unit leased and rented to a lessee shall remain fully liable under this Declaration for the actions and inactions of any lessee.

ARTICLE V

ORGANIZATION OF ASSOCIATION

5.1 Formation of Association. The Association shall be a Utah nonprofit corporation charged with the duties and invested with the powers prescribed by law and set forth in the Articles, Bylaws and this Declaration. Neither the Articles nor Bylaws shall, for any reason, be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration.

5.2 Board of Trustees and Officers. The affairs of the Association shall be conducted by a Board of not less than three (3) nor more than five (5) trustees (odd numbered totals only) and such officers as the Board may elect or appoint in accordance with the Articles and the Bylaws as the same may be amended from time to time. The initial Board shall be composed of at least three (3) trustees. The Board may also appoint various committees and appoint a Manager who shall, subject to the direction of the Board, be responsible for the day-to-day operation of the Association. The Board shall determine the compensation to be paid to the Manager. The Board's responsibilities shall include, but shall not be limited to, the following:

- 5.2.1 administration, including administrative support as required for the DRC;
- 5.2.2 preparing and administering an operational budget;
- 5.2.3 establishing and administering an adequate reserve fund;
- 5.2.4 scheduling and conducting the annual meeting and other meetings of the Members;
- 5.2.5 collecting and enforcing the Assessments;
- 5.2.6 accounting functions and maintaining records;
- 5.2.7 promulgation and enforcement of the Santorini Village Rules and the Design Guidelines;
- 5.2.8 maintenance of the Community Areas; and
- 5.2.9 all the other duties imposed upon the Board pursuant to the Governing Documents, including enforcement thereof.

The Board shall not, however, be responsible for those duties and areas of operation specifically designated under the Governing Documents as the responsibility of the DRC.

Unless specifically set forth in this Declaration, no action may be brought by the Association, or its Board of Trustees, or Officers on behalf of a unit owner, as its respective interest may appear,

with respect to any cause of action relating to the Common Areas, Common Elements and related facilities.

5.3 Neighborhood Committees. The Board may appoint one or more Neighborhood Committees, and such Neighborhood Committees (which may consist of one or more members, as determined by the Board) shall have such authority and duties as may be determined from time to time by the Board relating to the budgeting, operation, management and administration of applicable Neighborhood(s). Any Neighborhood Committee established by the Board shall report to the Board regularly regarding its activities. Furthermore, such Committees shall have such authority and duties as may be determined from time to time by the Board relating to the budgeting, operation, financial management and administration of the Project (collectively, the "Delegated Duties"). While any Committee established by the Board shall report to the Board regularly regarding its activities, the Board may by express directive relinquish and transfer all authority and responsibility with respect to such Delegated Duties to an applicable Committee.

5.4 The Santorini Village Rules. By a majority vote, the Board may, from time to time and subject to the provisions of this Declaration, adopt, amend and repeal rules and regulations to be known as the Santorini Village Rules. The Santorini Village Rules may restrict and govern the use of any area by any Member or Resident, by the family of such Member, or by any invitee, licensee or tenant of such Member; provided, however, that the Santorini Village Rules shall not discriminate among Members and shall not be inconsistent with the Governing Documents.

5.5 Personal Liability. No Trustee or member of any committee of the Association (including but not limited to the DRC), no officer of the Association and no Manager or other employee of the Association shall be personally liable to any Member or to any other person, including the Association, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error or negligence of the Association, the Board, the Manager, any representative or employee of the Association or any committee, committee member or officer of the Association; provided, however, the limitations set forth in this Section 5.5 shall not apply to any person who has failed to act in good faith or has engaged in willful or intentional misconduct.

5.6 Sub-Associations. Prior to such time as a Sub-Association is formed by Declarant or by another Builder developing a Parcel or subdivision at Santorini Village, the articles of incorporation and bylaws or other governing documents for such Sub-Association must be approved by the Declarant so long as it holds a Class B Membership, the Association and the DRC. The governing documents for such Sub-Association shall specify that the rights of its members are subject and subordinate to the provisions of the Governing Documents.

5.7 Professional Management. The Association may carry out through the Manager those of its functions which are properly subject to delegation. The Manager so engaged shall be an independent contractor and not an agent or employee of the Association, shall be responsible for managing Santorini Village for the benefit of the Association and the Owners, and shall, to the extent permitted by law and by the terms of the agreement with the Association, be authorized to perform any of the functions or acts required or permitted to be performed by the Association itself.

5.8 Implied Rights. The Association may exercise any right or privilege given to it expressly by the Governing Documents, or reasonably implied from or reasonably necessary to effectuate any such right or privilege. Except as otherwise specifically provided in the Governing Documents, or by law, all rights and powers of the Association may be exercised by the Board without a vote of the Members. In exercising the Association's rights and powers, making decisions on behalf of the Association, and conducting the Association's affairs, Board trustees shall be subject to, and their actions shall be judged in accordance with, the standards set forth in the Bylaws.

ARTICLE VI

MEMBERSHIPS AND VOTING

6.1 Owners of Lots and Parcels. Every Person who is the Owner of a Lot or Parcel that is subject to Assessment shall be a Member of the Association (provided, however, the Declarant shall remain a Member in the Association at all times as a Class B Member with voting rights, notwithstanding its temporary exemption status from required Assessment payments). Each such Owner shall have the following number of Memberships:

6.1.1 One Membership for each Lot owned by the Member;

6.1.2 In the case of the Owner of a Parcel designated for Single Family Residential Development, or Cluster Residential Development, one Membership for each Dwelling Unit permitted upon the Development, one Membership for each Dwelling Unit permitted upon the Parcel under the Land Use Plan then in effect for Santorini Village. If a Plat or other instrument creating Lots is recorded covering all or part of the area within the Parcel, the Parcel shall be reduced in size by the area so platted and the number of Memberships held by the Owner, as Owner of the Parcel, shall be reduced by a number equal to the number of Lots in the recorded Plat. All Memberships attributable to the Parcel shall cease when the land area ceases to be a Parcel because all of the area in the Parcel has been platted or otherwise dedicated to the public and no unplatted Single Family Residential Use, or Cluster Residential Use area remains within the Parcel;

6.1.3 No Memberships shall be allocated to Community Areas, Exempt Property (except as otherwise provided regarding Declarant), property utilized for a Church Use or other General Public Uses.

6.1.4 Each such Membership shall be appurtenant to and may not be separated from ownership of the Lot or Parcel to which the Membership is attributable. As provided in this Section 6.1, there shall be only one Membership for each Lot, for each Dwelling Unit which Memberships shall be shared by any joint Owners of, or Owners of undivided interests in, a Lot or Parcel.

6.2 Lessees. Lessees of Dwelling Units shall not be Members of the Association.

6.3 Declarant. The Declarant shall be a Member of the Association for so long as the Declarant holds a Class B Membership pursuant to Section 6.4 below.

6.4 Voting. The Association shall have two classes of voting Memberships:

6.4.1 Class A Memberships shall be all Memberships except the Class B Memberships held by the Declarant. Each Owner shall be entitled to one (1) vote for each Class A Membership held by the Owner, subject to the authority of the Board to suspend the voting rights of the Owner for violations of this Declaration in accordance with the provisions hereof. Notwithstanding the foregoing, no vote shall be cast or counted for any Class A Membership not subject to Assessment.

6.4.2 The Class B Memberships shall be held only by the Declarant. The Declarant shall initially be entitled to 206 votes. The Class B Memberships shall cease and shall be converted to Class A Memberships, on the basis of the number of Lots and Parcels owned by the Declarant, on the happening of the first of the following events:

6.4.2.1 When the total votes outstanding in the Class A Memberships equal or exceed 206; or

6.4.2.2 Twenty Five (25) years from the date this Declaration is Recorded; or

6.4.2.3 When, in its discretion, the Declarant so determines.

Further, Declarant shall have the right to waive its right to vote as a Class B Member as to one or more matters, while retaining its right to vote as a Class B Member as to other matters.

6.4.3 From and after the happening of such events, whichever occurs first, the Class B Member shall be deemed to be a Class A Member entitled to one (1) vote for each Lot and one (1) vote for each membership appurtenant to the Parcels which it owns as set forth in Section 6.1 hereof. At such time, the Declarant shall advise the Membership of the termination of Class B status.

6.4.4 The Declarant, as holder of the right to vote the Class B Memberships, may appoint a majority of the Trustees as provided in this Declaration.

6.4.5 Except as otherwise expressly provided in this Declaration or in any of the other Governing Documents, any issue put to a vote by ballot without a meeting or at a duly called meeting of Association Members at which a quorum is present shall be decided by a simple majority of all votes represented in person or by valid proxy at such meeting, regardless whether such votes are otherwise deemed to be Class A votes or Class B votes.

6.5 Exercise of Voting Rights. Except as otherwise specified in this Declaration or the Bylaws, the vote for each Lot owned by a Class A Member shall be exercised by such Class A Member personally casting his or her votes attributable to their respective Memberships. In any situation in which a Member is entitled personally to exercise the vote for his or her Lot and there is more than one Owner of a particular Lot, the vote for such Lot shall be exercised as such co-Owners determine among themselves and advise the Secretary of the Association in writing prior to any meeting. Absent such advice, the Lot's vote shall be suspended if more than one Person seeks to exercise it.

6.6 Neighborhoods. Every Lot and Parcel shall be located within a Neighborhood and may be subject, in addition to this Declaration, to a Neighborhood Declaration including any assessment provisions contained therein. In the discretion of the Owner(s) and developer(s) of each Neighborhood, the Lots and Parcels within a particular Neighborhood may be subject to additional covenants and/or the Owners of Lots may all be required to be members of a Sub-Association in addition to being Members' of the Association. Furthermore, such Lots and Parcels may be subject to the obligation to pay Neighborhood Assessments and Neighborhood Special Assessments as set forth in Article VII below.

6.7 Membership Rights. Each Member shall have the rights, duties and obligations set forth in this Declaration and such other rights, duties and obligations as are set forth in the Governing Documents, as the same may be amended from time to time.

6.8 Transfer of Membership. The rights and obligations of the Owner of a Class A Membership in the Association shall not be assigned, transferred, pledged, designated, conveyed or alienated in any way except upon transfer of ownership to an Owner's Lot or Parcel and then only to the transferee of ownership to the Lot or Parcel. A transfer of ownership to a Lot or Parcel may be effected by deed, intestate succession, testamentary disposition, foreclosure of a Mortgage or such other legal process as now in effect or as may hereafter be established under or pursuant to the laws of the State of Utah. Any attempt to make a prohibited transfer shall be void. Any transfer of ownership to a Lot or

Parcel shall operate to transfer the Membership(s) appurtenant to said Lot or Parcel to the new Owner thereof.

6.9 Voting Groups. Effective upon termination of the Class B Membership, Voting Groups shall be established to ensure groups with dissimilar interests are represented on the Board and to avoid some Neighborhoods being able to elect the entire Board due to the number of Lots in such Neighborhoods. Unless otherwise provided by the Declarant pursuant to one or more Recorded Neighborhood Declarations, the number of Voting Groups within Santorini Village shall be equal to three (3) Voting Groups, with each Voting Group corresponding to the three (3) distinct residential product types planned to be constructed within Santorini Village, including (i) detached Dwelling Units constructed within the Single Family Residential Development, (ii) detached Dwelling Units constructed as clustered housing units within the Cluster Residential Development, and (iii) attached Townhome Units. Declarant, acting alone, may amend the Voting Group designations from time to time prior to the termination of the Class B Membership. Until such time as Voting Groups are established, all of the Project shall constitute a single Voting Group.

6.10 “Single Family Residential Development and/or Single Family Residential Use” shall mean Lots intended for detached, Single Family occupancy in Dwelling Units, together with related areas intended for the use and enjoyment of the Owners and Residents of such Lots. As more fully set forth in the Design Guidelines, certain of the Single-Family Residential Development is intended specifically for “Single-Family” Lots and “Single-Family Cottage” Lots, with the differences between such Lots identified in Part II(C) of such Design Guidelines.

ARTICLE VII

COVENANT FOR ASSESSMENTS AND CREATION OF LIEN

7.1 Creation of Lien and Personal Obligation of Assessments and Maintenance/Default Charges. Except as otherwise provided in Section 7.10, the Declarant, for each Lot and Parcel hereafter established within Santorini Village, hereby covenants and agrees, and each Owner by acceptance of a Deed or other conveyance of a Lot or Parcel (whether or not it shall be so expressed in such Deed or conveyance) is deemed to covenant and agree, to pay to the Association the following assessments and charges: (1) Annual Assessments established by this Article VII, (2) as applicable, Neighborhood Assessments established by this Article VII, (3) Special Assessments for capital improvements or other extraordinary expenses or costs established by this Article VII, (4) as applicable, Neighborhood Special Assessments for capital improvements or other extraordinary expenses or costs relating to particular Neighborhood(s), established by this Article VII, (5) Reinvestment Fees established by this Article VII, and (6) Maintenance/Default Charges established by Sections 10.2 and 10.3. All such Assessments shall be established and collected as hereinafter provided. No diminution or abatement of Annual, Neighborhood, Special, and Neighborhood Special Assessments, Reinvestment Fees, Maintenance/Default Charges or set-off shall be claimed or allowed by reason of any alleged failure of the Association or Board to take some action or perform some function required to be taken or performed by the Association or Board under this Declaration or the Bylaws, or for inconvenience or discomfort arising from the making of repairs or improvements which are the responsibility of the Association, or from any action taken to comply with any law, ordinance, or with any order or directive of any Municipal Authority or other governmental authority, the obligation to pay Annual, Neighborhood, Special, and Neighborhood Special Assessments, Reinvestment Fees, or Maintenance/Default Charges being a separate and independent covenant on the part of each Owner. The Annual, Neighborhood, Special, and Neighborhood Special Assessments, Reinvestment Fees and Maintenance/Default Charges together with interest, costs and reasonable attorney’s fees, shall be a charge on the Lot or Parcel and shall be a continuing servitude and lien upon the Lot or Parcel against which each such Assessment is made. The Annual, Neighborhood, Special, and Neighborhood Special Assessments against each Lot or Parcel shall

be based on the number of Memberships appurtenant to the Lot or Parcel as described in Section 7.3 hereof. Each such Annual, Neighborhood, Special, and Neighborhood Special Assessment and Maintenance/Default Charge, together with interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the Person who was the Owner of the Lot or Parcel at the time when the Assessment fell due. The personal obligation for delinquent Assessments shall not pass to the successors in title of the Owner unless expressly assumed by them. However, the lien for any unpaid Assessments existing at the time of transfer shall continue, notwithstanding such transfer, until the Assessments have been paid in full.

7.2 Annual Assessments; Neighborhood Assessments. Annual and Neighborhood Assessments shall be computed and assessed against all Lots and Parcels as follows:

7.2.1 Community Expense; Neighborhood Expenses.

7.2.1.1 Annual Assessments shall be based upon advance estimates of the Association's cash requirements to provide for payment of all estimated expenses arising out of or in connection with the maintenance and operation of the Community Areas and operating the Association. Such estimated expenses may include, without limitation, the following: expenses of management; real property taxes and Special Assessments (unless and until the Lots and Parcels are separately assessed); premiums for all insurance that the Association is required or permitted to maintain hereunder; repairs and maintenance; wages of Association employees, including fees for a Manager; utility charges; legal and accounting fees; any deficit remaining from a previous period; creation of an adequate contingency reserve, major maintenance reserve and/or sinking fund; creation of an adequate reserve fund for maintenance, repairs, and replacement of those Community Areas that must be replaced on a periodic basis; and any other expenses and liabilities which may be incurred by the Association for the benefit of the Members under or by reason of this Declaration. Such shall constitute the Community Expense, and all funds received from assessments under this Section 7.2.1 shall be part of the Community Expense Fund. Two separate and distinct funds shall be created and maintained hereunder, one for operating expenses and one for capital expenses which together shall constitute the Community Expense Fund.

7.2.1.2 Neighborhood Assessments, which shall be paid by Owners with respect to Neighborhood Expenses allocable to the Owners' applicable Neighborhood(s), shall be based upon advance estimates of the Association's cash requirements to provide for payment of all applicable estimated Neighborhood Expenses. If no Neighborhood Expenses are allocable to an applicable Neighborhood(s), then no Neighborhood Assessments shall be made with respect to such Neighborhood. Such estimated Neighborhood Expenses may include, without limitation, the following: expenses of management; real property taxes and Neighborhood Special Assessments (unless and until the Lots and Parcels are separately assessed); premiums (and/or incremental premium costs properly allocable to one or more Neighborhood(s)) for all insurance that the Association is required or permitted to maintain hereunder; repairs and maintenance; wages of Association employees, including fees for a Manager; utility charges; legal and accounting fees; any deficit remaining from a previous period; creation of an adequate contingency reserve, major maintenance reserve and/or sinking fund; creation of an adequate reserve fund for maintenance, repairs, and replacement of those Neighborhood Areas that must be replaced on a periodic basis; and any other expenses and liabilities which may be incurred by the Association for the benefit of the Members of a specific Neighborhood under or by reason of this Declaration. Such shall constitute the Neighborhood Expenses, and all funds received from assessments under this Section 7.2.1.2 shall be part of the Neighborhood Expense Fund. Two separate and distinct funds

shall be created and maintained hereunder with respect to Neighborhood Expenses, one for operating expenses and one for capital expenses which together shall constitute the Neighborhood Expense Fund.

7.2.2 Apportionment. Community Expenses shall be apportioned among and assessed to all Members in accordance with Section 7.3 based on the number of Memberships appurtenant to the Lot or Parcel. Neighborhood Expenses shall be apportioned among and assessed to all Members of the applicable Neighborhood in accordance with Section 7.3 based on the number of Memberships appurtenant to the Lot or Parcel; provided, if so specified in an applicable Neighborhood Declaration or if so directed by an appropriate Neighborhood Committee, any portion of the assessment intended for exterior maintenance of structures, insurance on structures, or replacement reserves which pertain to particular structures shall be levied on each of the benefited Lots or Parcels in proportion to the benefit received.

7.2.3 Annual Budget for Annual Assessments. Annual Assessments shall be determined on the basis of a fiscal year beginning January 1 and ending December 31 next following, provided the first fiscal year shall begin as provided in Section 7.6 and on or before November 1 of each year thereafter, the Board shall prepare and make available to each Member, or cause to be prepared and to be made available to each Member, in addition to the budget described in Section 7.2.4 below, an operating budget for the Association for the upcoming fiscal year. The budget shall itemize the estimated Community Expenses for such fiscal year, anticipated receipts (if any) and any deficit or surplus from the prior operating period. The budget shall serve as the supporting document for the Annual Assessment for the upcoming fiscal year and as the major guideline under which Santorini Village shall be operated during such annual period.

7.2.4 Annual Budget for Neighborhood Assessments.

7.2.4.1 Neighborhood Assessments shall be determined on the basis of a fiscal year beginning January 1 and ending December 31 next following, provided the first fiscal year shall begin as provided in Section 7.6 and on or before November 1 of each year thereafter, the Board shall prepare and make available to each Member of an applicable Neighborhood, or cause to be prepared and to be made available to each such Member, in addition to the budget described in Section 7.2.3 above, an operating budget for the Association for the upcoming fiscal year relating to the applicable Neighborhood. The budget shall itemize the estimated Neighborhood Expenses for such fiscal year, anticipated receipts (if any) and any deficit or surplus from the prior operating period with respect to Neighborhood Assessments and Neighborhood Expenses. The budget shall serve as the supporting document for the Neighborhood Assessment for the upcoming fiscal year and as the major guideline under which the applicable Neighborhood shall be operated during such annual period. Each such budget shall include any costs for additional services or a higher level of services to be provided to such Neighborhoods and any contribution to be made to a reserve fund.

7.2.4.2 The Board may revise the budget for any Neighborhood and the amount of any Neighborhood Assessment from time to time during the year, subject to the notice requirements and the right of the affected Neighborhood Committee to disapprove the revised budget as set forth above. All amounts collected by the Association as Neighborhood Assessments shall be held in trust for and expended solely for the benefit of the Neighborhood for which they were collected and shall be accounted for separately from the Association's general funds.

7.2.5 Notice and Payment. Except with respect to the first fiscal year, the Board shall notify each Member in writing as to the amount of the Annual Assessment and Neighborhood Assessment (if any) against his or her Lot or Parcel on or before December 1 each year for the fiscal year beginning on January 1 next following. Except as otherwise provided by the Board, each Annual Assessment and Neighborhood Assessment (if any) shall be payable in twelve (12) equal monthly installments, one such installment due on the first day of each calendar month during the fiscal year to which the Assessment relates; provided, however, the Annual Assessment and Neighborhood Assessment (if any) for the first fiscal year shall be based upon such portion of the first fiscal year. The Members shall commence payment of the full monthly Assessments against their respective Lots or Parcels upon conveyance of the first Lot or Parcel in Santorini Village. All unpaid installments of any Annual Assessments and/or Neighborhood Assessment (as applicable) shall bear interest at the rate established by the Board, not to exceed eighteen percent (18%) per annum, from and after fifteen (15) days after the date each such installment became due until paid, and the Member shall be liable for late fees as determined by the Board, and all costs, including attorneys' fees incurred by the Association in collecting the same. In addition, in the event that any installment of the Annual Assessment or Neighborhood Assessment (if any) is not paid within fifteen (15) days of the date such installment becomes due, the Association may, at its option, and upon fifteen (15) days prior written notice to the Member, accelerate the due date for all remaining unpaid installments of the Annual Assessment or Neighborhood Assessment (if any) for the remainder of the fiscal year and all accrued but unpaid interest thereon. Payment of the Annual Assessment or Neighborhood Assessment (if any) installments so accelerated shall be due at the expiration of said fifteen (15) day notice period and interest shall accrue on the entire sum at the rate established by the Board not to exceed eighteen percent (18%) per annum from such date until paid in full. The failure of the Board to give timely notice of any Annual Assessment or Neighborhood Assessment (if any) as provided herein shall not be deemed a waiver or modification in any respect of the provisions of this Declaration, or a release of any Member from the obligation to pay such Assessment or any other Assessment; but the date when the payment shall become due in such case shall be deferred to a date fifteen (15) days after notice of such Assessment shall have been given to the Member in the manner provided in this Declaration.

7.2.6 Inadequate Funds. In the event that the Community Expense Fund or Neighborhood Expense Fund (as applicable) proves inadequate at any time for whatever reason, including nonpayment of any Member's Assessment, the Board may, on behalf of the Association, levy additional Special Assessments or Neighborhood Special Assessments (as applicable) in accordance with the procedure set forth in Section 7.4 below, except that the vote therein specified shall be unnecessary.

7.3 Uniform Rate of Assessment. The amount of any Annual, Neighborhood, Special or Neighborhood Special Assessment against each Lot or Parcel shall be fixed at a uniform rate per Membership, except that the following Owners shall pay only twenty-five percent (25%) of the Annual or applicable Neighborhood Assessment otherwise attributable to his or her Membership during the periods hereafter specified:

7.3.1 The Owner of a Lot shall pay only twenty-five percent (25%) of the Annual Assessment or Neighborhood Assessment (if any) attributable to his Membership until the earlier of (i) completion of the first Dwelling Unit on the Lot or (ii) twelve (12) months from commencing construction of the Dwelling Unit or the Lot.

7.3.2 The Owner of a Parcel which, under any Neighborhood Declaration or the Land Use Plan, has been classified for Single Family Residential Use, or Cluster Residential Use (and which remains a Parcel because it has not yet been subdivided) shall pay only twenty-five percent

(25%) of the Annual Assessment or Neighborhood Assessment (if any) otherwise attributable to each of his or her Memberships.

7.3.3 Anything in this Section 7.3 to the contrary notwithstanding, if, after an Assessment's record date but before the end of the fiscal year for which it is levied, an Assessable Property is added to Santorini Village or a Neighborhood by a Certificate of Amendment, or an Exempt Property becomes Assessable Property, then each Assessment which would have been levied against such Assessable Property for such fiscal year if it were not Exempt Property (as hereafter reduced) shall be due on the later of (a) the date on which such Assessment would have been due, if such part of Santorini Village had been Assessable Property on such record date, or (b) the date on which such Assessable Property becomes subject to Assessment levy. If an Assessable Property is added to Santorini Village or a Neighborhood as provided for above, the Association shall be deemed, automatically and without the need for further action, to have levied against it each Annual, Neighborhood, Special and/or Neighborhood Special Assessment for such fiscal year which the Association has levied against the other Assessable Properties. Each such Assessment levied against such Assessable Property shall be in an amount determined under this Section 7.3.5 as if it were eligible for such levy on such record date, but then reduced in proportion to the number of days (if any) in such fiscal year elapsed as of (and including) the date on which such Certificate of Amendment is Recorded, or such Exempt Property becomes an Assessable Property, as the case may be.

7.3.4 If the Owner of a Parcel or Lot ceases to qualify for the reduced twenty-five (25%) rate during the period to which an Annual Assessment or Neighborhood Assessment (if any) is attributable or the Parcel ceases to be a Parcel because it has been subdivided for Single Family Residential Use, the Assessment attributable to the Membership shall be prorated between the applicable rates on the basis of the number of days in the period that the Owner qualified for each rate. Annual Assessments or Neighborhood Assessments (if any) may be collected on a monthly, quarterly or annual basis and Special Assessments or Neighborhood Special Assessments (if any) may be collected as specified by the Board unless otherwise determined by the resolution of the Members of the Association approving the Special Assessment or Neighborhood Special Assessment (if any).

7.4 Special Assessments or Neighborhood Special Assessments for Capital Improvements and Extraordinary Expenses. In addition to the Annual Assessments and Neighborhood Assessments authorized above, the Association may levy, in any Assessment Period, a Special Assessment and/or Neighborhood Special Assessment applicable to that period only for the purpose of defraying in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Association Land or other Community Areas, including fixtures and personal property related thereto, or for the purpose of defraying other extraordinary expenses, provided that with respect to Special Assessments which will constitute an aggregate assessment upon the Owners of greater than twenty percent (20%) of the Association's total annual budget, any such Assessment shall have the assent of at least sixty-seven percent (67%) of the votes of each class of Members who are voting in person or by proxy at a meeting duly called for such purpose or by written approval of such Members, and in the case of a Neighborhood Special Assessment which will constitute an aggregate assessment upon the Members of the applicable Neighborhood(s) of greater than twenty percent (20%) of the Association's total annual budget allocated to such Neighborhood(s), such Assessment shall have the assent of at least sixty-seven percent (67%) of the votes of the Members of the applicable Neighborhood(s) who are voting in person or by proxy at a meeting duly called for such purpose or by written approval of such Members. (For the sake of clarity, Neighborhood Special Assessments apply only to capital improvement or for the purpose of defraying other extraordinary expenses, which relate to special Improvements owned or maintained by the Association and specifically and solely benefitting the Neighborhood and not Santorini Village as a whole (as reasonably determined by the Board from time to time).) The vote of the Class A Members shall be determined by the vote of the Class A Members who may personally cast their votes attributable

to their respective Memberships. In connection with any such Special Assessment or Neighborhood Special Assessment, Owners qualifying for paying only twenty-five percent (25%) of such Assessment attributable to their Memberships pursuant to Section 7.3 above shall also be required to pay only twenty-five percent (25%) of such Assessment otherwise attributable to each such Membership. The provisions of this Section 7.4 are not intended to preclude or limit the assessment, collection or use of Annual Assessments or Neighborhood Assessments for the aforesaid purposes.

7.5 Notice and Quorum for Any Action Authorized Under Section 7.4. Written notice of any meeting called for the purpose of taking any action authorized under Section 7.4 shall be sent to all Members entitled to vote on the particular action no less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called for the consideration of a Special Assessment or Neighborhood Special Assessment, a quorum shall be established pursuant to the Bylaws. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

7.6 Establishment of Assessment Period. The period for which the Annual Assessment and Neighborhood Assessments (if any) are to be levied (the "Assessment Period") shall be the calendar year, except that the first Assessment Period shall commence upon the recording of the earlier of the first Neighborhood Declaration (if any) or the first Plat, and terminate on December 31 of such year. The Board in its sole discretion from time to time may change the Assessment Period by Recording with the County Recorder of Salt Lake County, Utah, an instrument specifying the new Assessment Period.

7.7 Rules Regarding Billing and Collection Procedures. The Board shall have the right to adopt Santorini Village Rules setting forth procedures for the purpose of making the Assessments provided herein and for the billing and collection of the Annual, Neighborhood, Special and Neighborhood Special Assessments, Reinvestment Fees, and the Maintenance/Default Charges imposed pursuant to Sections 10.2 and 10.3, provided that said procedures are not inconsistent with the provisions hereof.

7.8 Evidence of Payment of Annual, Neighborhood, Special and Neighborhood Special Assessments, Reinvestment Fees and Maintenance/Default Charges. Upon receipt of a written request by a Member or any other Person, the Association within a reasonable period of time thereafter shall issue to such Member or other Person a written certificate stating (a) that all Annual, Neighborhood, Special and Neighborhood Special Assessments, Reinvestment Fees, and Maintenance/Default Charges (including interest, costs and attorneys' fees, if any, as provided in Section 7.2.4 above) have been paid with respect to any specified Lot or Parcel as of the date of such certificate, or (b) if all Annual, Neighborhood, Special and Neighborhood Special Assessments, Reinvestment Fees and Maintenance/Default Charges have not been paid, the amount of such Annual Assessments, Neighborhood Assessments, Special Assessments, Neighborhood Special Assessments, Reinvestment Fees, and Maintenance/Default Charges (including interest, costs and attorneys' fees, if any) due and payable as of such date. The Association may make a reasonable charge for the issuance of such certificates, which charges must be paid at the time the request for any such certificate is made. Any such certificate, when duly issued as herein provided, shall be conclusive and binding with respect to any matter therein stated as against any bona fide purchaser of, or Mortgagee on, the Lot or Parcel in question.

7.9 Reinvestment Fees. Subject to the terms and conditions of Section 7.9.2 below, the Board shall have the right to establish from time to time (but shall not be required to establish) a Reinvestment Fee assessment in accordance with this Section 7.9. If established by the Board, the following terms and conditions shall govern Reinvestment Fees.

7.9.1 Upon the occurrence of any sale, transfer or conveyance (as applicable, a "Transfer") of any Lot or Parcel (other than a Transfer of Exempt Property), but excluding the initial sale or Transfer to Declarant or to an affiliate (specifically including Candlelight Homes, LLC) or successor of Declarant, the party receiving title to the Lot or Parcel (the "Transferee") shall pay to the Association a Reinvestment Fee in an amount to be established by the Board from time to time, provided that in no event shall the Reinvestment Fee exceed the lesser of (a) 0.5% of the value of the applicable Lot or Parcel, or (b) the maximum rate permitted by applicable law.

7.9.2 Notwithstanding anything to the contrary contained in this Section 7.9, the Association shall not levy or collect a Reinvestment Fee for any of the Transfers described below:

7.9.2.1 Any Transfer to (a) the United States or any agency or instrumentality thereof, or (b) the State of Utah or any county, city, municipality, district or other political subdivision of the State of Utah.

7.9.2.2 Any Transfer to the Association or its successors.

7.9.2.3 Any Transfer, whether outright or in trust, that is for the benefit of the Transferor or the Transferor's relatives, but only if the consideration for the Transfer is no greater than 10 percent of the value of the Lot or Parcel or thereof transferred.

7.9.2.4 Any Transfer or change of interest by reason of death, whether provided for in a will, trust or decree of distribution, except for a sale of a site by the estate of an Owner.

7.9.2.5 Any Transfer made by a Person owning a Lot or Parcel or portion thereof to a legal entity or trust owned or controlled by Transferee.

7.9.2.6 Any Transfer made solely for the purpose of confirming, correcting, modifying or supplementing a Transfer previously recorded, and removing clouds on title.

7.9.2.7 Any lease of any Lot or Parcel or portion thereof for a period of less than thirty years.

7.9.2.8 Any Transfer to secure a debt or other obligation or to release property which is security for a debt or other obligation.

7.9.2.9 Any Transfer in connection with (a) the foreclosure of a deed of trust or mortgage, or (b) a deed given in lieu of foreclosure.

7.9.3 The Reinvestment Fee shall be due and payable by the Transferee to the Association at the time of the Transfer giving rise to the payment of such Reinvestment Fee.

7.10 Property Exempted from the Annual, Neighborhood, Special and Neighborhood Special Assessments, Reinvestment Fees and Assessment Lien. Exempt Property shall be exempt from the assessment of the Annual Assessments, the Neighborhood Assessments, the Special Assessments, the Neighborhood Special Assessments, and the Reinvestment Fees, but such property shall not be exempt from the Maintenance/Default Charges provided for in Sections 10.2 and 10.3; from attorneys' fees, costs and expenses as described in Section 12.2; or from the Assessment Lien to secure said Maintenance/Default Charges, attorneys' fees, costs and expenses; provided, however, that in the event any change of ownership of Exempt Property results in all or any part thereof becoming Assessable Property in any year, the same thereupon shall be subject to the assessment of the Annual, Neighborhood,

Special and Neighborhood Special Assessments (prorated as of the date it became Assessable Property), Reinvestment Fees, and the Assessment Lien.

ARTICLE VIII

ENFORCEMENT OF PAYMENT OF ANNUAL, NEIGHBORHOOD, SPECIAL AND NEIGHBORHOOD SPECIAL ASSESSMENTS, REINVESTMENT FEES, AND MAINTENANCE/DEFAULT CHARGES AND ENFORCEMENT OF ASSESSMENT LIEN

8.1 Association as Enforcing Body. The Association, as the agent and representative of the Members, shall have the exclusive right to enforce the provisions of this Declaration. However, if the Association shall fail or refuse to enforce this Declaration or any provision hereof for an unreasonable period of time after written request to do so, then any Member may enforce them at his or her own expense by any appropriate action, whether in law or in equity.

8.2 Association's Remedies to Enforce Payment of Annual, Neighborhood, Special and Neighborhood Special Assessments, Reinvestment Fees, and Maintenance/Default Charges. If any Member fails to pay the Annual, Neighborhood (if any), Special, and Neighborhood Special (if any) Assessments, Reinvestment Fees, or installments when due, or to pay Maintenance/Default Charges assessed pursuant to Sections 10.2 and 10.3, the Association may enforce the payment of such Assessments, Reinvestment Fees, Maintenance/Default Charges and/or Assessment Lien by taking one or more of the following actions, concurrently or separately (and by exercising either of the remedies hereinafter set forth, the Association does not prejudice or waive its right to exercise the other remedy):

8.2.1 Bring an action at law and recover judgment against the Member personally obligated to pay such Assessments, Reinvestment Fees or the Maintenance/Default Charges;

8.2.2 Foreclose the Assessment Lien against the Lot or Parcel in accordance with the then prevailing Utah law relating to the foreclosure of realty mortgages or deeds of trust (including the right to recover any deficiency). In order to facilitate the foreclosure of any such lien in the manner provided at law for the foreclosure of deeds of trust, Declarant hereby conveys and warrants pursuant to U.C.A. Sections 57-1-20 and 57-8a-402 to First American Title Insurance Company, IN TRUST and with power of sale, the Lots and Parcels, together with all Improvements thereon, for the purpose of securing payment of assessments under the terms of this Declaration. The Board may, at any time, designate one or more successor trustees, in the place of First American Title Insurance Company, in accordance with provisions of Utah law for the substitution of trustees under deeds of trust. Such trustee, and any successors, shall not have any other right, title or interest in Santorini Village beyond those rights and interests necessary and appropriate to foreclose any liens against Lots or Parcels arising pursuant hereto. In any such foreclosure, the Owner of the Lot or Parcel being foreclosed shall be required to pay the costs and expenses of such proceeding (including reasonable attorneys' fees), and such costs and expenses shall be secured by the lien being foreclosed. The Association shall have the power to bid at any foreclosure sale and to purchase, acquire, hold, lease, mortgage and convey any and all Lots or Parcels purchased at such sale.

8.2.3 Notwithstanding subordination of an Assessment Lien as described in Section 8.3, the delinquent Member shall remain personally liable for the Assessments and related costs after his membership is terminated by foreclosure or deed in lieu of foreclosure or otherwise.

8.3 Subordination of Assessment Lien to First Mortgage; Priority of Lien. The Assessment Lien provided for herein shall be subordinate to any First Mortgage that is recorded before a recorded notice of lien by or on behalf of the Association; and shall also be subject and subordinate to liens for taxes and other public charges which by applicable law are expressly made superior. Except as above

provided, the Assessment Lien shall be superior to any and all charges, liens or encumbrances which hereafter in any manner may arise or be imposed upon each Lot or Parcel. Sale or transfer of any Lot or Parcel shall not affect the Assessment Lien; provided, however, that if the sale or transfer is pursuant to foreclosure of a First Mortgage to which the Assessment Lien is subordinate, or pursuant to any sale or proceeding in lieu thereof, the purchaser at the mortgage foreclosure or deed of trust of sale, or any grantee taking by deed in lieu of foreclosure, shall take the Lot or Parcel free of the Assessment Lien for all Annual, Neighborhood, Special, and Neighborhood Special Assessments, Reinvestment Fees and Maintenance/Default Charges that have accrued up to the date of issuance of a sheriff's or trustee's deed or deed in lieu of foreclosure; provided, however, that such First Mortgage foreclosure sale purchaser or grantee shall take subject to all such Assessments, Reinvestment Fees, Maintenance/Default Charges and the Assessment Lien therefor accruing subsequent to the date of issuance of a sheriff's or trustee's deed or deed given in lieu of foreclosure.

8.4 Costs to Be Borne by Member in Connection with Enforcement of Payment of Assessments, Reinvestment Fees, and Maintenance/Default Charges. In any action taken pursuant to Section 8.2, the Member shall be personally liable for, and the Assessment Lien shall be deemed to secure the amount of, the Annual, Neighborhood, Special and Neighborhood Special Assessments, Reinvestment Fees, and Maintenance/Default Charges together with interest and the Association's collection costs and attorneys' fees, including those costs and fees specified in Section 7.2.4.

ARTICLE IX

USE OF FUNDS; BORROWING POWER; OTHER MASTER ASSOCIATION DUTIES

9.1 Purposes for Which Association's Funds May Be Used. The Association shall apply all funds and property collected and received by it (including the Annual and Special Assessments, fees, loan proceeds, surplus funds and all funds and property received by it from any other source) for the common good and benefit of Santorini Village and the Members and Residents by devoting said funds and property, among other things, to the acquisition, construction, alteration, maintenance, provision and operation, by any manner or method whatsoever, of any kind and all land, properties, Improvements, facilities, services, projects, programs, studies and systems, within Santorini Village, which may be necessary, desirable or beneficial to the general common interests of Santorini Village, the Members and the Residents. The following are some, but not all, of the areas in which the Association may seek to aid, promote and provide for such common benefit: social interaction among Members and Residents; maintenance of landscaping on Community Areas and public right-of-way and drainage areas within Santorini Village; recreation; insurance; communications; health; utilities; public services; safety and indemnification of officers and trustees of the Association. The Association also may expend its funds as otherwise permitted under the laws of the State of Utah. Notwithstanding the foregoing, all funds and property collected and received by the Association to cover Neighborhood Expenses (including through Neighborhood and Neighborhood Special Assessments) shall be applied only for the common good and benefit of the Members and Residents of the applicable Neighborhood from which such amounts were collected.

9.2 Borrowing Power. The Association may borrow money in such amounts, at such rates, upon such terms and security, and for such periods of time as is necessary or appropriate as determined by the Board without a vote of the Members.

9.3 Association's Rights in Spending Funds From Year to Year. The Association shall not be obligated to spend in any year all the sums received by it in such year (whether by way of Assessments, fees or otherwise), and may carry forward as surplus any balances remaining. The Association shall not be obligated to reduce the amount of Annual Assessment or Neighborhood Assessment in the succeeding year if a surplus exists from a prior year and the Association may carry

forward from year to year such surplus as the Board in its discretion may determine to be desirable for the greater financial security of the Association and the accomplishment of its purposes.

ARTICLE X

MAINTENANCE

10.1 Community Areas, Common Elements and Public Right-of-Way. Except as otherwise set forth herein, the Association, or its duly delegated representative, shall maintain and otherwise manage all Community Areas and Common Elements in good condition and repair, including, but not limited to, the landscaping, walkways, riding paths, parking areas, shared driveways (for single-family, Cluster Residential Use Lots), drives, recreational facilities and the roofs, interiors and exteriors of the buildings and structures located upon said properties, if any; provided, however, the Association shall not be responsible for providing or maintaining the landscaping or structures on any Community Areas which are part of Lots or Parcels unless (i) such landscaping or structures are available for use by all Owners and Residents or are within easements intended for the general benefit of Santorini Village, and (ii) the Association assumes in writing the responsibility as set forth in a recorded instrument as hereinafter provided. The Association shall also maintain in good condition and repair any landscaping and other Improvements not on Lots and Parcels which are within the exterior boundaries of Santorini Village, which are within areas shown on a Plat or other plat of dedication for Santorini Village or covered by any Neighborhood Declaration and which are intended for the general benefit of the Owners and Residents of Santorini Village, except the Association shall not maintain areas (i) which are owned by a Municipal Authority, (ii) which a Sub-Association is required under any Neighborhood Declaration to maintain or (iii) which are to be maintained by the Owners of a Lot or Parcel pursuant to Section 4.2.4 of this Declaration. Specific areas to be maintained by the Association may be identified on Plats recorded or approved by the Declarant, in any Neighborhood Declarations and in Deeds from the Declarant to a transferee of a Lot or Parcel, but the failure to so identify such areas shall not affect the Association's rights or responsibilities with respect to such Community Areas or Common Elements and other areas intended for the general benefit of Santorini Village. Notwithstanding anything to the contrary herein, the Board shall have discretion to enter into an agreement with a Municipal Authority to permit the Association to upgrade and/or maintain landscaping on property owned by a Municipal Authority, if such property is within Santorini Village, if the Board determines such agreement benefits the Association.

The Board shall use a reasonably high standard of care in providing for the repair, management and maintenance of said property so that the Santorini Village development will reflect a high grade of ownership. In this connection the Association may, subject to any applicable provisions on Special Assessments or Neighborhood Special Assessments for capital Improvements, in the discretion of the Board:

10.1.1 Reconstruct, repair, replace or refinish any Improvement or portion thereof upon Association Land;

10.1.2 Construct, reconstruct, repair, replace or refinish any road Improvement or surface upon any portion of the Community Areas used as a road, street, walk, driveway or parking area, except that no permanent Improvements shall be made by the Association on any Community Area that is not Association Land and the Association shall provide only maintenance on Community Areas which are not Association Land;

10.1.3 Replace injured and diseased trees and other vegetation in any Community Area, and plant trees, shrubs and ground cover to the extent that the Board deems necessary for the conservation of water and soil and for aesthetic purposes;

10.1.4 Place and maintain upon any Community Area such signs as the Board may deem appropriate for the proper identification, use and regulation thereof; and

10.1.5 Do all such other and further acts which the Board deems necessary to preserve and protect the Community Areas and the beauty thereof, in accordance with the general purposes specified in this Declaration.

10.1.6 In the event any Plat, any Neighborhood Declaration, Deed restriction or this Declaration permits the Board to determine whether or not Owners of certain Lots or Parcels will be responsible for maintenance of certain Community Areas or public right-of-way areas, the Board shall have the sole discretion to determine whether or not it would be in the best interest of the Owners and Residents of Santorini Village for the Association or for an individual Owner, a particular Neighborhood, and/or a Sub-Association to be responsible for such maintenance, considering cost, uniformity of appearance, location and other factors deemed relevant by the Board. The Board may cause the Association to contract with others for the performance of the maintenance and other obligations of the Association under this Article X and, in order to promote uniformity and harmony of appearance, the Board may also cause the Association to contract to provide maintenance services to Owners of Lots and Parcels having such responsibilities in exchange for the payment of such fees as the Association and Owner may agree upon.

10.2 Assessment of Certain Costs of Maintenance and Repair of Community Areas and Public Areas. In the event that the need for maintenance or repair of Community Areas, Common Elements, structures and other property maintained by the Association is caused through the willful or negligent act of any Owner or Resident of a Lot or Parcel, or any family, guests, invitees or tenants of such Persons, or by a violation of any covenant or condition of this Declaration by any such person, the cost of such maintenance or repairs shall be added to and become a part of the Assessment to which such Owner and the Owner's Lot or Parcel is subject and shall be secured by the Assessment Lien. Any charges or fees to be paid by the Owner of a Lot or Parcel pursuant to Section 10.1 in connection with a contract entered into by the Association with Owner for the performance of an Owner's maintenance responsibilities shall also become a part of such Assessment and shall be secured by the Assessment Lien. Without limiting the foregoing, the Board shall have the right to establish from time to time, in its commercially reasonable judgment, a schedule of non-compliance fees that it may assess upon an Owner for violations of this Declaration or the other Governing Documents by such Owner. Such fees, if assessed, shall be added to and become a part of the Assessment to which such Owner and the Owner's Lot or Parcel is subject and shall be secured by the Assessment Lien, and for all purposes herein shall be treated as a Maintenance/Default Charge. Declarant shall be exempt from any such non-compliance fees.

10.3 Maintenance and Use of Lots and Parcels. Each Dwelling Unit, Improvement, Lot and Parcel shall be properly maintained by the Owner so as not to detract from the appearance of Santorini Village and so as not to affect adversely the value or use of any other Dwelling Unit, Improvement, Lot or Parcel. In the event any portion of any Lot or Parcel is so maintained as to present a public or private nuisance, or as to substantially detract from the appearance or quality of the surrounding Lots and Parcels or other areas of Santorini Village which are substantially affected thereby or related thereto, or in the event any portion of a Lot or Parcel is being used in a manner which violates this Declaration or any Neighborhood Declaration applicable thereto, or in the event the Owner of any Lot or Parcel is failing to perform any of its obligations under the Governing Documents and standards of the DRC, the Association shall have the power and authority without liability to any Owner for trespass, damage, or otherwise, to enter upon any Unit for the purpose of maintaining and repairing such Unit or any improvement thereon. Except as necessary to prevent personal injury or property damage in an emergency, the Association shall first provide reasonable notice and an opportunity to cure before exercising the power granted herein. The cost of any action taken by the Association shall

be added to and become a part of the Assessment to which the offending Owner and the Owner's Lot or Parcel is subject and shall be secured by the Assessment Lien.

ARTICLE XI

DESIGN REVIEW COMMITTEE

11.1 Creation and Purpose of Santorini Village Design Review Committee.

11.1.1 The Design Review Committee has been established and shall be responsible for the administration of the Design Guidelines and to carry out all other responsibilities assigned to the DRC under the Governing Documents and in order to carry out the purposes and intent of this Declaration. In performing its responsibilities, the DRC shall review, study and either approve, reject or request resubmittal of proposed developments and Improvements to a Lot or Parcel, all in compliance with this Declaration and as further set forth in the rules and regulations of the DRC and the Design Guidelines.

11.1.2 The DRC shall consist of three (3) persons, the majority of which shall constitute a quorum, and the concurrence of the majority shall be necessary to carry out the provisions applicable to the DRC. In the event of death or resignation of any of the DRC members, the Board shall have full authority to appoint another person to fill the said vacancy. The initial DRC will consist of three (3) persons to be appointed by Declarant in its sole discretion for so long as it remains a Class B Member of the Association. After Declarant is no longer a Class B Member of the Association, the initial DRC shall be released from responsibility and a new DRC shall be selected which shall consist of three (3) members, each of whom shall be appointed by the Board. The term for which each DRC member shall serve shall be four (4) years, plus any time required to duly select a successor DRC member, unless such member shall have died or resigned prior to such time. Except for the DRC members appointed by Declarant, all members of the DRC must be Owners at the time of their appointment. Should any DRC member move his or her residence outside of Santorini Village, such member shall automatically be deemed to have resigned and the DRC shall declare a vacancy and a new DRC member shall be elected in accordance with the provisions above.

11.1.3 The DRC shall exercise its best judgment to see that all Improvements conform and harmonize with any existing structures as to external design, quality and type of construction, materials, color, location on the Lot or Parcel, height, grade and finished ground elevation, and all aesthetic considerations set forth in this Declaration or in the Design Guidelines.

11.1.4 No Improvement on a Lot or Parcel, whether temporary or permanent, shall be erected, placed or altered on any Lot or Parcel nor shall any construction be commenced until plans for such Improvement shall have been approved by the DRC; provided, however, that Improvements and alterations which are completely within a building may be undertaken without such approval.

11.2 Design Guidelines and Rules. The Design Guidelines shall define and describe the design standards for Santorini Village and the various uses within Santorini Village. To the extent permitted by the Design Guidelines, the DRC, in its sole discretion, may excuse compliance with such requirements as are not necessary or appropriate in specific situations and may permit compliance with different or alternative requirements. Compliance with the Santorini Village design review process is not a substitute for compliance with applicable Municipal Authority building, zoning and subdivision regulations and requirements, and each Owner is responsible for obtaining all approvals, licenses, and permits as may be required prior to obtaining final approval of any Improvements from the DRC and prior to commencing construction. In the event that a proposed plan for Improvements is not specifically

addressed in the Design Guidelines, said proposed Improvements shall be reviewed by the DRC for purposes of the proposed Improvements' aesthetic conditions and fit within the Project, as solely determined by the DRC.

11.3 Limitation of Liability. The DRC shall use reasonable judgment in approving or disapproving all plans and specifications submitted to it. Neither the DRC, nor any individual DRC member, shall be liable to any person for any official act of the DRC in connection with submitted plans and specifications, except to the extent the DRC or any individual DRC member acted with gross negligence or was guilty of willful misconduct. Approval by the DRC does not necessarily assure approval by the appropriate Municipal Authority. Notwithstanding that the DRC has approved plans and specifications, neither the DRC nor any of its members shall, be responsible or liable to any Owner, developer, or contract holder with respect to any loss, liability, claim, or expense which may arise by reason of such approval of the construction of any Improvements. Neither the Board, the DRC, or any agent thereof, nor Declarant or any of its shareholders, employees, agents, or consultants shall be responsible in any way for any defects in any plans or specifications submitted, revised or approved in accordance with the provisions of the Santorini Village documents, nor for any structural or other defects in any work done according to such plans and specifications. In all events the DRC shall be defended and indemnified by the Association in any such suit or proceeding which may arise by reason of the DRC's decision.

11.4 Review Fee. Each Owner shall be required to pay a Design Review Fee to the DRC (as may from time to time be adopted by the DRC) before any new construction, alteration, remodeling or other construction plans shall be reviewed or approved by the DRC. The Design Review Fee will be used by the DRC to pay the costs of architects and other professionals retained by the DRC to review home plans. Owners are encouraged to submit renderings, preliminary schematic drawings to the DRC as soon as possible in order to avoid unnecessary revisions and delays in constructions.

ARTICLE XII

RIGHTS AND POWERS OF ASSOCIATION

12.1 Association's Rights and Powers as Set Forth in Articles and Bylaws. In addition to the rights and powers of the Association set forth in this Declaration, the Association shall have such rights and powers as are set forth in its Articles and Bylaws. Such rights and powers, subject to the approval thereof by any agencies or institutions deemed necessary by Declarant, may encompass any and all things which a natural person could do or which now or hereafter may be authorized by law, provided such Articles and Bylaws are not inconsistent with the provisions of this Declaration and are necessary, desirable or convenient for effectuating the purposes set forth in this Declaration. After incorporation of the Association, a copy of the Articles and Bylaws of the Association shall be available for inspection at the office of the Association during reasonable business hours.

12.2 Association's Rights of Enforcement of Provisions of This and Other Instruments. The Association, as the agent and representative of the Owners and Members shall have the right to enforce, by any proceeding at law or in equity, the Covenants set forth in this Declaration and/or any and all covenants, restrictions, reservations, charges, servitudes, assessments, conditions, liens or easements provided for in any contract, deed, declaration or other instrument which (a) shall have been executed pursuant to, or subject to, the provisions of this Declaration, or (b) otherwise shall indicate that the provisions of such instrument were intended to be enforced by the Association or by Declarant. In the event suit is brought or arbitration is instituted or an attorney is retained by the Association to enforce the terms of this Declaration or other document as described in this Section 12.2 and the Association prevails, the Association shall be entitled to recover, in addition to any other remedy, reimbursement for attorneys' fees, court costs, costs of investigation and other related expenses incurred in connection therewith, including but not limited to the Association's administrative costs and fees. Said attorneys' fees, costs

and expenses shall be the personal liability of the breaching Owner and shall also be secured by the Assessment Lien against said Owner's Lot or Parcel. If the Association should fail to act within a reasonable time, any Owner shall have the right to enforce the Covenants set forth in this Declaration.

12.3 Contracts with Others for Performance of Association's Duties. Subject to the restrictions and limitations contained herein, the Association may enter into contracts and transactions with others, including the Declarant and its affiliated companies, and such contracts or transactions shall not be invalidated or in any way affected by the fact that one or more Board members or officers of the Association or members of any committee are employed by or otherwise connected with Declarant or its affiliates; provided that the fact of such interest shall be disclosed or known to the other Board members acting upon such contract or transaction; and provided further that the transaction or contract is fair and reasonable. Any such Board member, officer or committee member may be counted in determining the existence of a quorum at any meeting of the Board or committee of which he or she is a member which shall authorize any contract or transaction described above or grant or deny any approval sought by the Declarant, its affiliated companies or any competitor thereof and may vote thereat to authorize any such contract, transaction or approval with like force and effect as if he or she were not so interested.

12.4 Change of Use of Association Land and Procedure Therefor. Upon (a) adoption of a resolution by the Board stating that in the Board's opinion the then present use of a designated part of the Association Land or of the Association's interest in other Community Areas is no longer in the best interests of the Owners and Residents and (b) the approval of such resolution by a majority of the votes of each class of Members who are voting in person or by proxy at a meeting duly called for such purpose, the Board shall have the power and right to change the use thereof (and in connection therewith, construct, reconstruct, alter or change the buildings, structures and Improvements thereon in any manner deemed necessary by the Board to accommodate the new use), provided such new use (i) shall be for the benefit of the Owners and Residents, and (ii) shall be consistent with any Deed restrictions (or zoning regulations) restricting or limiting the use of the Association Land or Community Areas. Any construction, reconstruction, alteration or change of the buildings, structures and Improvements on Association Land shall require the approval of the DRC.

ARTICLE XIII

INSURANCE

13.1 Insurance. The Association shall at all times obtain, from reputable insurance companies authorized to do business in the State of Utah, and maintain in effect, the following policies of insurance:

13.1.1 Fire and casualty insurance, including those risks embraced by coverage of the type now known as the broad form "All Risk" or special extended coverage endorsement on a blanket agreement amount basis for the full insurable replacement value of all Improvements, equipment, fixtures and other property located within the Community Areas owned by the Association, including such equipment, fixtures and other property not located in the Community Areas, if the same are used or necessary for the use of the Community Areas under the control of the Association.

13.1.2 With respect to the Townhome Units, if any, fire and casualty insurance, including those risks embraced by coverage of the type now known as the broad form "All Risk" or special extended coverage endorsement on a blanket agreement amount basis for the full insurable replacement value of all Townhome Units.

13.1.3 Comprehensive public liability insurance insuring the Association, the Board, officers, and the individual Owners and Eligible Mortgagees and agents and employees of each of the foregoing against any liability incident to the ownership and/or use of the Community Areas,

public ways in Santorini Village, and all other areas of Santorini Village that are owned by the Association or are under the Association's supervision. The limits of liability of such coverage shall be as determined by the Board.

13.1.4 Full coverage directors and officers liability insurance in an amount determined by the Board.

13.1.5 If any part of the Community Areas or Townhome Units is or comes to be situated in a Special Flood Hazard Area as designated on a Flood Insurance Rate Map, a "master" or "blanket" policy of flood insurance shall be maintained, if reasonably available, covering the Improvements located on the Community Areas as well as the Townhome Units (if any), and any machinery and equipment related thereto (hereinafter "Insurable Property") in an amount deemed appropriate, but not less than the lesser of the maximum limit of coverage available under the National Flood Insurance Administration Program for all Insurable Property within any portion of the Community Areas (and Townhome Units) located within a designated flood hazard area, or one hundred percent (100%) of the insurable value of all such facilities.

13.1.6 Such other insurance, including workmen's compensation insurance to the extent necessary to comply with all applicable laws and indemnity, faithful performance, fidelity and other bonds as the Board shall deem necessary or required to carry out the Association's functions or to insure the Association against any loss from malfeasance or dishonesty of any person charged with the management or possession of any Association funds or other property.

13.1.7 The Association shall be deemed a trustee of the interests of all Owners in any insurance proceeds paid to it under such policies, and shall have full power to receive their interests in such proceeds and to deal therewith.

13.1.8 Insurance premiums and deductibles for the above insurance coverage shall be deemed a Community Expense to be included in the Assessments levied by the Association.

13.1.9 Notwithstanding any other provision herein to the contrary, the Association shall continuously maintain in effect such casualty, liability and other insurance and a fidelity bond meeting the insurance and fidelity bond requirements for residential projects established by FNMA, FHLMC, or the VA, so long as any of which is a Mortgagee or Owner of a Lot within Santorini Village, except to the extent such coverage is not available or has been waived in writing by FNMA, FHLMC, or the VA, as applicable.

13.2 Annual Review of Policies and Coverage. All insurance policies shall be reviewed at least annually by the Board in order to ascertain whether the coverage contained in the policies is sufficient to make any necessary repairs or replacement of the Community Areas and Improvements thereon which may have been damaged or destroyed. In the event that the Board desires in its discretion (and not as a result of a legal requirement) by to obtain additional insurance coverages not contemplated by this Declaration which will materially increase the insurance premium cost incurred by the Association or within any particular Neighborhood, the Board shall first obtain the approval of at least sixty-seven percent (67%) of the Owners entitled to vote (or if such insurance shall be obtained for a particular Neighborhood, then by sixty seven percent (67%) of the Owners entitled to vote within such Neighborhood).

ARTICLE XIV

DAMAGE OR DESTRUCTION

In the case of damage by fire or other casualty to property owned by the Association or the Townhome Units, insurance proceeds to compensate for damage and destruction shall be paid to the Association, and the Board shall thereafter determine what repair or reconstruction shall be undertaken, if any. Each and every Owner hereby irrevocably constitutes and appoints the Association as such Owner's true and lawful attorney-in-fact in such Owner's name, place, and stead for the purpose of dealing with the Improvements on the Community Areas upon damage or destruction as provided in this Article or a taking as provided in Article XV below. Acceptance by any grantee of a Deed or other instrument of conveyance from the Declarant or from any Owner shall constitute appointment of the attorney-in-fact as herein provided. As attorney-in-fact, the Association shall have full and complete authorization, right, and power to make, execute, and deliver any contract, assignment, Deed, waiver, or other instrument with respect to the interest of any Owner which may be necessary or appropriate to exercise the powers granted to the Association as attorney-in-fact. All proceeds from the insurance required hereunder shall be payable to the Association except as otherwise provided in this Declaration.

ARTICLE XV

CONDEMNATION

If at any time any part of a Community Area or other property (including Improvements thereon) owned by the Association or any Sub-Association be taken or condemned by any public entity or sold or otherwise disposed of in lieu thereof, all compensation, damages or other proceeds shall be paid to the Association or the Sub-Association, whichever entity owns said property. The recipient of said payment shall then use all or a portion of the funds to pay obligations secured by any lien on the property taken and thereafter may determine to use the funds to (i) improve other properties of the Association or Sub-Association, as applicable; (ii) acquire and/or improve additional properties for the Association or Sub-Association, as applicable; or (iii) use such proceeds to reduce future assessments.

ARTICLE XVI

ADDITIONAL LAND

16.1 Right to Expand and State of Title to New Lots and Parcels. There is hereby granted unto Declarant, and Declarant hereby reserves, the absolute right and option to expand Santorini Village at any time (within the limits herein prescribed) and from time to time by adding to Santorini Village the Additional Land or a portion or portions thereof. Notwithstanding any provision of this Declaration which might be construed to the contrary, such right and option may be exercised without obtaining the vote or consent of any other person (including any Owner or Mortgagee) and shall be limited only as specifically provided in this Declaration. Any given portion of the Additional Land shall be deemed added to Santorini Village at such time as a Certificate of Amendment containing the information required by Section 16.3 below has been recorded with respect to the portion of the Additional Land concerned. After the date such Certificate of Amendment is Recorded, title to each Lot and Parcel thereby created within the portion of the Additional Land concerned and its appurtenant right and easement of use and enjoyment in and to the Community Areas shall be vested in and held by Declarant, and none of the other Owners or the Association shall have any claim or title to or interest in such Lot and Parcel or its appurtenant right and easement of use and enjoyment to the Community Areas.

16.2 Rights and Statements Respecting Additional Land. Declarant hereby furnishes the following information and statements respecting the Additional Land and Declarant's right and option

concerning expansion of Santorini Village by the addition thereto of the Additional Land or a portion or portions thereof:

16.2.1 All of the Additional Land need not be added to Santorini Village if any of such Additional Land is added. Rather, a portion or portions of the Additional Land may be added to Santorini Village at any time (within the limits herein prescribed) and from time to time.

16.2.2 There are no limitations or requirements relative to the size, location, or configuration of any given portion of the Additional Land which can be added to Santorini Village or relative to the order in which particular portions of the Additional Land can be added to Santorini Village.

16.3 Procedure for Expansion. Each Certificate of Amendment by which an addition to Santorini Village of any portion of the Additional Land is accomplished shall be executed by Declarant, shall be in recordable form, must be Recorded in the office of the County Recorder of Salt Lake County, Utah, on or before the date which is twenty-five (25) years from the date that this Declaration is recorded, and shall contain the following information for that portion of the Additional Land which is being added:

16.3.1 Data sufficient to identify this Declaration with respect to that portion of the Additional Land being added.

16.3.2 The legal description of the portion of the Additional Land being added.

16.3.3 A statement that such portion of the Additional Land shall thereafter be held, transferred, sold, conveyed, and occupied subject to the covenants, restrictions, easements, charges, and liens set forth in this Declaration.

16.3.4 Such other matters as may be necessary, desirable, or appropriate and as are not inconsistent with any limitation imposed by this Declaration.

Upon the date any supplement contemplated above is Recorded, it shall automatically supplement this Declaration and any supplements previously recorded. At any point in time, this Declaration for Santorini Village shall consist of this Declaration, as amended and expanded by all supplements theretofore recorded pursuant to the terms hereof.

16.4 Allocation of Assessments and Voting Rights Following Expansion. Each Lot or Parcel created shall be apportioned a share of the Community Expenses attributable to Santorini Village, as provided in Article VII. Each Owner of a Lot or Parcel shall be entitled to votes in the Association as provided for in Section 6.4. Assessments and voting rights shall commence as of the date the Declarant executes a Certificate of Amendment.

16.5 No Obligation to Expand. Except to the extent specifically indicated herein, this Declaration is not intended, and shall not be construed so as, to impose upon Declarant any obligation respecting, or to restrict Declarant in any way with regard to: (i) the addition to Santorini Village of any or all of the Additional Land; (ii) the creation or construction of any Lot or other Improvement; (iii) the carrying out in any particular way or within any particular time of any development or addition which may be undertaken; or (iv) the taking of any particular action with respect to any portion of the Additional Land. Except to the extent specifically indicated herein, no covenant, restriction, limitation, representation, or commitment in this Declaration concerning anything that is or is not to occur, apply, or be done on or relative to the Additional Land or any portion thereof shall be binding as to such of the Additional Land as is never added to Santorini Village.

16.6 Withdrawal of Property. At any time on or before the date which is twenty-five (25) years from the date that this Declaration is recorded, the Declarant shall have the right to Withdraw property from Santorini Village without the consent of any other Owner or Person (other than the Owner of such property, if other than the Declarant), except as otherwise expressly provided in any Neighborhood Declaration with respect to such property. The withdrawal of all or any portion of Santorini Village shall be effected by the Declarant Recording a written instrument setting forth the legal description of the property being withdrawn. Upon the withdrawal of any property from Santorini Village pursuant to this Section, such property shall no longer be subject to any of the covenants, conditions and restrictions set forth in this Declaration.

ARTICLE XVII

MORTGAGEE REQUIREMENTS

17.1 Notice of Action. Upon written request made to the Association by a Mortgagee, or an insurer or governmental guarantor of a Mortgage, which written request shall identify the name and address of such Mortgagee, insurer or governmental guarantor and the Parcel, Lot number or address of the Dwelling Unit, any such Mortgagee, insurer or governmental guarantor shall be entitled to timely written notice of:

17.1.1 Any condemnation loss or any casualty loss which affects a material portion of Santorini Village or any Lot or Parcel on which there is a Mortgage held, insured or guaranteed by such Mortgagee, insurer or governmental guarantor;

17.1.2 Any delinquency in the payment of Assessments or charges owed by an Owner, whose Lot or Parcel is subject to a Mortgage held, insured or guaranteed by such Mortgagee, insurer or governmental guarantor, which default remains uncured for a period of sixty (60) days;

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

17.1.4 Any proposed action which would require the consent of a specified percentage of Eligible Mortgagees as specified in Section 17.2 below or elsewhere herein.

17.2 Matters Requiring Prior Eligible Mortgagee Approval. Except as provided elsewhere in this Declaration, the prior written consent of Owners entitled to vote at least sixty-seven percent (67%) of the votes of each class of Members in the Association (unless pursuant to a specific provision of this Declaration the consent of Owners entitled to vote a greater percentage of the votes in the Association is required, in which case such specific provisions shall control), and Eligible Mortgagees holding Mortgages on Lots or Parcels having at least fifty-one percent (51%) of the votes of the Lots or Parcels subject to Mortgages held by Eligible Mortgagees shall be required to:

17.2.1 Abandon or terminate the legal status of Santorini Village after substantial destruction or condemnation occurs. Termination of the legal status of Santorini Village for any other reason shall require the affirmative vote or authorization of Eligible Mortgagees holding at least sixty-seven percent (67%) of the Mortgages on Lots or Parcels.

17.2.2 Amend any material provision of this Declaration, Articles, Bylaws or Plat. "Material Provisions" shall mean any provision substantially altering the following (an amendment to such documents shall not be considered material if it is for the purpose of correcting technical errors or for clarification only):

17.2.2.1 Reductions in reserve requirements for maintenance, repair, and replacement of Community Areas;

17.2.2.2 Reallocation of interests in the Community Areas, or rights to their use;

17.2.2.3 Redefinition of any Lot or Parcel boundaries encumbered by a Mortgage held by an Eligible Mortgage (except as otherwise permitted by this Declaration);

17.2.2.4 A decision by the Association to establish self-management if professional management had been required previously by this Declaration.

17.2.2.5 Restoration or repair of Santorini Village (after damage or partial condemnation) in a manner other than that specified in this Declaration; or

17.2.2.6 Any provisions that expressly benefit Mortgagees, insurers, or guarantors.

17.2.2.7 Any Mortgagee, insurer, or governmental guarantor who receives a written request from the Association to approve additions or amendments to the Governing Documents and who fails to deliver or post to the Association a negative response within thirty (30) days shall be deemed to have approved such request, provided the written request was delivered by certified or registered mail, with a "return receipt" requested.

17.3 Availability of Santorini Village Documents and Financial Statements. The Association shall maintain and have current copies of the Governing Documents and other rules concerning Santorini Village as well as its own books, records, and financial statements available for inspection by Owners or by holders, insurers, and guarantors of Mortgages that are secured by Lots or Parcels. Generally, these documents shall be available during normal business hours.

17.4 Subordination of Lien. The lien or claim against a Lot or Parcel for unpaid Assessments or charges levied by the Association pursuant to this Declaration shall be subordinate to the First Mortgage affecting such Lot or Parcel, and the First Mortgagee thereunder which comes into possession of or which obtains title to the Lot or Parcel shall take the same free of such lien or claim for unpaid Assessment or charges, but only to the extent of Assessments or charges which accrue prior to foreclosure of the First Mortgage, exercise of a power of sale available thereunder, or taking of a Deed or assignment in lieu of foreclosure. No assessment, charge, lien, or claim which is described in the preceding sentence as being subordinate to a First Mortgage or as not to burden a First Mortgagee which comes into possession or which obtains title shall be collected or enforced by the Association from or against a First Mortgagee, a successor in title to a First Mortgagee, or the Lot or Parcel affected or previously affected by the First Mortgage concerned.

17.5 Payment of Taxes. In the event any taxes or other charges which may or have become a lien on the Community Areas are not timely paid, or in the event the required hazard insurance described in Section 13.1 lapses, is not maintained, or the premiums therefor are not paid when due, any First Mortgagee or any combination of First Mortgagees may jointly or singly, pay such taxes or premiums or secure such insurance. Any First Mortgagee which expends funds for any of such purposes shall be entitled to immediate reimbursement therefor from the Association.

17.6 Deemed Consent. For all purposes herein, consent or approval required from an Eligible Mortgagee shall be deemed to be given if (a) written notice of the proposed action is sent by certified or registered mail to the Eligible Holder's address listed for receiving notice in the recorded trust deed or other recorded document evidencing the Mortgage, (b) 60 days have passed after the day on which notice

was mailed, and (c) the person designated for receipt of the response in the notice has not received a written response from the Eligible Mortgagee either consenting to or refusing to accept the amendment or action.

17.7 Priority. No provision of this Declaration or the Articles gives or may give an Owner or any other party priority over any rights of Mortgagees pursuant to their respective Mortgages in the case of a distribution to Owners of insurance proceeds or condemnation awards for loss to or taking of all or any part of the Lots, Parcels or the Community Areas.

ARTICLE XVIII

TERM; AMENDMENTS; TERMINATION

18.1 Term; Method of Termination. This Declaration shall be effective upon the date of recordation hereof and, as amended from time to time, shall continue in full force and effect for a term of fifty (50) years from the date this Declaration is recorded. From and after said date, this Declaration, as amended, shall be automatically extended for successive periods often (10) years each, unless there is an affirmative vote to terminate this Declaration by the Members casting eighty percent (80%) of the total votes cast at an election held for such purpose or otherwise approved in writing within six (6) months prior to the expiration of the initial effective period hereof or any ten (10) year extension. The Declaration may be terminated at any time if eighty percent (80%) of the votes of the Members shall be cast in favor of termination at an election held for such purpose. Anything in the foregoing to the contrary notwithstanding, no vote to terminate (or amend as provided in Section 18.2 below) this Declaration shall be effective unless and until written consent to such termination or amendment has been obtained, within a period from six (6) months prior to such vote to six (6) months after such vote, from Eligible Mortgagees on fifty-one percent (51%) of the Lots and Parcels upon which there are such Eligible Mortgages. If the necessary votes and consents are obtained, the Board shall cause to be recorded with the County Recorder of Salt Lake County, Utah, as applicable, a Certificate of Termination, duly signed by the President or Vice President and attested by the Secretary or Assistant Secretary of the Association, with their signatures acknowledged. Thereupon these covenants shall have no further force and effect, and the Association shall be dissolved pursuant to the terms set forth in its Articles.

18.2 Amendments. This Declaration may be amended by Recording with the County Recorder of Salt Lake County, Utah, a Certificate of Amendment, duly signed and acknowledged by and on behalf of the Association. The Certificate of Amendment shall set forth in full the amendment adopted, and, except as provided in Sections 18.3 and 18.4 hereof or elsewhere in this Declaration, shall certify that at a meeting duly called and held pursuant to the provisions of the Articles and Bylaws or by separate written consent without a meeting, the Members casting at least sixty-seven percent (67%) of the votes of the Members who are voting in person or by proxy at the election voted affirmatively for the adoption of the amendment or approved such amendment by separate written consent. The votes of the Class A Members shall be cast personally with respect to the votes attributable to their respective Memberships. A Neighborhood Declaration (if any) may be amended in the same manner as this Declaration, with the approval of sixty-seven percent (67%) of the votes of the Members subject to the Neighborhood Declaration. Any amendment or termination of this Declaration or any Neighborhood Declaration shall require the approval of the FHA or VA, as applicable, if such agency has guaranteed or insured any loan on a Lot or Parcel subject to the Neighborhood Declaration. Within twenty-five (25) years from the date of recording this Declaration and so long as the Declarant is the Owner of any Lot or Parcel in Santorini Village, this Declaration and any Neighborhood Declaration may be amended or terminated only with the written approval of the Declarant.

18.3 Unilateral Amendments. The Declarant alone may amend or terminate this Declaration prior to the closing of a sale of the first Santorini Village Lot or Parcel. Notwithstanding anything contained in this Declaration to the contrary, this Declaration may be amended unilaterally at any time

and from time to time by Declarant (a) if such amendment is necessary to bring any provision hereof into compliance with any applicable governmental statute, rule, or regulation or judicial determination which shall be in conflict therewith to make technical corrections to fix mistakes or remove/clarify ambiguities; or (b) if such amendment is reasonably necessary to enable any reputable title insurance company to issue title insurance coverage with respect to the Lots or Parcels subject to this Declaration; provided, however, any such amendment shall not adversely affect the title to any Owner's property unless any such Owner shall consent thereto in writing. Further, so long as the Class B Membership exists, Declarant may unilaterally amend this Declaration for any other purpose; provided, however, any such amendment shall not materially adversely affect the substantive rights of any Owner hereunder, nor shall it adversely affect title to any property without the consent of the affected Owner.

18.4 Right of Amendment if Requested by Governmental Agency or Federally Chartered Lending Institutions. Anything in this Article or Declaration to the contrary notwithstanding, Declarant reserves the unilateral right to amend all or any part of this Declaration to such extent and with such language as may be requested by the Utah Division of Real Estate (or similar agency), FHA, VA, the FHLMC or FNMA and to further amend to the extent requested by any other federal, state or local governmental agency which requests such an amendment as a condition precedent to such agency's approval of this Declaration or approval of the sale of property within Santorini Village, or by any federally chartered lending institution as a condition precedent to lending funds upon the security of any Lot(s) or Parcel(s) or any portions thereof. Any such amendment shall be effected by the recordation by Declarant of a Certificate of Amendment duly signed by the Declarant, specifying the federal, state or local governmental agency or the federally chartered lending institution requesting the amendment and setting forth the amendatory language requested by such agency or institution. Recordation of such a Certificate of Amendment shall be deemed conclusive proof of the agency's or institution's request for such an amendment, and such Certificate of Amendment, when Recorded, shall be binding upon all of Santorini Village and all persons having an interest therein. It is the desire of Declarant to retain control of the Association and its activities during the anticipated period of planning and development. If any amendment requested pursuant to the provisions of this Article XVIII deletes, diminishes or alters such control, Declarant alone shall have the right to amend this Declaration to restore such control.

ARTICLE XIX

DECLARANT'S RIGHTS

19.1 Transfer. Any or all of the special rights and obligations of the Declarant may be transferred to other persons or entities, provided that the transfer shall not reduce an obligation nor enlarge a right beyond that contained herein, and provided further, no such transfer shall be effective unless it is in a written instrument signed by the Declarant and duly recorded in the public records of Salt Lake County, Utah. Nothing in this Declaration shall be construed to require Declarant or any successor to develop any Additional Land in any manner whatsoever. So long as Declarant continues to have rights under this paragraph, no person or entity shall record any declaration of covenants, conditions and restrictions, or declaration of condominium or similar instrument affecting any portion of Santorini Village without Declarant's review and written consent thereto, and any attempted recordation without compliance herewith shall result in such declaration of covenants, conditions and restrictions, or declaration or condominium or similar instrument being void and of no force and effect unless subsequently approved by recorded consent signed by the Declarant.

19.2 Sales Material. So long as Declarant continues to have rights under this Article XIX, all sales, promotional, and advertising materials, and all forms for deeds, contracts for sale, and other closing documents for the subdivision and sale of property in Santorini Village by any Builder shall be subject to the prior approval of Declarant, which approval shall not be unreasonably withheld. Declarant shall deliver notice to any Builder of Declarant's approval or disapproval of all such materials and documents within thirty (30) days of receipt of such materials and documents and, if disapproved, the specific

changes requested. If Declarant fails to so notify any Builder within such thirty (30) day period, Declarant shall be deemed to have waived any objections to such materials and documents and to have approved the foregoing. Upon disapproval, the foregoing procedure shall be repeated until approval is obtained or deemed to be obtained.

19.3 Modifications. Declarant reserves for itself and its assigns the right to vary the timing, mix, type, use, style, and numbers of Dwelling Units, Lots and Parcels, and other such details of construction or modifications in adding phases to this Declaration. If additional Land Use Classifications, such as, by way of explanation and not limitation, light industrial or additional commercial, are subsequently permitted by zoning, Declarant shall have the right to add such Land Use Classifications to this Declaration.

19.4 Amendment. This Article XIX may not be amended without the express written consent of the Declarant; provided, however, the rights contained in this Article XIX shall terminate upon the earlier of (a) twenty-five (25) years from the date this Declaration is recorded, or (b) upon recording by Declarant of a written statement that all sales activity has ceased.

ARTICLE XX

PROVISIONS RELATING TO TOWNHOME UNITS

20.1 Common Elements of Townhome Units. The following components of the Units are considered "Common Elements" with respect to any Townhome Units which may be located within the Project: (i) all structural parts of the Townhome Units, including, without limitation, foundations, columns, girders, joists, beams, supports, main walls, supporting walls, floors, ceilings and roofs; (ii) any utility pipe or line or system servicing two or more Townhome Units, and all ducts, wires, conduits, and other accessories used therewith servicing two or more Townhome Units; (iii) all tanks, pumps, motors, fans, compressors, ducts, mechanical areas, garbage area, and in general all apparatus and equipment existing for common use of the Townhome Units. The Common Elements shall be owned by the Townhome Owners in the Townhome Units as tenants in common. The Common Elements shall remain undivided. No Townhome Owner or combination thereof or any other person shall bring any action for partition or division of any part thereof.

20.2 Townhome Unit. A Townhome Unit is comprised of each separate physical part of the Townhome Unit, as shown on the Plat, which is intended for independent use. Each Townhome Unit shall include the enclosed rooms occupying such Townhome Unit's share of the building in which it is located and bounded by the interior surfaces of the walls, floors, ceilings, windows, doors and built-in fireplaces, if any, along the perimeter boundaries of the air space as said boundaries are shown on a Plat, together with all fixtures and improvements therein contained. Notwithstanding the fact that they may be within the boundaries of such air space, the following are not part of a Townhome Unit insofar as they are necessary for the support or full use and enjoyment of another Townhome Unit: bearing walls, floors, ceilings and roofs (except the interior surfaces thereof), foundations, space heating equipment and central water heating equipment, if any, tanks, pumps, pipes, vents, ducts, shafts, flues, shoots, conduits, wires and other utility installations, except the outlets thereof when located within the Townhome Unit. The interior surfaces of a window or door means the points at which such surfaces are located when such windows or doors are closed.

20.3 Division between Townhome Units. Each Townhome Unit, as described on a Plat relating to such Townhome Units, shall include that area which lies within the boundaries of the Townhome Unit. Such boundary shall be determined in the following manner: the upper boundary shall be the plane of the lower surface of the ceiling; the lower boundary shall be the plane of the upper surface of the floor; and the vertical boundaries of the Unit shall be: (i) the interior surface of the outside walls of the building bounding a Townhome Unit; (ii) the center line of any non-bearing interior walls bounding a

Townhome Unit; and (iii) the interior surface of any interior bearing walls bounding a Townhome Unit. Each Townhome Unit includes the portions of the building so described and those things which are defined as Common Elements. Each Townhome Unit's undivided interest in the Common Elements, including Limited Common Elements (e.g., Common Elements used exclusively by or benefiting a particular Townhome Unit), shall be separated from the Townhome Unit to which they appertain and shall be deemed to be conveyed or encumbered or released from liens with the Townhome Unit even though such interest is not expressly mentioned or described in the conveyance or other instrument.

20.4 Restrictions on Use of Townhome Units.

20.4.1 No awning, canopy, deck antenna, shutter, storm door, screen door or other item or object shall be hung, be displayed, be visible or otherwise be placed on the exterior walls or roof of any Townhome Unit in the Project or any part thereof, or on the outside of windows, or doors, without the prior written consent of the Association (or in the event a Sub-Association is created with respect to any Townhome Units, then of the applicable Sub-Association). Furthermore, without limiting anything in Section 4.2.27 above, no solar energy collector panels or attendant hardware or other energy conservation equipment shall be constructed or installed upon any building or other Common Elements unless (i) all of the Owners of Townhome Units within such building agree to such improvements, and (ii) in connection with such solar improvements, the Owners agree in writing (in a form acceptable to the Board) to assume all responsibility for the costs of maintaining such equipment and the roof structure relating to such building.

20.4.2 Nothing shall be done in any Townhome Unit or in, on or to the Common Elements which will impair the structural integrity or structurally change the same or any part thereof except as is otherwise provided herein.

20.4.3 The Common Elements shall be kept free and clear of all rubbish, debris and other unsightly materials.

20.4.4 Each Unit Owner of a Townhome Unit shall be liable to the Association (or in the event a Sub-Association is created with respect to any Townhome Units, then to the applicable Sub-Association) for all damages to the Common Elements caused by such Unit Owner or any occupant of his, her or its Townhome Unit or invitee, except for that portion of said damage, if any, that is covered by insurance maintained in effect by the Association (or Sub-Association, as applicable). The failure of the Association (or Sub-Association, as applicable) to continue any insurance in effect shall not be a defense to any such liability.

20.4.5 There shall be no obstruction of the Common Elements, nor shall anything be kept or stored on any part of the Common Elements without the prior written consent of the Association (or Sub-Association, as applicable), except as specifically provided herein. Nothing shall be altered on, constructed in, or removed from, the Common Elements except upon the prior written consent of the Association (or Sub-Association, as applicable).

20.4.6 Only white curtains, drapes, shutters or blinds may be installed as permanent window coverings. No aluminum foil, paint, newspaper, stickers or similar coverings deemed to be inappropriate for a window covering shall be applied to the windows or doors of any Townhome Unit. Unit Owners may use plain clean white sheets to cover windows after the close of escrow pending the installation of curtains, drapes, shutters or other appropriate interior window coverings up to 60 days from the close of escrow. Window awnings are not permitted. Exterior window treatments are not permitted.

20.4.7 Window tinting requests will be considered by the DRC. However, mirror finishes will not be approved. **NOTE:** Most failures of dual-glazed units are due to "moisture" condensation that can be traced to the presence of tinted film on the inside of the glass. The deflection caused by the tinted film creates heat build-up and consequent expansion within the airspace of the dual unit, and destroys the butyl seal. Water vapor is thus admitted and condenses between the panes. In addition, cracking of the windowpanes may occur. Neither the window manufacturer nor the Declarant will be responsible for replacement of dual glazed windows should window tinting be applied.

20.4.8 Only patio furniture in good condition is permitted on a front porch. Items including, but not limited to barbecues, toys, bikes, indoor furniture are not permitted on a front porch.

20.5 Maintenance Responsibility of Unit Owner. For purposes of maintenance, repair, alteration and remodeling of the Townhome Units, an Owner shall be deemed to own the interior non-supporting walls, the materials (such as, but not limited to, plaster, gypsum drywall, paneling, wallpaper, paint, wall and floor tile and flooring) making up the finished surfaces of the perimeter walls, ceilings, and floors within the Townhome Unit, including any Townhome Unit doors and windows. The Unit Owner shall not be deemed to own lines, pipes, wires, conduits, or systems (which for brevity are herein an hereafter referred to as utilities) which serve two or more Townhome Units except as tenant in common with the other Unit Owners. Such utilities shall not be disturbed or relocated by a Unit Owner without the written consent and approval of the Board. Such right to repair, alter, and remodel is coupled with the obligation to replace any finished or other materials removed with similar or other types or kinds of materials. A Unit Owner shall maintain and keep in repair the interior of his, her or its Townhome Unit, including the fixtures thereof. All fixtures and equipment installed within the Townhome Unit commencing at a point where the utilities enter the Townhome Unit shall be maintained and kept in repair the structural soundness or integrity of the building, impair any easement or hereditament, nor violate any laws, ordinances, regulations and codes of the United States of America, the State of Utah, the County of Salt Lake, South Jordan City, or any other agency or entity which may then have jurisdiction over said Townhome Unit; without the written consent of the Board after first proving to the satisfaction of the Board that compliance with this section's requirements will be maintained during and after any such act or work shall be done or performed. Any expense to the Board for investigation under this Article shall be borne by the relevant Unit Owner. However, nothing herein contained shall be construed to permit structural modification and any decision relating thereto shall be in the absolute discretion of the Board, including, but not limited to the engaging of a structural engineer at the Unit Owner's expense for the purpose of obtaining an opinion. A Unit Owner shall also keep the Limited Common Elements appurtenant to his, her or its Townhome Unit in a well-repaired, maintained, clean and sanitary condition, at his or her own expense. A Unit Owner shall be obligated to reimburse the Association (or Sub-Association, as applicable) promptly upon receipt of its statement of any expenditures incurred by it in repairing or replacing any Unit elements or Limited Common Element in a Townhome Unit for which the Unit Owner is responsible, or for the repairs of another's Townhome Unit or any Common Element of a Townhome Unit damaged by any act or failure to act of the Unit Owner, his, her or its tenants, guests, invitees or agents.

20.6 Failure to Maintain Party Wall. If any Unit Owner shall fail to comply with the provisions of this Declaration as to maintenance, repair, or use of any common or interior bearing walls, or the obtaining of insurance as set forth in Section 20.7 below, or other obligations contained herein ("Defaulting Unit Owner"), then in any such event the adjoining Unit Owner shall have the right, upon thirty (30) days written notice to the Defaulting Unit Owner (unless within such 30-day period the Defaulting Unit Owner shall cure such default, or in the case of a nonmonetary default which by its nature cannot be cured within such 30-day period, the Defaulting Unit Owner shall take such action as is reasonably calculated to commence the curing thereof, and thereafter shall diligently prosecute the curing thereof to completion) to proceed to take such action as shall be necessary to cure such default, all in the

name of and for the account of the Defaulting Unit Owner. The Defaulting Unit Owner shall on demand reimburse the other adjoining Unit Owner taking such action for the monies actually expended by such adjoining Unit Owner and the adjoining Unit Owner's reasonable out-of-pocket expenses in so doing, together with interest thereon as set forth below from the date of demand to the date of payment. Notwithstanding the foregoing, if the nondefaulting adjoining Unit Owner shall in good faith deem that an emergency is occurring or has occurred, so that the default requires immediate curing, then no notice shall be required and the nondefaulting adjoining Unit Owner may act promptly without giving notice and take such action as is necessary to cure the alleged failure. Any adjoining Unit Owner performing any action pursuant to the preceding sentence shall interfere to the minimum extent possible with the Defaulting Unit Owner's use and occupancy of such Defaulting Unit Owner's Townhome Unit, and, with reasonable promptness, shall give verbal or written notice to the Defaulting Unit Owner of such action and the claimed failure.

20.6.1 Any unresolved dispute, disagreement or controversy between a Defaulting Unit Owner and an adjoining Unit Owner shall at the request of either party be submitted to an arbitration board of at least three (3) members with one chosen by the adjoining Unit Owner, the other by the Defaulting Unit Owner and a third by the other two arbitrators so chosen. The arbitrators shall act in accordance with the commercial Arbitration Rules then in effect of the American Arbitration Board. At any time during the arbitration of a claim relating to the interpretation, application or enforcement of any covenants, conditions or restrictions applicable to the maintenance of Party Walls or rules or regulations adopted by the Association (or Sub-Association, as applicable), the arbitrators may issue an order prohibiting the action upon which the claim is based. An award must be made within thirty (30) days after the conclusion of arbitration, unless a shorter period is agreed upon by the adjoining Unit Owner and the Defaulting Unit Owner. The decision of the majority of such arbitrators shall be binding on the adjoining Unit Owner and the Defaulting Unit Owner. Such decisions shall include the awarding of costs, including reasonable attorneys' fees, as the arbitrators shall determine. The decision of the arbitrators shall be judicially enforceable as a judgment.

20.6.2 All sums required to be reimbursed or otherwise paid hereunder by one Defaulting Unit Owner to the other adjoining Unit Owner shall bear interest at the rate established by the Board, not to exceed eighteen percent (18%) per annum. Such interest rate shall be determined monthly on the first day of each calendar month. In addition, any Defaulting Unit Owner who fails to pay its obligations under this Declaration agrees to pay the other adjoining Unit Owner's reasonable collection costs, including reasonable attorneys' fees.

20.6.3 All remedies hereby specifically set forth in this Section 20.6 are cumulative and shall be deemed to be in addition to any remedies available at law or in equity which shall include the right to restrain by injunction any violation or threat of violation by any Unit Owner of any of the terms, covenants, or conditions of this Declaration governing Party Walls and by decree to compel specific performance of any such terms, covenants, or conditions governing Party Walls, it being agreed that the remedy at law for any breach of any such term, covenant, or condition governing Party Walls is not adequate. Notwithstanding the foregoing, no default by any Unit Owner under this Declaration shall entitle any other adjoining Unit Owner to terminate, cancel, or otherwise rescind this Declaration or any terms, covenants or conditions governing Party Walls.

20.6.4 The Board, without obligation and in its sole and exclusive discretion, may also notify the Defaulting Unit Owner of the work required to the Party Wall and demand that it be done within a reasonable and specified period and individually charge the enforcement costs thereof to such Defaulting Unit Owner, which enforcement costs shall be secured by the Assessment Lien. Moreover, in the event a medical emergency, a property damage emergency or similar type of emergency which requires immediate curing shall arise in connection with a Unit Owner's Townhome Unit, the Board shall have the right, but not the obligation, to immediately

enter into the Townhome Unit to abate the emergency upon reasonable advance notice to such Unit Owner considering the nature, scope and extent of the emergency (e.g. advance telephone calls or doorbell ringing or knocking). The Board shall have the right to individually charge the cost to cure the emergency condition to such Unit Owner if such emergency was the personal responsibility of the Unit Owner or if it was caused by the Unit Owner's negligent or willful acts.

20.7 Insurance of Party Walls; Waiver. By acceptance of a deed to a Townhome Unit, each Unit Owner hereby acknowledges his, her or its independent insurance obligations for the respective Party Wall which constitutes a portion of the Unit Owner's Townhome Unit, and agrees to maintain in full force and effect "all-risk" property insurance with respect to the Townhome Unit owned by such Unit Owner. Such insurance shall be in an amount equal to at least 100% of the replacement cost of such Townhome Owner's Unit, exclusive of the cost of excavation, foundations and footings, and shall protect against loss or damage by fire, water, utility service line ruptures and all other hazards that are normally covered by the standard extended coverage endorsement. Each policy shall be carried with a company rated X or better in "Best's Insurance Guide", and each Unit Owner shall provide a copy of the policy obtained by such Unit Owner to the Board and the other adjoining Unit Owner and such policy shall require thirty (30) days' notice to the Board and the other adjoining Unit Owner before the policy can be cancelled. All policy proceeds payable with respect to damage or destruction of the Party Wall shall be used by the Unit Owners, to the extent necessary, to repair and restore the damage or destruction for which the proceeds are payable. Each Unit Owner agrees to make such repair and restoration whether or not the policy proceeds are adequate for such purposes or whether or not the occurrence resulting in such damage or destruction is covered by insurance. Each Unit Owner hereby waives any rights it may have against the other adjoining Unit Owner on account of any loss or damage to its Townhome Unit which arises from any risk covered by fire and extended coverage insurance carried hereunder, whether or not such other adjoining Unit Owner may have been negligent or at fault in causing such loss or damage. Each Unit Owner shall obtain a clause or endorsement in the policies of such insurance which each Unit Owner obtains to the effect that the insurer waives, or shall otherwise be denied, the right of subrogation against the other adjoining Unit Owner for loss covered by such insurance. It is understood that such subrogation waivers may be operative only as long as such waivers are available in the State of Utah and do not invalidate any such policies. If such subrogation waivers are allegedly not operative in the State of Utah, notice of such fact shall be promptly given by the Unit Owner obtaining insurance to the Board and the other adjoining Owner.

20.8 Easements Relating to Party Walls. Each Unit Owner, for each Townhome Unit that he, she or it owns, hereby acknowledges and agrees that a Party Wall may presently encroach upon or overlap the Unit Owner's Townhome Unit. To the extent the Party Wall does encroach upon or overlap a Unit, the Townhome Owner of such Unit hereby grants to the adjoining Unit Owner of the other Townhome Unit that shares a Party Wall an easement over and upon its Unit for the purpose of maintaining the Party Wall and carrying out the other obligations set forth in this Declaration. By accepting a deed to a Townhome Unit, each Unit Owner hereby covenants and agrees not to do anything or to erect any barrier that will hinder, delay or limit the maintenance of the Party Wall and the performance of the Association's (or Sub-Association's, as applicable) obligations and each Owner's respective obligations under this Declaration.

ARTICLE XXI

DISPUTE RESOLUTION AND LIMITATION ON LITIGATION

21.1 Agreement to Encourage Resolution of Disputes Without Litigation.

21.1.1 Declarant, the Association and its officers, trustees, and committee members, all Persons subject to this Declaration, and any Person not otherwise subject to this Declaration who agrees to submit to this Article (collectively, "Bound Parties"), agree that it is in the best interest

of all concerned to encourage the amicable resolution of disputes involving the Community without the emotional and financial costs of litigation. Accordingly, each Bound Party agrees not to file suit in any court with respect to a Claim described in Section 21.1.2 below, unless and until it has first submitted such Claim to the alternative dispute resolution procedures set forth in Section 21.2 in a good faith effort to resolve such Claim.

21.1.2 As used in this Article, the term "Claim" shall refer to any claim, grievance or dispute arising out of or relating to

21.1.2.1 the interpretation, application, or enforcement of the Governing Documents;

21.1.2.2 the rights, obligations, and duties of any Bound Party under the Governing Documents; or

21.1.2.3 The design or construction of Improvements within Santorini Village;

except that the following shall not be considered "Claims" unless all parties to the matter otherwise agree to submit the matter to the procedures set forth in Section 21.2:

21.1.2.4 any suit by the Association to collect Assessments or other amounts due from any Owner;

21.1.2.5 any suit by the Association to obtain a temporary restraining order (or emergency equitable relief) and such ancillary relief as the court may deem necessary in order to maintain the status quo and preserve the Association's ability to enforce the provisions of this Declaration relating to creation and maintenance of community standards;

21.1.2.6 any suit between Owners, which does not include Declarant or the Association as a party, if such suit asserts a Claim which would constitute a cause of action independent of the Governing Documents;

21.1.2.7 any suit in which any indispensable party is not a Bound Party; and

21.1.2.8 any suit as to which any applicable statute of limitations would require within 180 days of giving the Notice required by Section 21.2.1, unless the party or parties against whom the claim is made agree to toll the statute of limitations as to such Claim for such period as may reasonably be necessary to comply with this Article.

21.2 Dispute Resolution Procedures.

21.2.1 Notice. The Bound Party asserting a Claim ("Claimant") against another Bound Party ("Respondent") shall give written notice to each Respondent and to the Board stating plainly and concisely:

21.2.1.1 the nature of the Claim, including the Persons involved and the Respondent's role in the Claim;

21.2.1.2 the legal basis of the Claim (i.e., the specific authority out of which the Claim arises);

21.2.1.3 the Claimant's proposed resolution or remedy; and

21.2.1.4 the Claimant's desire to meet with the Respondent to discuss in good faith ways to resolve the Claim.

21.2.2 Negotiation. The Claimant and Respondent shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation. If requested in writing, accompanied by a copy of the Notice, the Board may appoint a representative to assist the parties in negotiating a resolution of the Claim.

21.2.3 Mediation. If the parties have not resolved the Claim through negotiation within 30 days of the date of the notice described in Section 21.2.1 (or within such other period as the parties may agree upon), the Claimant shall have 30 additional days to submit the claim to mediation with an entity designated by the Association (if the Association is not a party to the Claim) or to an independent agency providing dispute resolution services in Utah. If the Claimant does not submit the Claim to mediation within such time, or does not appear for the mediation when scheduled, the Claimant shall be deemed to have waived the Claim, and the Respondent shall be relieved of any and all liability to the Claimant (but not third parties) on account of such Claim. If the Parties do not settle the Claim within 30 days after submission of the matter to mediation, or within such time as determined reasonable by the mediator, the mediator shall issue a notice of termination of the mediation proceedings indicating that the parties are at an impasse and the date that mediation was terminated. The claimant shall thereafter be entitled to file suit or to initiate administrative proceedings on the Claim, as appropriate. Each party shall bear its own costs of the mediation, including attorneys fees, and each party shall share equally all fees charged by the mediator.

21.2.4 Settlement. Any settlement of the Claim through negotiation or mediation shall be documented in writing and signed by the parties. If any party thereafter fails to abide by the terms of such agreement, then any other party may file suit or initiate administrative proceedings to enforce such agreement without the need to again comply with the procedures set forth in this Section. In such event, the party taking action to enforce the Declaration or award shall, upon prevailing, be entitled to recover from the non-complying party (or if more than one non-complying party, from all such parties in equal proportions) all costs incurred in enforcing such agreement or award, including, without limitation, attorneys' fees and court costs.

21.3 Initiation of Litigation by Association. In addition to compliance with the foregoing alternative dispute resolution procedures, if applicable, the Association shall not initiate any judicial or administrative proceeding unless first approved by a vote of the Members entitled to cast 67% of the total Class A votes in the Association, except that no such approval shall be required for actions or proceedings:

21.3.1 initiated prior to the termination of Class B Memberships

21.3.2 initiated to enforce the provisions of this Declaration, including collection of assessments and foreclosure of liens;

21.3.3 initiated to challenge property taxation or condemnation proceedings;

21.3.4 initiated against any contractor, vendor, or supplier of goods or services arising out of a contract for services or supplies; or

21.3.5 to defend claims filed against the Association or to assert counterclaims in proceedings instituted against it.

ARTICLE XXII

MISCELLANEOUS

22.1 Interpretation of Covenants. Except for judicial construction, the Association, by its Board, shall have the exclusive right to construe and interpret the provisions of this Declaration. In the absence of any adjudication to the contrary by a court of competent jurisdiction, the Association's construction or interpretation of the provisions hereof shall be final, conclusive and binding as to all Persons and property benefitted or bound by the Covenants and provisions hereof.

22.2 Agreement to Avoid Costs of Litigation. The Association, Declarant, all Persons subject to this Declaration, and any Person not otherwise subject to this Declaration who agrees to submit to this Article (collectively, "Bound Parties") agree to encourage the amicable resolution of disputes involving the properties at Santorini Village, and to avoid the emotional and financial costs of litigation, if at all possible. Accordingly, each Bound Party covenants and agrees that all claims, grievances or disputes between such Bound Party and any other Bound Party involving properties at Santorini Village, including, without limitation, claims, grievances or disputes arising out of or relating to the interpretation, application or enforcement of this Declaration or the Governing Documents (collectively "Claim") shall be resolved using the following procedures before filing suit in any court or initiating proceedings before any administrative tribunal seeking redress or resolution of such Claim:

22.2.1 Notice. Any Bound Party having a Claim ("Claimant") against any other Bound Party ("Respondent") shall notify each Respondent in writing of the Claim ("Notice"), stating plainly and concisely:

22.2.1.1 the nature of the Claim, including date, time, location, person involved, Respondent's role in the Claim;

22.2.1.2 the basis of the Claim (i.e., the provision of the Declaration, Governing Documents, or other authority out of which the Claim arises);

22.2.1.3 what Claimant wants Respondent to do or not to do to resolve the Claim;
and

22.2.1.4 that Claimant wishes to resolve the Claim by mutual agreement with Respondent, and is willing to meet in person with Respondent at a mutually agreeable time and place to discuss in good faith ways to resolve the Claim.

22.2.2 Good Faith Negotiation.

22.2.2.1 Each Claimant and Respondent ("Parties") shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation.

22.2.2.2 Upon receipt of a written request from any Party, accompanied by a copy of the Notice, the Board may appoint a representative to assist the Parties in resolving the dispute by negotiation, if in its discretion it believes its efforts will be beneficial to the Parties and to the welfare of the Santorini Village community.

22.2.3 Non-Binding Mediation.

22.2.3.1 If the Parties do not resolve the Claim through negotiation within 30 days of the date of the Notice (or within such other period as may be agreed upon by the Parties) (“Termination of Negotiations”), Claimant shall have thirty (30) additional days within which to submit the Claim to mediation under the auspices of an independent agency providing mediation services upon which the Parties may mutually agree.

22.2.3.2 If Claimant does not submit the Claim to mediation within thirty (30) days after Termination of Negotiation, Claimant shall be deemed to have waived the Claim, and Respondent shall be deemed to have waived the Claim, the Respondent shall be released and discharged from any and all liability to Claimant on account of such Claim; provided, nothing herein shall release or discharge Respondent from any liability to Persons not a Party to the foregoing proceedings.

22.2.3.3 If the Parties do not settle the Claim within thirty (30) days after submission of the matter to the mediation process, the mediator shall issue a notice of termination of the mediation proceedings (“Termination of Mediation”). The Termination of Mediation notice shall set forth when and where the Parties met, that the Parties are at an impasse, and the date that mediation was terminated.

22.2.3.4 Each Party shall, within five (5) days of the Termination of Mediation, make a written offer of settlement in an effort to resolve the Claim. The Claimant shall make a final written settlement demand (“Settlement Demand”) to the Respondent. The Respondent shall make a final written settlement offer (“Settlement Offer”) to the Claimant. If the Claimant fails to make a Settlement Demand, Claimant’s original Notice shall constitute the Settlement Demand. If the Respondent fails to make a Settlement Offer, Respondent shall be deemed to have made a “zero” or “take nothing” Settlement Offer.

If the Parties do not agree in writing to accept either the Settlement Demand, the Settlement Offer, or otherwise resolve the Claim within fifteen (15) days of Termination of Mediation, the Parties may exercise all rights available to them under Utah law, whether at law or in equity.

22.3 Severability. Any determination by any court of competent jurisdiction that any provision of this Declaration is invalid or unenforceable shall not affect the validity or enforceability of any of the other provisions hereof.

22.4 Change of Circumstances. Except as otherwise expressly provided in this Declaration, no change of conditions or circumstances shall operate to extinguish, terminate or modify any of the provisions of this Declaration.

22.5 Rules and Regulations. As further provided in Section 5.3 above, the Association (through its Board) shall have the right to adopt rules and regulations with respect to all other aspects of the Association’s rights, activities and duties, provided said rules and regulations are not inconsistent with the provisions of this Declaration.

22.6 Declarant’s Disclaimer of Representations. Anything to the contrary in this Declaration notwithstanding, and except as otherwise may be expressly set forth on a Plat or other instrument Recorded in the office of the County Recorder of Salt Lake County, Utah, Declarant makes no warranties or representations whatsoever that the plans presently envisioned for the complete development of Santorini Village can or will be carried out, or that any land now owned or hereafter acquired by it is or will be subjected to this Declaration, or that any such land (whether or not it has been subjected to this Declaration) is or will be committed to or developed for a particular (or any) use, or if that land is once used for a particular use, such use will continue in effect. Not as a limitation of the generality of the

foregoing, the Declarant expressly reserves the right at any time and from time to time to amend the Land Use Plan.

22.7 References to the Covenants in Deeds. Deeds or any instruments affecting any Lot or Parcel or any part of Santorini Village may contain the covenants herein set forth by reference to this Declaration, but regardless of whether any such reference is made in any Deed or instrument, each and all of the covenants shall be binding upon the grantee-Owner or other person claiming through any instrument and his or her heirs, executors, administrators, successors and assigns.

22.8 List of Owners and Eligible Members. The Board shall maintain up-to-date records showing: (i) the name of each Person who is an Owner, the address of such Person, and the Lot or Parcel which is owned by him or her; (ii) the name of each person or entity who is an Eligible Mortgagee, the address of such person or entity and the Lot or Parcel which is encumbered by the Mortgage held by such person or entity; and (iii) the name of each person or entity who is an insurer or governmental guarantor, the address of such person or entity. In the event of any transfer of a fee or undivided fee interest in a Lot or Parcel, either the transferor or transferee shall furnish the Board with evidence establishing that the transfer has occurred and that the Deed or other instrument accomplishing the transfer is of Record in the office of the County Recorder of Salt Lake County, Utah. The Board may for all purposes act and rely on the information concerning Owners and Lot or Parcel ownership which is thus acquired by it or, at its option, the Board may act and rely on current ownership information respecting any Lot(s) or Parcel(s), which is obtained from the office of the County Recorder of Salt Lake County, Utah. The address of an Owner shall be deemed to be the address of the Lot or Parcel owned by such person unless the Board is otherwise advised. The list of Owners shall be made available by the Board to any Owner for noncommercial purposes upon such Owner's written request and such Owner's payment of any copying charges.

22.9 General Obligations. Each Owner shall enjoy and be subject to all rights and duties assigned to Owners pursuant to this Declaration. With respect to unsold Lots and Parcels, the Declarant shall enjoy the same rights and assumes the same duties with respect to each unsold Lot and Parcel.

22.10 Rights of Action. The Association and any aggrieved Owner shall have a right of action against Owners who fail to comply with the provisions of this Declaration or the decisions of the Association. Owners shall have a similar right of action against the Association.

22.11 Successors and Assigns of Declarant. Any reference in this Declaration to Declarant shall include any successors or assigns of Declarant's rights and powers hereunder.

22.12 Gender and Number. Wherever the context of this Declaration so requires, words used in the masculine gender shall include the feminine and neuter genders; words used in the neuter gender shall include the masculine and feminine genders; words in the singular shall include the plural; and words in the plural shall include the singular.

22.13 Captions and Titles. All captions, titles or headings of the Articles and Sections in this Declaration are for the purpose of reference and convenience only and are not to be deemed to limit, modify or otherwise affect any of the provisions hereof or to be used in determining the intent or context thereof.

22.14 Notices. Any notice permitted or required to be delivered as provided herein may be delivered either personally, by mail, or by electronic means (i.e. e-mail, text messaging or another similar manner). If delivery is made by mail, it shall be deemed to have been delivered twenty-four (24) hours after a copy of the same has been deposited in the United States mail, postage prepaid, addressed to such person at the address given by that person to the Association for the purpose of service of such notice or to the address of the Lot of such person if no address has been given. Such address may be changed from

time to time by notice in writing received by the Association. Notice to the Board or to the DRC shall also be delivered, mailed, or sent by electronic means to the Declarant or such other address as the Board may designate after the end of Declarant's control of the Board.

22.15 Required Language. As required by Section 17.04.300 of the South Jordan City Code, South Jordan City shall have the right, but not the duty, to require, and if necessary, perform, at the Association's expense, landscaping, maintenance, and snow removal within the common areas if the Association fails adequately to perform such. In the event South Jordan City exercises this right, the City shall be entitled to recover any associated costs and attorney fees. In addition, the owners within this project, by virtue of purchasing a dwelling unit within this development, give South Jordan City the right, but not the duty to form, under State statutes, a Special Service District (SSD) for the purpose of ongoing maintenance or a Special Improvement District (SID) for the purpose of making needed improvements within the project. The City may take this action when either asked to take over improvements or maintenance tasks by the Home Owners Association, or by an owner. The City Council may also take one or both of these actions when it determines the need based on a historical pattern of a lack of care and maintenance. The Governing Body of any such district formed, as stated in this paragraph, shall consist of the South Jordan City Mayor, City Council and the Home Owners Association President of the project. This section shall not be amended or deleted without the approval of the City of South Jordan.

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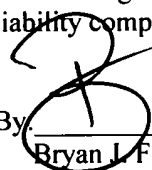
IN WITNESS WHEREOF, Declarant has executed this Declaration this 20 day of May, 2016.

DECLARANT:

MREC DAI SANTORINI, LLC, a Delaware limited liability company

By: Santorini Village, LLC, a Utah limited liability company, its Manager

By: DAI Managers, LLC, a Utah limited liability company, its Manager

By:  _____
Bryan J. Flamm, Manager

STATE OF UTAH)
 : ss.
COUNTY OF SALT LAKE)

The foregoing instrument was acknowledged before me this 20 day of May, 2016, by Bryan J. Flamm, as Manager of DAI Managers, LLC, which is the Manager of Santorini Village, LLC, which is the Manager of MREC DAI Santorini, LLC.


Notary Public

My Commission Expires: 7-10-17

1368165.01

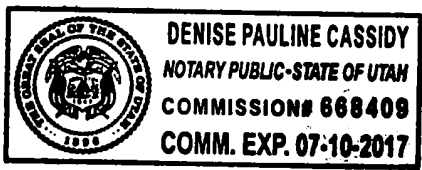


EXHIBIT A

SANTORINI VILLAGE

Santorini Village is located in the City of South Jordan, Salt Lake County, Utah, and is more particularly described as follows:

Phase 1:

All of Santorini Village Phase 1, according to the Official Plat thereof, on file in the Salt Lake County Recorder's Office, State of Utah.

Tax Parcel Numbers:

| | | |
|--------------------|--------------------|--------------------|
| 27-10-177-022-0000 | 27-10-179-005-0000 | 27-10-179-009-0000 |
| 27-10-177-021-0000 | 27-10-179-006-0000 | 27-10-179-010-0000 |
| 27-10-177-020-0000 | 27-10-179-007-0000 | 27-10-180-001-0000 |
| 27-10-177-019-0000 | 27-10-179-019-0000 | 27-10-180-002-0000 |
| 27-10-177-018-0000 | 27-10-179-018-0000 | 27-10-180-003-0000 |
| 27-10-177-017-0000 | 27-10-179-017-0000 | 27-10-180-004-0000 |
| 27-10-177-016-0000 | 27-10-179-014-0000 | 27-10-180-005-0000 |
| 27-10-153-018-0000 | 27-10-179-015-0000 | 27-10-180-006-0000 |
| 27-10-155-001-0000 | 27-10-179-016-0000 | 27-10-180-007-0000 |
| 27-10-179-001-0000 | 27-10-179-013-0000 | 27-10-180-008-0000 |
| 27-10-179-002-0000 | 27-10-179-012-0000 | |
| 27-10-179-003-0000 | 27-10-179-011-0000 | |
| 27-10-179-004-0000 | 27-10-179-008-0000 | |

Phase 2:

All of Santorini Village Phase 2, according to the Official Plat thereof, on file in the Salt Lake County Recorder's Office, State of Utah.

Tax Parcel Numbers:

| | | |
|--------------------|--------------------|--------------------|
| 27-10-153-029-0000 | 27-10-153-037-0000 | 27-10-155-010-0000 |
| 27-10-153-028-0000 | 27-10-153-038-0000 | 27-10-155-011-0000 |
| 27-10-153-027-0000 | 27-10-153-039-0000 | 27-10-155-012-0000 |
| 27-10-153-026-0000 | 27-10-153-040-0000 | 27-10-155-009-0000 |
| 27-10-153-025-0000 | 27-10-153-041-0000 | 27-10-155-008-0000 |
| 27-10-153-024-0000 | 27-10-156-003-0000 | 27-10-155-007-0000 |
| 27-10-153-023-0000 | 27-10-156-004-0000 | 27-10-155-002-0000 |
| 27-10-153-022-0000 | 27-10-180-011-0000 | 27-10-155-003-0000 |
| 27-10-153-020-0000 | 27-10-180-012-0000 | 27-10-155-004-0000 |
| 27-10-153-021-0000 | 27-10-179-023-0000 | 27-10-155-005-0000 |
| 27-10-153-030-0000 | 27-10-179-022-0000 | 27-10-155-006-0000 |
| 27-10-153-031-0000 | 27-10-179-021-0000 | |
| 27-10-153-032-0000 | 27-10-155-017-0000 | |
| 27-10-153-033-0000 | 27-10-155-018-0000 | |
| 27-10-153-034-0000 | 27-10-155-019-0000 | |
| 27-10-153-035-0000 | 27-10-155-016-0000 | |
| 27-10-153-036-0000 | 27-10-155-015-0000 | |
| | 27-10-155-014-0000 | |

Santorini Village Townhomes Phase 1A:

All of Santorini Village Townhomes Phase 1A, and Phase 1A AMD, according to the Official Plats thereof, on file in the Salt Lake County Recorder's Office, State of Utah.

Tax Parcel Numbers:

| | | |
|--------------------|--------------------|--------------------|
| 27-10-177-125-0000 | 27-10-177-142-0000 | 27-10-177-167-0000 |
| 27-10-177-126-0000 | 27-10-177-144-0000 | 27-10-177-168-0000 |
| 27-10-177-129-0000 | 27-10-177-148-0000 | 27-10-177-169-0000 |
| 27-10-177-130-0000 | 27-10-177-149-0000 | 27-10-177-170-0000 |
| 27-10-177-133-0000 | 27-10-177-151-0000 | 27-10-177-173-0000 |
| 27-10-177-134-0000 | 27-10-177-162-0000 | 27-10-177-172-0000 |
| 27-10-177-137-0000 | 27-10-177-163-0000 | 27-10-177-171-0000 |
| 27-10-177-139-0000 | 27-10-177-164-0000 | 27-10-177-174-0000 |
| 27-10-177-145-0000 | 27-10-177-165-0000 | 27-10-177-175-0000 |
| 27-10-177-141-0000 | 27-10-177-166-0000 | 27-10-177-176-0000 |

Santorini Village Townhomes Phase 1B:

All of Santorini Village Townhomes Phase 1B and Phase 1B AMD, according to the Official Plats thereof, on file in the Salt Lake County Recorder's Office, State of Utah.

Tax Parcel Numbers:

| | | |
|--------------------|--------------------|--------------------|
| 27-10-177-091-0000 | 27-10-177-108-0000 | 27-10-177-113-0000 |
| 27-10-177-092-0000 | 27-10-177-109-0000 | 27-10-177-112-0000 |
| 27-10-177-094-0000 | 27-10-177-119-0000 | 27-10-177-111-0000 |
| 27-10-177-095-0000 | 27-10-177-118-0000 | 27-10-177-110-0000 |
| 27-10-177-098-0000 | 27-10-177-117-0000 | 27-10-177-107-0000 |
| 27-10-177-096-0000 | 27-10-177-116-0000 | 27-10-177-156-0000 |
| 27-10-177-101-0000 | 27-10-177-115-0000 | 27-10-177-157-0000 |
| 27-10-177-102-0000 | 27-10-177-120-0000 | 27-10-177-158-0000 |
| 27-10-177-103-0000 | 27-10-177-121-0000 | 27-10-177-159-0000 |
| 27-10-177-105-0000 | 27-10-177-122-0000 | 27-10-177-160-0000 |
| 27-10-177-106-0000 | 27-10-177-114-0000 | |

Santorini Village Townhomes Phase 1C:

All of Santorini Village Townhomes Phase 1C and Phase 1C AMD, according to the Official Plats thereof, on file in the Salt Lake County Recorder's Office, State of Utah.

Tax Parcel Numbers:

| | | |
|--------------------|--------------------|--------------------|
| 27-10-178-087-0000 | 27-10-178-111-0000 | 27-10-178-150-0000 |
| 27-10-178-088-0000 | 27-10-178-112-0000 | 27-10-178-151-0000 |
| 27-10-178-090-0000 | 27-10-178-114-0000 | 27-10-178-152-0000 |
| 27-10-178-094-0000 | 27-10-178-115-0000 | 27-10-178-153-0000 |
| 27-10-178-096-0000 | 27-10-178-119-0000 | 27-10-178-154-0000 |
| 27-10-178-100-0000 | 27-10-178-120-0000 | 27-10-178-155-0000 |
| 27-10-178-102-0000 | 27-10-178-122-0000 | 27-10-178-156-0000 |
| 27-10-178-103-0000 | 27-10-178-123-0000 | 27-10-178-157-0000 |
| 27-10-178-104-0000 | 27-10-178-124-0000 | 27-10-178-159-0000 |
| 27-10-178-106-0000 | 27-10-178-146-0000 | 27-10-178-158-0000 |
| 27-10-178-107-0000 | 27-10-178-147-0000 | 27-10-178-160-0000 |
| 27-10-178-108-0000 | 27-10-178-148-0000 | 27-10-178-161-0000 |
| 27-10-178-116-0000 | 27-10-178-149-0000 | 27-10-178-162-0000 |
| | | 27-10-178-163-0000 |

Santorini Village Townhomes Phase 1D:

All of Santorini Village Townhomes Phase 1D and Phase 1D AMD, according to the Official Plat thereof, on file in the Salt Lake County Recorder's Office, State of Utah.

Tax Parcel Numbers:

| | | |
|--------------------|--------------------|--------------------|
| 27-10-178-130-0000 | 27-10-178-164-0000 | 27-10-178-171-0000 |
| 27-10-178-132-0000 | 27-10-178-165-0000 | |
| 27-10-178-133-0000 | 27-10-178-166-0000 | |
| 27-10-178-135-0000 | 27-10-178-167-0000 | |
| 27-10-178-136-0000 | 27-10-178-168-0000 | |
| 27-10-178-139-0000 | 27-10-178-169-0000 | |
| 27-10-178-141-0000 | 27-10-178-170-0000 | |

EXHIBIT B

BYLAWS

See attached.

AMENDED & RESTATED
BYLAWS
OF
SANTORINI VILLAGE
OWNERS ASSOCIATION, INC.

Dated May 20th, 2016

**AMENDED & RESTATED
BYLAWS
OF
SANTORINI VILLAGE OWNERS ASSOCIATION, INC.**

**ARTICLE 1.
DEFINITIONS**

1.01 Declaration.

As used herein, “*Declaration*” means the Second Amended & Restated Declaration of Covenants, Conditions, Easements and Restrictions for Santorini Village, as recorded in the Official Records of Salt Lake County, Utah on June 7th, 2016, as Entry No. 12294849, and as may be further amended from time to time. The Declaration is that same Declaration referenced in the Articles of Incorporation of Santorini Village Owners Association, Inc. The development consists of detached single family home building pads and dwellings on separate parcels, separately numbered and individually described in one or more plat(s), and townhome units, which are or will be duly approved and recorded in the Office of the Salt Lake County Recorder from time to time.

1.02 Other Definitions.

Unless otherwise defined herein, all capitalized terms used herein shall have the meanings given to them in the Declaration.

**ARTICLE 2.
OFFICES**

Santorini Village Owners Association, Inc. (the “*Association*”) is a Utah nonprofit corporation, with its principal office located at 1099 West South Jordan Parkway, South Jordan, Utah 84095.

**ARTICLE 3.
VOTING, QUORUM, AND PROXIES**

3.01 Voting.

As more fully set forth in the Declaration, the Association shall have two classes of membership, Class A and Class B.

Class A Memberships shall be all Memberships except the Class B Memberships held by the Declarant. Each Owner shall be entitled to one (1) vote for each Class A Membership held by the Owner, subject to the authority of the Board to suspend the voting rights of the Owner for violations of this Declaration in accordance with the provisions hereof. Notwithstanding the foregoing, no vote shall be cast or counted for any Class A Membership not subject to Assessment; and

The Class B Memberships shall be held only by the Declarant. The Declarant shall initially be entitled to 206 votes. The Class B Memberships shall cease and shall be converted to Class A Memberships, on the basis of the number of Lots and Parcels owned by the Declarant, on the happening of the first of the following events:

(i) When the total votes outstanding in the Class A Memberships equal or exceed 206; or

(ii) Twenty-five (25) years from the date the Declaration is Recorded; or

(iii) when, in its discretion, the Declarant so determines.

Additional provisions governing the voting of the members of the Association are set forth in the Declaration.

3.02 Quorum.

Subject to and except as otherwise required by law, the Declaration, or the Articles, as amended, the presence in person or by proxy of Owners entitled to vote more than twenty percent (20%) of the total votes of the Owners shall constitute a quorum; provided, however, that for purposes of establishing a quorum in connection with the election of trustees, one or more Owners present in person or by proxy at an annual meeting (or duly called special meeting of the Owners) shall constitute a quorum.

3.03 Proxies.

Votes may be cast in person or by proxy. Every proxy must be executed in writing by the Owner or such Owner's duly authorized attorney-in-fact. Such proxy shall be filed with the secretary of the Association before or at the time of the meeting. No proxy shall be valid after the expiration of eleven months from the date of its execution unless otherwise provided in the proxy.

3.04 Majority Vote.

At any meeting of the Owners, if a quorum is present, the affirmative vote of a majority of the votes represented at the meeting, in person or by proxy, shall be the act of the Owners, unless the vote of a greater number is required by law, the Articles, the Declaration, or these Bylaws.

ARTICLE 4. **ADMINISTRATION**

4.01 Annual Meeting.

The annual meeting of the Owners shall be held at a time designated by the Board in the month of March in each year, or at such other date designated by the Board, for the purpose of electing trustees and for the transaction of such other business as may come before the meeting. If the election of trustees shall not be held on the date designated herein for the annual meeting of the Owners, or at any adjournment thereof, the Board shall cause the election to be held at a special meeting of the Owners to be convened as soon thereafter as may be convenient. The Board may from time to time by resolution change the date and time for the annual meeting of the Owners.

4.02 Special Meetings.

Except as otherwise prescribed by statute or the Declaration, special meetings of the Owners, for any purpose, may be called by the president or by a majority of the trustees and shall be called by the president at the written request of Owners entitled to vote twenty percent (20%) or more of the total votes of all Owners, such written request to state the purpose or purposes of the meeting and to be delivered to the Board or to the president.

4.03 Place of Meetings.

The Board may designate the Association's principal offices or any place within Salt Lake County, Utah, as the place for any annual meeting or for any special meeting called by the Board.

4.04 Notice of Meeting.

Written or printed notice of any meeting of the Owners, stating the place, day, and hour of the meeting and the purpose or purposes for which the meeting is called, shall be delivered personally, by mail, or by electronic means (i.e. e-mail, text messaging or another similar manner) to each Owner entitled to vote at such meeting not less than thirty (30) nor more than sixty (60) days before the date of the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Owner at such Owner's address as it appears in the office of the Association, with postage thereon prepaid. If sent by electronic means, such notice shall be deemed to be delivered when sent. For the purpose of determining Owners entitled to notice of or to vote at any meeting of the Owners, the Board may set a record date for such determination of Owners, in accordance with the laws of the State of Utah. If requested by the person or persons lawfully calling such meeting, the secretary shall give notice thereof at the expense of the Association.

4.05 Informal Action by Owners.

Any action required or permitted to be taken at a meeting of the Owners may be taken with or without a meeting, if a consent in writing, setting forth the action so taken, shall be signed by the Owners having not less than the minimum voting power that would be necessary to authorize or take the action at a meeting at which all Owners entitled to vote on the action were present and voted. Unless the written consents of all Owners entitled to vote have been obtained, notice of any Owner approval without a meeting shall be given at least ten (10) days before the consummation of the transaction, action, or event authorized by the Owner action to: (i) those Owners entitled to vote who have not consented in writing; and (ii) those Owners not entitled to vote and to whom the Utah Revised Nonprofit Corporation Act (the "**Act**") requires that notice of the proposed action be given. The notice must contain or be accompanied by the same material that, under the Act and these Bylaws, would have been required to be sent in a notice of meeting at which the proposed action would have been submitted to the Owners for action. Notwithstanding the foregoing, trustees may not be elected by written consent except by unanimous written consent of all Owners entitled to vote for the election of trustees.

ARTICLE 5. **BOARD OF TRUSTEES**

5.01 Number and Election of Trustees.

The Board of Trustees (the "**Board**") shall consist of no less than three (3) and no more than five (5) trustees; provided, however, that upon the establishment of Voting Groups pursuant to Section 6.9 of

the Declaration, the Board shall be comprised of five (5) trustees, three (3) of whom shall be elected by Voting Groups, and two (2) of whom shall be elected generally by all of the Owners.

The initial Board shall be composed of three (3) natural persons, designated by Declarant, who need not be Members of the Association. Thereafter, during the Class B Membership, Declarant may appoint, remove and replace each trustee at its discretion.

Upon cessation of the Class B Membership, as provided above, the acting Board shall hold a special meeting wherein the Owners will elect new trustees. The new trustees shall be elected by the Owners entitled to vote at such special meetings for any number of three (3) year terms. The term of one of the such new trustees expires at the first annual meeting after such special meeting held to elect such new trustees (the "Election Meeting"), the term of a second new trustee expires at the second annual meeting after such Election Meeting, and the term of a third new trustee expires at the third annual meeting after such Election Meeting. Upon the expiration of each staggered term, trustees shall be elected by the Owners entitled to vote at the annual meetings for any number of three (3) year terms to succeed those whose terms expire. Despite the expiration of a trustee's term, the trustee shall continue to serve until the election and qualification of a successor or until there is a decrease in the number of trustees, or until such trustee's earlier death, resignation, or removal from office.

After the termination of the Class B membership, the Board may, upon the majority vote of all Owners of the Lots entitled to vote, be expanded to a total of five (5) natural persons, and the additional two persons need not be Members.

5.02 Removal of Trustees. Each trustee may be removed, with or without cause, by a majority vote of all Owners of the Lots entitled to vote.

5.03 Replacement of Trustees.

i. A vacancy on the Board created by the removal, resignation, or death of a trustee appointed or elected by the Owners shall be filled by the remaining trustees until the next annual meeting of Owners, at which time the Owners shall elect a trustee to fulfill the then-remaining term of the replaced trustee.

ii. Any trustee elected or appointed pursuant to this Section 5.03 shall hold office for the remainder of the unexpired term of the trustee who was replaced.

5.04 Resignations.

Any trustee may resign at any time by giving written notice to the president or to the secretary of the Association. Such resignation shall take effect at the time specified therein and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

5.05 Regular Meetings.

Regular meetings of the Board may be held without call or formal notice at such places within or outside the State of Utah, and at such times as the Board from time to time by vote may determine. Any business may be transacted at a regular meeting. The regular meeting of the Board for the election of officers and for such other business as may come before the meeting may be held without call or formal notice immediately after, and at the same place as, the annual meeting of Owners, or any special meeting of Owners at which a Board is elected.

5.06 Special Meetings.

Special meetings of the Board may be held at any place within the State of Utah or by telephone, provided that each trustee can hear each other trustee, at any time when called by the president, or by two or more trustees, upon the giving of at least three (3) days' prior notice of the time and place thereof to each trustee by leaving such notice with such trustee or at such trustee's residence or usual place of business, or by mailing it prepaid and addressed to such trustee at such trustee's address as it appears on the books of the Association, or by electronic mail or telephone. Notices need not state the purposes of the meeting. No notice of any adjourned meeting of the trustees shall be required.

5.07 Quorum.

A majority of the number of trustees fixed by these Bylaws, as amended from time to time, shall constitute a quorum for the transaction of business, but a lesser number may adjourn any meeting from time to time. When a quorum is present at any meeting, a majority of the trustees in attendance shall, except where a larger number is required by law, by the Articles, by the Declaration, or by these Bylaws, decide any question brought before such meeting.

5.08 Waiver of Notice.

Before, at, or after any meeting of the Board, any trustee may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a trustee at any meeting of the Board shall be a waiver of notice by such trustee except when such trustee attends the meeting for the express purpose of objecting to the transaction of business because the meeting is not lawfully called or convened.

5.09 Informal Action by Trustees.

Any action required or permitted to be taken at a meeting of the trustees may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the trustees entitled to vote with respect to the subject matter thereof. Such consent shall have the same force and effect as a unanimous vote of the trustees.

ARTICLE 6.
OFFICERS AND AGENTS

6.01 General.

The officers of the Association shall be a president, a secretary, and a treasurer. The Board may appoint such other officers, assistant officers, committees (including but not limited to Neighborhood Committees), and agents, including assistant secretaries and assistant treasurers, as they may consider necessary or advisable, who shall be chosen in such manner and hold their offices for such terms and have such authority and duties as from time to time may be determined by the Board. One person may hold any two offices, except that no person may simultaneously hold the offices of president and secretary. In all cases where the duties of any officer, agent, or employee are not prescribed by the Bylaws or by the Board, such officer, agent, or employee shall follow the orders and instructions of the president.

6.02 Removal of Officers.

The Board may remove any officer, either with or without cause, and elect a successor at any regular meeting of the Board, or at any special meeting of the Board called for such purpose.

6.03 Vacancies.

A vacancy in any office, however occurring, shall be filled by the Board for the unexpired portion of the term.

6.04 President.

The president shall be the chief executive officer of the Association. The president shall preside at all meetings of the Association and of the Board. The president shall have the general and active control of the affairs and business of the Association and general supervision of its officers, agents, and employees. The president of the Association is designated as the officer with the power to prepare, execute, certify, and record amendments to the Declaration on behalf of the Association.

6.05 Secretary.

The secretary shall:

- i. keep the minutes of the proceedings of the Owners meetings and of the Board meetings;
- ii. see that all notices are duly given in accordance with the provisions of these Bylaws, the Declaration, and as required by law;
- iii. be custodian of the corporate records and of the seal of the Association and affix the seal to all documents when authorized by the Board;
- iv. maintain at the Association's principal offices a record containing the names and registered addresses of all Owners, the designation of the Lot owned by each Owner, and, if such Lot is mortgaged, the name and address of each mortgagee; and
- v. in general, perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to it by the president or by the Board.

Assistant secretaries, if any, shall have the same duties and powers, subject to supervision by the secretary.

6.06 Treasurer.

The treasurer shall be the principal financial officer of the Association and shall have the care and custody of all funds, securities, evidences of indebtedness, and other personal property of the Association and shall deposit the same in accordance with the instructions of the Board. The treasurer shall receive and give receipts and acquittances for moneys paid in on account of the Association and shall pay out of the funds on hand all bills, payrolls, and other just debts of the Association of whatever nature upon maturity. The treasurer shall perform all other duties incident to the office of the treasurer and, upon request of the Board, shall make such reports to it as may be required at any time. The treasurer shall, if required by the Board, give the Association a bond in such sums and with such sureties as shall be satisfactory to the Board, conditioned upon the faithful performance of his/her duties and for the restoration to the Association of all books, papers, vouchers, money, and other property of whatever kind in his/her possession or under his/her control belonging to the Association. The treasurer shall have such other powers and perform such other duties as may be from time to time prescribed by the Board or the

president. The assistant treasurers, if any, shall have the same powers and duties, subject to the supervision of the treasurer.

ARTICLE 7.
EVIDENCE OF OWNERSHIP, REGISTRATION OF
MAILING ADDRESS, AND LIEN HOLDERS

7.01 Proof of Ownership.

Any person on becoming an Owner shall furnish to the Association a photocopy or a certified copy of the recorded instrument vesting that person with an ownership interest in the Lot or Parcel. Such copy shall remain in the files of the Association.

7.02 Registration of Mailing Address.

If a Lot or Parcel is owned by two or more Owners, such Owners shall designate one address as the registered address. The registered address of an Owner or Owners shall be furnished to the secretary of the Association within ten (10) days after transfer of title, or after a change of address. Such registration shall be in written form and signed by all of the Owners of the Lot or Parcel or by such persons as are authorized to represent the interests of all Owners of the Lot or Parcel. If no address is registered or if all of the Owners cannot agree, then the address of the Lot or Parcel shall be deemed the registered address of the Owner(s), and any notice shall be deemed duly given if delivered to the Lot or Parcel.

7.03 Liens.

Any Owner who mortgages or grants a deed of trust covering such Owner's Lot or Parcel shall give the Association written notice of the name and address of the holder of such mortgage or deed of trust and shall file true, correct, and complete copies of the note and security instrument with the Association.

7.04 Address of the Association.

The address of the Association shall be 1099 West South Jordan Parkway, South Jordan, Utah 84095. Such address may be changed by the Board from time to time upon written notice to all Owners and all listed mortgagees.

ARTICLE 8.
SECURITY INTEREST IN MEMBERSHIP

Owners shall have the right irrevocably to constitute and appoint a holder of a mortgage or deed of trust their true and lawful attorney-in-fact to vote their membership in the Association at any and all meetings of the Association in which such Owner is entitled to vote and to vest in such holder any and all rights, privileges, and powers that they have as Owners under the Articles and these Bylaws or by virtue of the Declaration. Unless otherwise expressly provided in such proxy, such proxy shall become effective upon the filing of notice by such holder with the secretary of the Association. A release of the mortgage or deed of trust covering the subject Lot shall operate to revoke such proxy. Nothing herein contained shall be construed to relieve Owners, as mortgagors or grantors of a deed of trust, of their duties and obligations as Owners or to impose upon the holder of a mortgage or deed of trust the duties and obligations of an Owner.

ARTICLE 9.
AMENDMENTS

9.01 By Trustees.

Except as limited by law, the Articles, the Declaration, or these Bylaws, the Board shall have power to make, amend, and repeal the Bylaws of the Association at any regular meeting of the Board or at any special meeting called for that purpose at which a quorum is represented. If, however, the Owners shall make, amend, or repeal any Bylaw, the trustees shall not thereafter amend the same in such manner as to defeat or impair the object of the Owners in taking such action. Notwithstanding the foregoing, unanimous approval of the trustees shall be required to amend or repeal Sections 5.02 through 5.04 hereof.

9.02 Owners.

Subject to any rights conferred upon holders of a security interest in the Declaration, the Owners may, by the vote of the holders of at least sixty-seven percent (67%) of the votes of the Owners entitled to vote, unless a greater percentage is expressly required by law, the Articles, the Declaration, or these Bylaws, make, alter, amend, or repeal the Bylaws of the Association at any annual meeting or at any special meeting called for that purpose at which a quorum shall be represented. Notwithstanding the foregoing, unanimous approval of the Owners shall be required to amend or repeal Sections 5.02 through 5.04 hereof.

ARTICLE 10.
MISCELLANEOUS

10.01 Fiscal Year.

The fiscal year of the Association shall be such as may from time to time be established by the Board.

10.02 Other Provisions.

The Declaration contains certain other provisions relating to the administration of Santorini Village, which provisions are hereby incorporated herein by reference.

10.03 Officer/Trustee Qualifications.

No individual who is a Class A Member (as defined in the Declaration) may serve as an officer or trustee of the Association if that individual, or if such individual is associated with a Class A Member, the Class A Member associated with that individual, is delinquent in the payment of any dues, fees, assessments, or the like arising out of the Declaration, these Bylaws, or the Association's Articles of Incorporation, or is otherwise in material default of any of the covenants within such Declaration, Bylaws, or the Articles of Incorporation. Provided, that nothing in the previous sentence shall require an officer or trustee of the Association to also be an Owner.

ARTICLE 11.
INDEMNIFICATION

11.01 Indemnification.

No current or former director, officer, employee, fiduciary or agent shall be personally liable for any obligations of the Association or for any duties or obligations arising out of any acts or conduct of said person performed for or on behalf of the Association. The Association shall and does hereby indemnify and hold harmless each person who shall serve at any time as a director, officer, employee, fiduciary or agent of the Association, as well as such person's heirs and administrators, from and against any and all claims, judgments and liabilities to which such persons shall become subject, by reason of that person having heretofore or hereafter been a director, officer, employee, fiduciary or agent of the Association or by reason of any action alleged to have been heretofore or hereafter taken or omitted to have been taken by him as such director, officer, employee, fiduciary or agent, and shall reimburse any such person for all legal and other expenses reasonably incurred in connection with any such claim or liability; provided that the Association shall have the power to defend such person from all suits or claims; provided further, however, that no such person shall be indemnified against or be reimbursed for or be defended against any expense or liability incurred in connection with any claim or action arising out of such person's intentional misconduct. The rights accruing to any person under the foregoing provisions of this Section shall not exclude any other right to which such person may lawfully be entitled, nor shall anything herein contained restrict the right of the Association to indemnify or reimburse such person in any proper case, even though not specifically provided for herein or otherwise permitted. The Association, its directors, officers, employees, fiduciaries and agents shall be fully protected in taking any action or making any payment or in refusing so to do in reliance upon the advice of counsel.

11.02 Other Indemnification.

The indemnification herein provided shall not be deemed exclusive of any other right to indemnification to which any person seeking indemnification may be under any Bylaw, agreement, vote of disinterested director, officer, employee, fiduciary or agent, or otherwise, both as to action taken in any official capacity and as to action taken in any other capacity while holding such office. It is the intent hereof that all such persons be and hereby are indemnified to the fullest extent permitted by the laws of the State of Utah and these Bylaws. The indemnification herein provided shall continue as to any person who has ceased to be a director, officer, employee, fiduciary or agent and shall inure to the benefit of the heirs, executors and administrators of any such person.

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EXHIBIT A

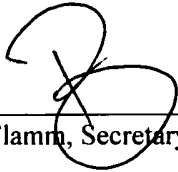
Trustees and Initial Terms

| TRUSTEE | INITIAL TERM |
|-----------------|--|
| Milton P. Shipp | Until the <u>third</u> annual meeting after incorporation |
| Bryan J. Flamm | Until the <u>second</u> annual meeting after incorporation |
| Nathan D. Shipp | Until the <u>first</u> annual meeting after incorporation |

SECRETARY'S CERTIFICATE

I, the undersigned and duly elected Secretary of Santorini Village Owners Association, Inc., a Utah nonprofit corporation (the "*Association*"), do hereby certify that the foregoing Amended & Restated Bylaws were adopted as the Bylaws of the Association effective as of May 20, 2016, and that the same (i) amended and restated in their entirety those certain Bylaws of Santorini Village Owners Association, Inc., dated October 30, 2013, and (ii) that the same do now constitute the Bylaws of the Association.

IN WITNESS WHEREOF, I have hereunto subscribed my name as the Secretary of the Association effective as of May 20, 2016.



Bryan J. Flamm, Secretary