

ENT 95817:2008 PG 1 of 51
RANDALL A. COVINGTON
UTAH COUNTY RECORDER
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RECORDED FOR OREM CITY CORPORATION

**DECLARATION OF CONDOMINIUM
OF THE
MILANO VILLAGE CONDOMINIUMS**
A Utah Expandable Condominium Project

This Declaration of Condominium is made on the date hereinafter set forth by THE HANSEN GROUP, L.C., a Utah limited liability company, hereinafter referred to as the "Declarant."

RECITALS:

- A. The Declarant is the owner of the following described parcel of land, hereinafter the "Land," which is located in Utah County, State of Utah and more particularly described on Exhibit A attached hereto and incorporated herein by this reference.
- B. The Declarant has constructed or will construct on the Land certain buildings and other improvements as shown on the Plat referred to below.
- C. The Declarant intends to execute, acknowledge, and record in the office of the County Recorder of Utah County, State of Utah, a certain condominium plat pertaining to the Project entitled "Phase 1 Second Amended Milano Village Condominiums including a vacation of Phase 1 Amended Milano Village Condominiums and the vacation of Phases 2 through 6 of Milano Village Condominiums."
- D. The Declarant intends by recording this Declaration and the Plat to submit the land, the buildings, and all other improvements situated in or upon the Land to the provisions of the Utah Condominium Ownership Act, Utah Code Ann., § 57-8-1, et seq. (hereinafter the "Condominium Act") as a fee simple Condominium Project and to impose on said property mutually beneficial restrictions under a general plan of improvement for the benefit of all Condominiums within said project and the Owners thereof.

DECLARATION:

NOW, THEREFORE, the Declarant hereby declares as follows:

ARTICLE 1 - DEFINITIONS

Unless the context clearly indicates otherwise, certain terms as used in this Declaration shall have the meanings set forth in this Article 1:

- 1. "Additional Land" shall mean that certain parcel of land located in Utah County, State of Utah and more particularly described on Exhibit B attached hereto and incorporated herein by this reference, all or any portion of which may be added to the Project as provided in Article 16.

2. "Adjacent Projects" shall mean the Tuscan Villas, a Planned Unit Development, Florence Village Condominiums, a Utah Condominium Project, Torino Village Condominiums, a Utah Condominium Project, Sorrento Park Condominiums, a Utah Condominium Project, Marino Park Condominiums, a Utah Condominium Project, Palermo Park Condominiums, a Utah Condominium Project, Venice Park Condominiums, a Utah Condominium Project, if such projects are developed by Declarant, Williamson Rentals, L.L.C., a Utah limited liability company, K.C. West Development, L.L.C., a Utah limited liability company, or Gunsmoke Properties, L.L.C., a Utah limited liability company.

3. "Association" shall mean the Milano Village Condominiums Owners Association, Inc., a Utah nonprofit corporation, organized to be the Association referred to herein.

4. "Board of Directors" shall mean the governing board or management committee of the Association, appointed or elected in accordance with the Declaration and in accordance with the Articles of Incorporation and Bylaws of the Milano Village Condominiums Owners Association, Inc.

5. "Building" shall mean one of the five (5) buildings containing one or more units that have been or will hereafter be constructed on the land, as such buildings are shown on the Plat.

6. "Clubhouse" shall mean Lot 1, Plat A, Italian Villages Subdivision the location of which may be shown on one or more of the plats for the Project and which shall consist of the real property included in such Lot 1, Plat A, the clubhouse, swimming pool, and other improvements located thereon. The Clubhouse shall include all furniture, furnishings, equipment, facilities, and other personal property owned by the Master Association or used in conjunction with the Clubhouse. The Clubhouse shall not be a Condominium or a Unit as hereafter defined, shall not be subject to Assessments hereunder, and shall not be owned by the Owners but shall be owned by the Master Association.

7. "Common Areas" shall mean all physical portions of the Project, except all Units and except the Clubhouse.

8. "Common Expense Fund" shall mean the fund created or to be created pursuant to the provisions of Article 9 of this Declaration and into which all monies of the Association shall be deposited.

9. "Common Facilities" shall mean all furniture, furnishings, equipment, facilities, and other property (real, personal, or mixed) and interests therein at any time leased, acquired, owned, or held by the Association for the use and benefit of all Owners and all other property (real, personal or mixed) hereafter purchased in accordance with this Declaration to be part of the Common Areas, except to the extent otherwise expressly provided in this Declaration.

10. "Condominium" shall mean a Unit and the undivided interest (expressed as a percentage of the entire ownership interest) in the Common Areas appurtenant to such Unit, as

set forth in Exhibit C attached hereto and by this reference made a part hereof. The Clubhouse shall not be a Condominium.

11. "Condominium Act" shall mean the Utah Condominium Ownership Act, Utah Code Ann., § 57-8-1, et seq.

12. "Declarant" shall mean THE HANSEN GROUP, L.C., a Utah limited liability company.

13. "Detention Basin" means Lot 1, Plat B, Italian Villages Subdivision on which is constructed and located or is to be constructed and located the storm water detention basin which Detention Basin is adjacent to the condominium plats for Sorrento Park, Marino Park, Palermo Park and Venice Park and may be shown on one or more plats for the Project or the Adjacent Projects for the construction, operation and maintenance of such storm water detention basin. The Detention Basin shall also mean and include the storm water easement(s) relative to the Detention Basin and the rights for storm waters to flow to the Detention Basin which storm water easement(s) are in favor of the City of Orem, the Project and the Adjacent Projects.

14. "Land" shall mean the land upon which the Project is situated, as more particularly described in Paragraph A of the Recitals above.

15. "Lease" shall mean any agreement for leasing or rental of the property.

16. "Limited Common Areas" shall mean any Common Areas designated as reserved for the use of a certain Unit or Units to the exclusion of the other Units in the Project. Structural separations between Units or the space which would be occupied by such structural separations may become Limited Common Areas for the exclusive use of the Owner or Owners of the Units on either side thereof as provided in herein.

17. "Master Association" shall mean the Italian Villages Owners Association, Inc., a Utah non-profit corporation of which the Association and the associations of the Adjacent Projects shall be members.

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

19. "Mortgagee" shall mean and include any institutional holder, insurer or guarantor of a Mortgage on any Condominium in the Project. "Mortgagee" shall mean and include any institutional holder, insurer or guarantor of a Mortgage on any Condominium in the Project.

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

performed and legal title conveyed of record). The term "Owner" shall not refer to the owner of the Clubhouse.

21. "Plat" shall mean that certain condominium plat entitled "Phase 1 Second Amended Milano Village Condominiums including a vacation of Phase 1 Amended Milano Village Condominiums and the vacation of Phases 2 through 6 of Milano Village Condominiums,," attached hereto as Exhibit D and incorporated herein by this reference and any additional condominium plats pertaining to the Project and recorded or to be recorded in the office of the County Recorder of Utah County, State of Utah.

22. "Project" shall mean the land, the buildings, and all improvements submitted by this Declaration and the Plat to the provisions of the Condominium Act.

23. "Total Votes of the Association" shall mean the total number of votes appertaining to all Condominiums in the Project, as shown on Exhibit C attached hereto.

24. "Unit" shall mean an individual air space unit, consisting of enclosed rooms occupying part of a building and bounded by the unfinished interior surfaces of the walls, floors, ceilings, windows, and doors along the perimeter boundaries of the air space, as said boundaries are shown on the Plat, together with all fixtures and improvements therein contained. Paint and other wall, ceiling, or floor coverings on interior surfaces shall be deemed to be part of the Unit. Notwithstanding the fact that they may be within the boundaries of such air space, the following are not part of a Unit insofar as they are necessary for the support or for the use and enjoyment of any other Unit: Bearing walls floors, ceilings, and roofs (except the interior surfaces thereof), foundations, ceiling equipment, tanks, pumps, pipes, vents, ducts, shafts, flues, chutes, conduits, wires, and other utility installations, except the outlets thereof when located within the Unit. The interior surfaces of a window or door mean the points at which such surfaces are located when the window or door is closed.

ARTICLE 2 - SUBMISSION AND DIVISION OF PROJECT

1. Submission to Condominium Act. The Declarant hereby submits the Land, the buildings, and all other improvements now or hereafter made in or upon the land to the provisions of the Condominium Act. All of said property is and shall be held, conveyed, hypothecated, encumbered, leased, rented, used, and improved as a fee simple Condominium Project to be known as Milano Village Condominiums, a Utah Condominium Project. All of said property is and shall be subject to the covenants, conditions, restrictions, uses, limitations, and obligations set forth herein, each and all of which are declared and agreed to be for the benefit of said Project and in furtherance of a plan for improvement of said property and division thereof into Condominiums further, each and all of the provisions hereof shall be deemed to run with the land and shall be a burden and a benefit on the land and shall be binding upon the Declarant, its successors and assigns, and to any person acquiring, leasing, or owning an interest in the real property and improvements comprising the Project, and to their respective personal representatives, heirs, successors, and assigns. Notwithstanding the various references which are included herein, it is not intended that the Clubhouse or the Detention Basin be submitted to the

provisions of the Condominium Act nor that either of them be a Condominium or a Unit in the Project. However, for purposes of identification and clarification, the Clubhouse and the Detention Basin may be described herein and there are certain provisions of this Declaration which are and shall be relative to the Clubhouse and/or the Detention Basin. However, the Association or the members of the Association shall be a member or members of the Master Association and the Project, and the Owners of the Units and the Project shall have certain rights and obligations with respect to the Clubhouse and the Detention Basin.

2. Division into Condominiums. The Project is hereby divided into: (a) Condominiums, each such Condominium consisting of a Unit and an appurtenant undivided interest in the Common Areas, as set forth in Exhibit C attached hereto and (b), in addition, there is the Clubhouse which is not a Condominium.

ARTICLE 3 - BUILDINGS AND IMPROVEMENTS

1. Buildings and Improvements. The buildings and other improvements constructed or to be constructed on the land are described on the Plat. The following information regarding the buildings is also contained on the Plat: the number of floors in a building (of which the lower storey is a half basement); and the number of units on each floor of a building. The Buildings in which the Units are located are concrete and steel on the lower story, and wood frame construction on the upper stories with stucco, brick and/or rock with pitched roofs and asphalt shingles. The Clubhouse is a single storey building of wood frame construction with stucco, brick and/or rock with a pitched roof and asphalt shingles. The Clubhouse also includes a swimming pool and related concrete patios, decks and retaining walls or fences.

2. Description of Units. The Plat contains the unit number, location, and dimensions of each Unit in the Project and all other information necessary to identify each such Unit and may include information sufficient to identify the location and dimensions of the Clubhouse.

3. Description of Common Areas. The Plat contains a description of the Common Area of the Project. The Common Areas shall include the private sewer system which services the Project as well as any portion thereof which may also service the Adjacent Projects or any of them to the extent that such private sewer system, or any portion thereof is located in the Project

4. Description of Limited Common Areas. The entryways immediately outside the front door of each of the Units are Limited Common Areas for the exclusive use of the Units that are serviced by such entryways. Any patios and balconies or other similar features intended to serve a single Unit but located outside the boundaries of the Unit shall constitute a limited common area and facility pertaining to such Unit. Covered parking spaces shall constitute limited common areas for the Units to which they are assigned.

ARTICLE 4 - NATURE AND INCIDENTS OF OWNERSHIP

1. Interior of Units. Each Owner shall have the exclusive right to paint, repaint, tile, wax, paper, carpet, or otherwise decorate the interior surfaces of the walls, ceilings, floors, and

doors forming the boundaries of such Owner's Unit and the surfaces of all walls, ceilings, floors, and doors within such boundaries. Each Owner shall also have the right, to construct partition walls, fixtures, and improvements within the boundaries of such Owner's Unit; provided however, that such partition walls, fixtures and improvements shall comply with all applicable laws, ordinances, and building codes, shall not interfere with facilities necessary for the support, use, or enjoyment of any other part of the Project, shall not impair the structural soundness or integrity of the Building in which it is located, and shall not encroach upon the Common Areas or any part thereof, unless the Board of Directors shall consent in writing to such encroachment.

2. Maintenance of Units. Each Owner shall keep the interior of his Unit, including without limitation, interior walls, windows, ceilings, floors, and permanent fixtures and appurtenances thereto, in a clean and sanitary condition and in a state of good repair. In the event that any such Unit shall develop an unsanitary or unclean condition or fall into a state of disrepair, and in the event that the Owner of such Unit shall fail to correct such condition or state of disrepair promptly following written notice from the Board of Directors, the Board of Directors in behalf of the Association shall have the right, at the expense of the Owner and without liability to the Owner for trespass or otherwise, to enter said Unit and correct or eliminate said unsanitary or unclean condition or state of disrepair; provided, however, that the Association shall in no event have the obligation to correct or eliminate any such condition or state of disrepair.

3. Ownership and Maintenance of Clubhouse. The Clubhouse shall be owned by the Master Association. The Master Association shall keep the Clubhouse, including without limitation, the clubhouse building, including the interior and exterior walls, windows, roofs, ceilings, floors, the furniture, fixtures and equipment, the swimming pool, deck areas, and walls and fences, including the swimming pool furniture, fixtures and equipment, the landscaping of the Clubhouse, parking, landscaped entry feature, signs and other permanent fixtures and appurtenances thereto, in a clean and sanitary condition and in a state of good repair. In the event that the Clubhouse shall develop an unsanitary or unclean condition or fall into a state of disrepair, and in the event that the Master Association shall fail to correct such condition or state of disrepair promptly following written notice from the Board of Directors, the Board of Directors in behalf of the Association shall have the right, at the expense of the Master Association and without liability to the Master Association for trespass or otherwise, to enter the Clubhouse and correct or eliminate said unsanitary or unclean condition or state of disrepair; provided, however, that the Association shall in no event have the obligation to correct or eliminate any such condition or state of disrepair.

4. Use of Clubhouse. The Owners, their tenants, guests and invitees shall have the non-exclusive right to use the Clubhouse in accordance with the rules and regulations of the Master Association.

5. Right to Combine Units. With the written consent of the Board of Directors, which consent shall not be unreasonably withheld, two or more Units may be utilized by the Owner or Owners thereof as if they were one Unit. To the extent permitted in the written consent of the Association, any walls, floors, or other structural separations between any two

such Units, or any space which would be occupied by such structural separations but for the utilization of the two Units as one Unit, may, for as long as the two Units are utilized as one Unit, be utilized by the Owner or Owners of the adjoining Units as Limited Common Areas, except to the extent that any such structural separations are necessary or contain facilities necessary for the support, use, or enjoyment of other parts of the Project. At any time, upon the request of the Owner of one of such adjoining Units, any opening between the two units which, but for joint utilization of the two Units, would have been occupied by structural separation, shall be closed, at the equal expense of the Owner or Owners of each of the two Units and the structural separations between the two Units shall thereupon become the common areas.

6. Title. Title to a Condominium within the Project may be held or owned by any person or entity, or any combination thereof, and in any manner in which title to any other real property may be held or owned in the State of Utah, including without limitation joint tenancy or tenancy in common. Title to the Clubhouse shall be held by the Master Association.

7. Ownership of Common Areas. The undivided ownership interests in the Common Areas shall be allocated based on the par or stated value of each Unit compared to the total par or stated value of all of the Units. For such purposes all Units shall have a par or stated value of One Hundred Eighty-Five Thousand Dollars (\$185,000.00). It is acknowledged that such par or stated values, though consistent with the relative fair market values of the Units are not intended to define the sale prices of the Units. Such par or stated values shall not be modified or adjusted due to changes in the sales prices or fair market values of the Units but shall only be modified or adjusted through an Amendment to this Declaration. The initial undivided ownership interest in the Common Areas appurtenant to each Unit in the Project shall be as set forth in Exhibit C attached hereto. Except as provided in Article 16, the percentages appurtenant to each Unit as shown in said Exhibit C shall have a permanent character and shall not be altered except with the unanimous written consent of all Owners expressed in an amendment to this Declaration duly recorded. Except as otherwise provided in this Declaration, any Owner shall be entitled to nonexclusive use of the Common Areas (other than Limited Common Areas) in any manner that does not hinder or encroach upon the rights of other Owners and is not contrary to any rules and regulations promulgated by the Association. Except as otherwise provided in this Declaration, any Owner shall have the exclusive right to use and enjoy any Limited Common Areas that may be designated for exclusive use by such Owner.

8. Inseparability. Title to no part of a Condominium within the Project may be separated from any other part thereof, and each Unit and the undivided interest in the Common Areas appurtenant to each Unit shall always be conveyed, devised, encumbered, and otherwise affected only as a complete Condominium. Every devise, encumbrance, conveyance, or other disposition of a Condominium, or any part thereof, shall be construed to be a devise, encumbrance, conveyance, or other disposition, respectively, of the entire Condominium, together with all appurtenant rights created by law or by this Declaration, including appurtenant rights created by law or by this Declaration, including appurtenant membership in the Association as hereinafter set forth.

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

10. Separate Mortgages by Owners. Each Owner shall have the right separately to mortgage or otherwise encumber such Owner's Condominium. No Owner shall attempt to or shall have the right to mortgage or otherwise encumber the Common Areas or any part thereof, except the undivided interest therein appurtenant to such Owner's Condominium. Any mortgage or other encumbrance of any Condominium within the Project shall be subordinate to all of the provisions of this Declaration, and in the event of foreclosure the provisions of this Declaration shall be binding upon any Owner whose title is derived through foreclosure by private power of sale, judicial foreclosure, or otherwise.

11. Separate Taxation. Each Condominium within the Project including each Unit and appurtenant undivided interest in the Common Areas, shall be deemed to be a parcel and shall be assessed separately for all taxes, assessments, and other charges of the State of Utah or of any political subdivision or of any special improvement district or of any other taxing or assessing authority. For purposes of such assessment, the valuation of the Common Areas shall be apportioned among the Units in proportion to the undivided interests in Common Areas appurtenant to such Units. All such taxes, assessments, and other charges on each respective Condominium shall be separately levied against the Owner thereof. No forfeiture or sale of any Condominium for delinquent taxes, assessments, or other governmental charges shall divest or in any way affect the title to any other Condominium. While the Clubhouse is a separate parcel, it is not intended that it shall be assessed separately for all taxes, assessments, and other charges of the State of Utah or of any political subdivision or of any special improvement district or of any other taxing or assessing authority, but because the value of the Clubhouse is to be included in the values of all Units in the Project and of the Adjacent Projects.

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

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

14. Description of Clubhouse. Every instrument affecting title to the Clubhouse may describe the Clubhouse by its Lot and Plat number as indicated in this Declaration or as shown on the Plat. Such description will be construed to describe the Clubhouse, together with any of

its appurtenant easement rights, and to incorporate all of the rights and duties incident to ownership of the Clubhouse as set forth herein or otherwise.

ARTICLE 5 - EASEMENTS

1. Easements for Ingress, Egress, and Parking. Declarant hereby grants to the Florence Village Condominiums, a Utah Condominium Project, Torino Village Condominiums, a Utah Condominium Project, and the Clubhouse an easement for ingress and egress over, upon, and across those portions of the Common Areas as are shown on the Plat or as are otherwise designated or used as the entryway(s) to the Milano Village Condominiums or over, upon and across any of the established private streets, driveways, sidewalks or walkways which are necessary for the owners of the Florence Village Condominiums to access the Florence Village Condominiums or for the owners of the Torino Village Condominiums to access the Torino Village Condominiums, or for the owners of the Adjacent Projects to access the Clubhouse. Declarant hereby grants to the Florence Village Condominiums, a Utah Condominium Project, Torino Village Condominiums, a Utah Condominium Project, and the Clubhouse an easement for parking over, upon, and across those portions of the Common Areas as are shown on the Plat or as are otherwise designated or used as parking in the Milano Village Condominiums; provided, however, that such easement for parking shall be subject to the right of the Milano Village Condominiums Owners Association to assign portions of the parking located on and in the Milano Village Condominiums to the Owners thereof. The Owners or the Association of the Milano Village Condominiums shall have the right to make adjustments to the locations of the streets, driveways, sidewalks, walkways and parking areas provided that the ingress and egress of the Florence Village Condominiums and the Torino Village Condominiums are not substantially and materially impaired and that the parking is not substantially and materially reduced. Declarant hereby grants to the Clubhouse and the Adjacent Projects an easement under or across the Common Areas for such portions, if any, of the private sewer system servicing said projects which may traverse such Common Areas of the Project, for the construction, reconstruction, upkeep, repair, replacement and maintenance of the private sewer system.

2. Easements for Encroachments. If any part of the Common Areas encroaches or shall hereafter encroach upon any Unit or the Clubhouse, an easement for such encroachment and for the maintenance of the same shall and does exist. If any part of a Unit or the Clubhouse encroaches or shall hereafter encroach upon the Common Areas, or upon an adjoining Unit, an easement for such encroachment and for the maintenance of the same shall and does exist. If any part of the Common Areas or any part of a Unit shall hereafter encroach on real property now owned by the Declarant outside the boundaries of the land, an easement for such encroachment shall and does exist. Such encroachments shall not be considered to be encumbrances either on the Common Areas, the Units or the Clubhouse. Encroachments referred to herein include, but are not limited to, encroachments caused by error in the original construction of the Building or any Improvements constructed or to be constructed within the Project, by error in the Plat, by settling, rising, or shifting of the earth, or by changes in position caused by repair or reconstruction of the Project, or any part thereof, in accordance with the provisions of this Declaration.

3. Easements for Maintenance, Cleaning and Repair. Some of the Common Areas are or may be located within the Units or may be conveniently accessible only through the Units.

The Association shall have the irrevocable right to have access to each Unit and to all Common Areas from time to time during such reasonable hours as may be necessary for the maintenance, cleaning, repair or replacement of any Common Areas or for making emergency repairs at any time therein necessary to prevent damage to the Common Areas or to any Unit. In addition, agents of the Association may enter any Unit when necessary in connection with any cleaning, maintenance, repair, replacement, landscaping, construction, or reconstruction for which the Association is responsible. Such entry shall be made with as little inconvenience to the Owners as practicable, and any damage caused thereby shall be repaired by the Association with funds from the Common Expense Fund.

4. Right to Ingress, Egress, and Support. Each Owner shall have the right to ingress and egress over, upon, and across the Common Areas as necessary for access to such Owner's Unit and to any Limited Common Areas appurtenant to such Unit, and shall have the right to horizontal, vertical, and lateral support of such Unit, and such rights shall be appurtenant to and pass with title to each Condominium.

5. Association's Right to Use Common Areas. The Association shall have an easement to make such use of the Common Areas as may be necessary or convenient to perform the duties and functions that it is obligated or permitted to perform pursuant to this Declaration, including without limitation the right to construct and maintain in the common areas (other than Limited Common Areas) facilities for use by Owners generally or by the Association and its agents exclusively.

6. Easement for Completion of Project. The Declarant shall have a transferable easement over and on the Common Areas for the purpose of completing construction of the Project and making improvements therein as shown on the Plat and for the purpose of doing all things reasonably necessary or appropriate in connection therewith. To the extent that damage is inflicted on any part of the Project by any person utilizing said easement, the Declarant and the person causing the damage shall be liable to the Association for the prompt repair of such damage.

7. Easement for, Conveyance of and Maintenance of Detention Basin. It is anticipated that the Project, the Adjacent Projects, and any development hereafter developed on land owned by Northgate Village Development LC at the corner of 1200 West Street and 900 North Street and identified on the Phase 3 Plat of Tuscan Villas (the "Northgate Development") shall all have the right to convey their storm water into the Detention Basin. The Detention Basin shall not be altered without the written permission of the Orem City Engineer. The Detention Basin may be included in and made a part of the joint Common Areas of the Project and any of the Adjacent Projects or may be treated as a separate unit or parcel as described herein; provided that Declarant, or its affiliates, hereby reserves the right, without seeking the consent or agreement of the Owners, to convey the Detention Basin to the Master Association or to another master association of which the Project and the Adjacent Projects separate owners associations are members or of which associations the members of the Project and the Adjacent Projects are members thereof which Master Association or other Association will be charged with the responsibility of maintaining and landscaping the Detention Basin for the use and benefit of the

City of Orem, the Project, the Adjacent Projects and the Northgate Development. The Association, the Master Association, or the homeowners' associations for the Adjacent Projects and the Northgate Development shall be responsible for maintaining the area of the Detention Basin in grass and in a neat and attractive manner in accordance with good landscaping practices. The Detention Basin shall be maintained in a manner that does not diminish the capacity, operation or effectiveness of the Detention Basin. The outlet structures adjacent to 900 North Street are to be maintained by the City of Orem.

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

ARTICLE 6 - RESTRICTIONS ON USE

1. Primary Residential Use. All Units within the Project shall be used exclusively for residential purposes and for no other purpose.

2. Clubhouse Use. The Clubhouse shall be used primarily for residential related purposes; provided, however, that a portion of the Clubhouse may be used for an office for the Master Association, for the other associations which are members of or whose members are members of the Master Association, or for a sales and rental office for the Declarant or for the declarants of the Adjacent Projects.

3. No Noxious or Offensive Activity. No noxious or offensive activity shall be carried on in or upon any part of the Project, nor shall anything be done or placed in or upon any part of the Project which is or may become a nuisance or which may cause disturbance or annoyance to Owners. No activities shall be conducted nor Improvements constructed, in or upon any part of the Project which are or may become unsafe or hazardous to any person or property.

4. Restrictions on Signs. No signs, flags, or advertising devices of any nature, including without limitation, commercial, political, informational, or directional signs or devices, shall be erected or maintained on any part of the Project, without the prior inspection and written approval of the Board of Directors, except as may be necessary temporarily to caution or warn of danger. If the Association consents to the erection of any such signs or devices, the same shall be removed promptly at the request of the Association.

5. Pets and Animals. No animals, livestock or poultry of any kind shall be raised, bred or kept in any Unit or in the Common Areas except for service animals of Owners or their guests or invitees with disabilities and except that household pets may be kept or housed in Units when expressly permitted in writing by the Board of Directors. Each Owner who desires to keep a pet in such Owner's Unit shall apply in writing to the Board of Directors for permission to keep such pet. In no event shall any pet be permitted in any portions of the Common Areas unless carried or on a leash. Each Owner who keeps a pet in a Unit shall promptly remove all pet waste

from the Common Areas and Common Facilities and the Clubhouse. Each Owner who keeps a pet in a Unit shall indemnify and hold all other Owners and the Association harmless against any loss or liability of any kind or character whatsoever arising from or as a result of having such pet in the Project. If a pet disturbs other Owners by barking or biting or in other ways becoming obnoxious, the Board of Directors will give notice to the Owner of such pet to cause such annoyance to be discontinued; and if such annoyance is not discontinued and corrected, the Board of Directors may revoke its permission to keep the pet in the Project and the pet shall be removed therefrom.

6. No Alterations. No Owner shall, without the prior written consent of the Board Trustees in each specific instance, make, or cause to be made any alteration, addition, removal, or improvement in or to the Common Areas or any part thereof, or do any act that would impair the structural soundness or integrity of the Buildings or other improvements, or jeopardize the safety of persons or property or impair any easement or hereditament appurtenant to the Project.

7. No Obstructions. No Owner shall obstruct the Common Areas or any part thereof. No Owner shall store or cause to be stored in the Common Areas any property whatsoever, unless the Board of Directors shall consent thereto in writing.

8. No Overloading. No Owner shall bring anything into such Owner's Unit or permit anything to be done in such Owner's Unit that will cause damage to the Building. No Owner shall overload the floor of such Owner's Unit. No Owner shall permit the use or operation in his Unit of any equipment, machinery, or other apparatus that will in any manner injure, vibrate, or shake the Building or portions thereof.

9. Prohibition of Damage and Certain Activities. Except with the prior written consent of the Board of Directors, nothing shall be done or kept in any Unit, in the Common Areas, or in any other part of the Project that would result in cancellation of the insurance on the Project or any part thereof, nor shall anything be done or kept in any Unit that would increase the rate of insurance on the Project or any part thereof over that which the Association, but for such activity, would pay. Nothing shall be done or kept in any Unit or in the Common Areas or any part thereof which would be in violation of any statute, rule, ordinance, regulation, permit, or other validly imposed requirement of any governmental authority. No damage to, or waste of, the Common Areas or any part thereof shall be committed by any Owner or guest of any Owner, and each Owner shall indemnify and hold harmless the Association and the other Owners from and against all loss resulting from any such damage or waste caused by such Owner or by the guests, tenants, licensees, or invitees of such Owner. No trampolines shall be permitted anywhere within the Project. No TV dishes or outdoor antennas shall be allowed without the specific prior written consent of the Board of Directors.

10. No Commercial Business. No commercial business shall be permitted within the Project; provided that this provision shall not prevent the Master Association, the Declarant or the declarants of the Adjacent Projects from using a portion of the Clubhouse as an office to conduct their businesses nor for charging a fee for or to otherwise rent or lease the Clubhouse to the Owners or Members of the Project or the Adjacent Projects for their use thereof.

11. Leasing Permitted; No Lease for Transient or Hotel Purposes. Any lease agreement shall be required to provide that the terms of such lease shall be subject in all respects to the provisions of the Declaration, the Articles, and the Bylaws and that any failure by the lessee to comply with the terms of such documents shall be a default under the lease. An Owner may lease the Owner's Unit for an initial term of not less than thirty (30) days evidenced by a written lease executed by the Owner and the lessee/tenant and containing a specific statement that such lease is subject to the provisions of this Declaration and any rules and regulations adopted by the Board of Directors. A copy of any such lease must be submitted to the Board of Directors for its review and approval, which approval shall be based upon the lease meeting the requirements of the Declaration and any rules and regulations adopted by the Board of Directors. No Owner shall lease less than the Owner's entire Unit.

12. Parking Restrictions. Each Unit shall have one covered parking space assigned to it by the Association. Such assignments shall be reflected in an amendment or amendments to this Declaration which shall be signed by the Association without the consent of the Owners or Mortgagees and recorded with the Utah County Recorder. No boats, trailers, recreational vehicles, trucks, commercial vehicles, or inoperable vehicles belonging to Owners or other residents of the Project shall be parked or stored within the Project. If any such boats, trailers, recreational vehicles, trucks, commercial vehicles, or inoperable vehicles are parked or stored within the Project for more than two (2) days, the Board shall have the right to remove them from the Project at the expense of the owner of said vehicle.

13. Rules and Regulations. Each Owner shall comply strictly with all rules and regulations adopted by the Association for the governance of the Units, the Common Areas, the Clubhouse and the Project, as such rules and regulations may be modified, amended, and construed by the Association in the sole discretion of its Board of Directors.

14. Construction Period Exemption. During the course of actual construction of any permitted structures or improvements within the Project, the provisions, covenants, conditions, and restrictions contained in this Declaration shall be deemed waived to the extent necessary or convenient to permit such construction; provided, however, that during the course of such construction, nothing shall be done which will result in a violation of any said provisions, covenants, conditions, or restrictions upon completion of the construction.

PURSUANT TO THE PROVISIONS OF SECTION 57-8-15 OF THE ACT, THE PROVISIONS SET FORTH IN ARTICLE 7 ARE AND SHALL BE THE BY-LAWS OF THE ASSOCIATION.

ARTICLE 7 - THE ASSOCIATION

1. Membership. Each Owner shall be entitled and required to be a Member (hereafter such Owners may be referred to either as "Owner" or "Member") of the Association; Membership shall begin immediately and automatically upon becoming an Owner and shall terminate immediately and automatically upon ceasing to be an Owner. If title to a Condominium is held by more than one person, the Membership appurtenant to that

Condominium shall be shared by all such persons in the same proportionate interest and by the same type of tenancy in which title to the Condominium is held. An Owner shall be entitled to one Membership for each Condominium owned by such Owner. Each Membership shall be appurtenant to the Condominium to which it relates and shall be transferred automatically by conveyance of that Condominium. Ownership of a Condominium within the Project cannot be separated from Membership in the Association appurtenant thereto, and any devise, encumbrance, conveyance, or other disposition of a Condominium shall be construed to be a devise, encumbrance conveyance, or other disposition respectively of the Owner's Membership in the Association and rights appurtenant thereto. No person or entity other than an Owner may be a Member of the Association, and Membership in the Association may not be transferred except in connection with the transfer of the Condominium.

2. Votes. Each Unit in the Project shall have one vote in the Association regardless of the size or value of the Unit. The number of votes appurtenant to each respective Condominium shall be as set forth in Exhibit B. The number of votes appurtenant to each Condominium as set forth in said Exhibit B shall have a permanent character and shall not be altered without the unanimous written consent of all Owners expressed in a duly recorded amendment to this Declaration.

3. Multiple Owners of a Unit. In the event there is more than one Owner of a Unit, the vote relating to such Unit shall be exercised as such Owners may determine between or among themselves, but in no event shall more votes be cast with respect to a Unit than the amount determined under Section 2. A vote cast at any Association meeting or by written consent by any such Owners, whether in person or by proxy, shall be conclusively presumed to be the entire vote attributable to the Unit concerned unless an objection is made at the meeting or in writing by another Owner of the same Unit, in which event no vote will be counted with respect to such Unit except to determine the presence or absence of a quorum.

4. Board of Directors. The Board of Directors (hereafter it may be referred to as the "Board") shall be deemed to be the Management Committee for purposes of the Condominium Act and shall be composed of at least three (3) Directors and no more than nine (9) Directors and shall satisfy the requirements. The term for each Director shall be one (1) year. Directors shall serve until their successors are elected. Only Unit Owners and officers, directors, agents, and employees of Owners who are other than individuals shall be eligible to be Directors. Until either of the following events has occurred, the Declarant shall have the exclusive right to appoint and to remove all Directors of the Association:

- a. six (6) years from the recording date of this Declaration, or
- b. one hundred and twenty (120) days after Condominiums representing seventy-five percent (75%) of the interests in the Common Areas of the Project have been conveyed to purchasers.

Thereafter, the Directors of the Association shall be elected by a majority vote of the Members. In the event of a vacancy, the remaining Directors shall elect a replacement to sit on

the Board until the sooner of the expiration of the term for which the Director being replaced was elected or the next annual meeting of the Members.

5. Status and General Authority of Board of Directors. Except as herein otherwise provided, the Project shall be managed, operated and maintained by the Board as agent for the Association of Unit Owners. The Board shall have, and is hereby granted, the following authority and powers:

a. The authority without the consent of the Owners or of any other person(s), except Mortgagees, if required by the terms of their Mortgage, to grant or create on such terms as it deems advisable, utility and similar easements over, under, across and through the Common Areas.

b. The authority to execute and record, on behalf of all Owners, any amendments to the Declaration or the Plat which has been approved by the vote or consent necessary to authorize such amendment as hereinafter set forth.

c. The power to sue and be sued.

d. The authority to enter into contracts relating to the Common Areas and other matters over which it has jurisdiction, so long as any vote or consent of the Owners, as set forth herein, which is necessitated by the subject matter of the agreement has been obtained.

e. The power and authority to convey or transfer any interest in real property, so long as the vote or consent, as set forth herein, which is necessary under the circumstances have been obtained.

f. The power and authority to purchase, or otherwise acquire, and accept title to, any interest in real property so long as such action has been authorized by any vote or consent, as set forth herein, which is necessary under the circumstances.

g. The power and authority to add any interest in real property obtained pursuant to paragraph f to the Project, so long as such action has been authorized by the necessary vote or consent as set forth herein.

h. The power and authority to and the obligation to enforce compliance with this Declaration and the by-laws against any Owner or any occupant of a Unit and in order to carry out the same shall have all of the rights and remedies available for such enforcement in accordance with the laws of the State of Utah and the City and County of Utah.

i. The authority to promulgate such reasonable rules, regulations, and procedures as may be necessary or desirable to aid the Board in carrying out its function or to insure that the Project is maintained and used in a manner consistent with the interests of the Owners.

j. The power and authority to perform any other acts and to enter into any other transactions, subject to the rights of the Association, which may be reasonably necessary for the Board to perform its functions as agent for the Owners. Any instrument executed by the Board relating to the Common Areas of the Project that recites facts which, if true, would establish the Board's power and authority to accomplish through such instrument what is purported to be accomplished thereby, shall conclusively establish said power and authority in favor of any person who in good faith and for value relies upon said instrument.

6. Duties of Board. It shall be the duty of the Board to:

a. Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by thirty-five (35%) of the Members who are entitled to vote;

b. Supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

c. As more fully provided in the Declaration, to fix the amount of the annual assessments against each Unit, and send written notice of each assessment to every Owner as more fully set forth hereafter.

d. Issue, or cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

e. Procure and maintain adequate liability and hazard insurance on property owned by the Association, and adequate officers and Directors indemnity insurance, and all other insurance required by the Declaration;

f. Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

g. Cause the Common Areas and the Buildings to be maintained as provided in this Declaration;

h. Permit Mortgagees of Units in the Project to pay taxes or other charges which are in default and which may or have become a charge against the Common Areas of the Association, and such Mortgagees may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy for such property, and such Mortgagees, upon making such payments, shall be owed immediate reimbursement therefore from the Association;

i. Assess and collect all assessments referred to or authorized in the Declaration.

7. Meetings and Manner of Action. The Directors shall hold such meetings as they shall deem necessary. The act of the majority of the Directors shall be the act of the Committee, unless the vote of a greater number is required by the Declaration, the Act, the Articles of Incorporation or these By-Laws.

8. Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written consent or approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

9. Compensation. No Director shall receive compensation for any service he may render to the Association. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

10. Right of Delegation to Manager. The Board may carry out any of its functions which are capable of delegation through a manager. The Manager so engaged shall be responsible for managing the Common Areas and shall, to the extent permitted by law and the terms of the agreement with the Board, be authorized to perform any of the functions or acts required or permitted to be performed by the Board itself.

11. Payment of Services, etc. The Board may obtain and pay for the services of any person or entity to manage its affairs, or any part thereof, to the extent it deems advisable, as well as such other personnel as the Management Committee shall determine to be necessary or desirable for the proper operation of its function in the Project, whether such Committee or by any person or entity with whom it contracts. The Board may obtain and pay for the operation of the Project or the enforcement of this Declaration. It is recognized that the Board may arrange with other persons to furnish snow removal, ground maintenance and other common services to the Project whether such personnel are furnished or employed directly by the Board.

12. Personal Property Ownership and Use. The Board may acquire and hold for the use and the benefit of all of the Owners tangible and intangible personal property and may dispose of the same by sale or otherwise, and the beneficial interest in any such property shall be deemed to be owned by the Owners in the same proportion as their respective interests in the Common Areas. A transfer of a Unit shall transfer to the transferee ownership of the transferor's beneficial interest in such property without any reference thereto. Such interest shall not be transferable except with the transfer of a Unit, and such beneficial interest may in no event be reserved, by the transferor of a Unit.

13. Rules and Regulations. The Board may make reasonable rules and regulations governing the operation and use of the Common Areas and other matters over which it has jurisdiction, which rules and regulations shall be consistent with the rights and duties established in this Declaration and By-laws. The Board may suspend any Owner's voting rights at the

meeting of Owners during any period or such periods during which such Owner fails to comply with such rules and regulations, or with any other obligations of such Owners under this Declaration. The Board may also take judicial action against any Owner to enforce compliance with such rules and regulations or other obligation or to obtain damages for noncompliance, all to the extent provided by law.

14. Additional Board Rights. The Board may exercise any other right or privilege given to it expressly by this Declaration or by law and every other right or privilege reasonably to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege.

15. Indemnification of Board. Each member of the Board shall be indemnified and held harmless by the Association and the Owners from and against any and all claims, judgments and liabilities to which such persons shall become subject by reason of having been a member of the Board, or by reason of any action alleged to have been taken or omitted to have been taken as a member of such Board, and shall reimburse each such person for all legal and other expenses reasonably incurred in connection with any such claim or liability, including power to defend such person from all suits or claims; provided, however, that no such person shall be indemnified against, or be reimbursed for, any expense incurred in connection with any claim or liability arising out of his or her own fraudulent or criminal misconduct.

16. Annual Meeting. The annual meeting of the Association shall be held on the first Tuesday of July of each year commencing in the year 2009. If the day fixed for the annual meeting shall be a legal holiday, the meeting shall be held on the next succeeding business day. At such annual meetings there shall be elected Directors of the Association, as needed, pursuant to the provisions of this Declaration, if not appointed by Declarant, and financial reports and budgets shall be presented, as well as other business of the Association properly placed before the Association.

17. Special Meetings. Special meetings of the Association may be called by the President, or by not less than thirty-five percent (35%) of the Owners.

18. Place of Meeting. The Board may designate any place, within the State of Utah, as the place of meeting for any annual meeting or for any special meeting. A waiver of notice signed by all Members may designate any place, within the State of Utah, as the place for the holding of such meeting. If no designation is made, or if a special meeting is otherwise called, the place of meeting shall be at the principal office of the Association in the State of Utah.

19. Notice of Meeting. Written or printed notice stating the place, day and hour of the meeting, and in the case of a special meeting, the purposes for which the meeting is called shall be delivered not less than ten (10) days nor more than sixty (60) days before the date of the meeting, either personally or by mail, to each Member of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Member at his, her or its address as it appears on the records of the Association, with postage thereon prepaid.

20. Quorum. The presence, in person or by proxy, of the Members who are entitled to cast a majority of the votes of the Association shall constitute a quorum. If less than the required quorum of the Members are represented at a meeting, the chairman of the meeting or a majority of the Members so represented may adjourn the meeting from time to time without further notice. The quorum for an adjourned meeting shall be one-half of the required Members for the meeting as originally noticed. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. The Members at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum.

21. Voting. If a quorum is present, the affirmative vote of a majority of the votes, present at the meeting or represented by proxy, shall be the act of the Association, unless the vote of a greater number is required by the Act, the Articles of Incorporation, these By-Laws or the Declaration in which case it shall require the affirmative vote of such greater number.

22. Proxies. At all meetings of Members, a Member may vote by proxy executed in writing by the Member or by his duly authorized attorney-in-fact. Such proxy shall be filed with the secretary of the Association at least three (3) days before the date of the meeting. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise permitted in the act and so provided in the proxy.

23. Consent Equivalent to Vote. In those cases in which the Act or this Declaration require the vote Owners or the vote of a stated percentage of the Project's Undivided Ownership Interest for the authorization or approval of a transaction, such requirement may be fully satisfied by obtaining, with or without a meeting, consents in writing to such transaction from Unit Owners who hold at least the necessary vote or percentage of Undivided Ownership Interest.

24. Officers. The officers of the Association may include a president, a vice president, a treasurer, and a secretary, and such assistant treasurers, assistant secretaries, or other officers as may be elected or appointed by the Board. Any two or more offices may be held by the same person.

25. Election and Term of Office. The officers of the corporation, if any, shall be elected annually by the Board at a meeting of the Board held after each annual meeting of the Association. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Vacancies may be filled or new offices filled by the Board. Each officer shall hold office until his or her successor shall have been duly elected and shall have qualified or until his or her death or until he or she shall resign or shall have been removed in the manner hereinafter provided.

26. Removal. Any officer or agent elected or appointed by the Board may be removed by the Board whenever in its judgment the best interests of the Association would be served thereby.

27. President. The president shall be the chief executive officer of the Association. He or she shall preside at all meetings of the Association and of the Board. He or she shall have such duties and powers generally vested in similar Associations and such other powers and duties as may be prescribed by the Board.

28. Vice President. In the absence of the president or in the event of his or her inability or refusal to act, the vice president shall perform the duties of the President, and when so acting, shall have all the powers of, and be subject to all the restrictions upon the president. The vice president shall perform such other duties as from time to time may be assigned to him by the President or by the Board.

29. Treasurer. The treasurer shall have charge and custody of and be responsible for all funds and securities of the Association; receive and give receipts for moneys due and payable to the Association from any source whatsoever, and deposit all such moneys in the name of the Association in such banks, trust companies or other depositories as shall be selected by the Board and in general perform all the duties incident to the office of treasurer and such other duties as from time to time may be assigned to him or her by the president or by the Board.

30. Secretary. The secretary shall keep the minutes of the meetings of the Board and the Association; see that all notices are duly given in accordance with the provisions of the Declaration, the By-Laws or as required by law; be custodian of the books and records of the Association; keep a register of the post office address of each Member which shall be furnished to the secretary by such Member; and in general perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to him or her by the President or the Board.

ARTICLE 8 - CERTAIN RIGHTS AND OBLIGATIONS OF THE ASSOCIATION AND TRUSTEES

1. The Common Areas. The Board of Directors, acting on behalf of the Association and, subject to the rights and duties of the Owners as set forth in this Declaration, shall be responsible for the exclusive management and control of the Common Areas and all Improvements thereon (including the Common Facilities), and shall keep the same in a good, clean, attractive, safe, and sanitary condition, order, and repair; provided, however, that unless otherwise stated herein, each Owner shall keep the Limited Common Areas designated for use in connection with his Unit, if any, in a clean, sanitary, and attractive condition. The Association shall be responsible for the maintenance and repair of the exterior of the Buildings, other Improvements and grounds, including without limitation painting thereof, repair and replacement of exterior trim, roofs and fences, and maintenance of landscaping, walkways, driveways, and parking areas. The Board of Directors shall also be responsible for maintenance, repair, and replacement of Common Areas within the Buildings, including without limitation landings, stairways, hallways, utility lines, Common Facilities, and all Improvements and other items located within or used in connection with the Common Areas. The specification of duties of the Board of Directors with respect to particular Common Areas shall not be construed to limit its

duties with respect to other Common Areas. All goods and services procured by the Board of Directors in performing its responsibilities under this Section shall be paid for with funds from the Common Expense Fund.

2. Miscellaneous Goods and Services. The Board of Directors may, in behalf of the Association, obtain and pay for the services of such personnel as the Board of Directors shall determine to be necessary or desirable for the proper operation of the Project, whether such personnel are furnished or employed directly by the Association or by any person or entity with whom or which it contracts. The Board of Directors may, in behalf of the Association, obtain and pay for legal and accounting services necessary or desirable in connection with the operation of the Project or the enforcement of this Declaration. In addition to the foregoing, the Board of Directors may, in behalf of the Association, acquire and pay for out of the Common Expense Fund water, sewer, garbage collection, electrical, gas, and other necessary or desirable utility services for the Common Areas (and for the Units to the extent not separately metered or billed), insurance, bonds, and other goods and services common to the units.

3. Real and Personal Property. The Board of Directors may acquire and hold on behalf of the Association real, personal, and mixed property of all types for the use or benefit of all of the Owners and may dispose of such property by sale or otherwise; provided that any acquisition or disposition of any real, personal or mixed property by the Board of Directors wherein the value of such property exceeds \$5,000 must be approved by a vote of at least fifty-one percent (51%) of the Total Votes of the Association at a Meeting duly called for that purpose. All such property, including Common Facilities, shall be paid for out of the Common Expense Fund and all proceeds from the disposition thereof shall be part of such fund.

4. Rules and Regulations. The Board of Directors may make reasonable rules and regulations governing the use of the Units, the Common Areas, the Limited Common Areas, and all parts of the Project, which rules and regulations shall be consistent with the rights and duties established by this Declaration. The Board of Directors in behalf of the Association may take judicial action against any Owner to enforce compliance with such rules and regulations or other obligations of such Owner arising hereunder, or to obtain damages for noncompliance therewith, as permitted by law. In the event of such judicial action, the Association shall be entitled to recover its costs, including reasonable attorneys' fees, from the offending Owner.

5. Granting Easements. The Board of Directors shall have the right on behalf of the Association to grant utility and other easements under, through and over the Common Areas and Facilities that are reasonably necessary to the ongoing development and operation of the Project.

6. Statutory Duties and Powers. All duties, responsibilities rights, and powers imposed upon or granted to the "management committee" or to the "manager" under the Condominium Act shall be duties, responsibilities, rights, and powers of the Board of Directors hereunder.

7. Implied Rights. The Association may exercise any right, power, or privilege given to it expressly by this Declaration or by law, and every other right or privilege reasonably

implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege.

ARTICLE 9 - ASSESSMENTS

1. Agreement to Pay Assessments. The Declarant, for each Condominium owned by it within the Project, and for and as the owner of the Project and every part thereof, hereby covenants and each Owner of any Condominium by the acceptance of instruments of conveyance and transfer therefore, whether or not it be so expressed in said instruments, shall be deemed to covenant and agree with each other and with the Association to pay to the Association all assessments made by the Association for the purposes provided in this Declaration. Such assessments shall be fixed, established, and collected from time to time as provided in this Article 9; provided, however, that all Units shall be allocated full assessments no later than sixty (60) days after the first Unit is conveyed.

2. Annual Assessments. Annual Assessments shall be computed and assessed against all Condominiums in the Project as follows:

a. Common Expense. 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 connected with maintenance and operation of the Common Areas and/or furnishing utility services and other common items to the Units. Such estimated expenses may include, among other things, the following: Expenses of management; real property taxes and special assessments (unless and until the Condominiums are separately assessed); premiums for all insurance that the Association is required or permitted to maintain hereunder; repairs and maintenance; assessments from the Master Association to the Association or to the Owners thereof relative to the ownership, management, and maintenance of the properties of the Master Association including, but not limited to the various types of expenses and reserves as set forth herein, wages for Association employees, including fees for a Manager (if any); utility charges, including charges for utility services to the Units to the extent not separately metered or billed; 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 Common Areas and Facilities that must be replaced on a periodic basis, and such reserve shall be funded by monthly payments rather than extraordinary special assessments; and any other expenses and liabilities which may be incurred by the Association for the benefit of the Owners under or by reason of this Declaration. Such shall constitute the Common Expense, and all funds received from assessments under this Section shall be part of the Common Expense Fund.

b. Apportionment. Expenses attributable to the Common Expense or to the Project as a whole shall be apportioned among and assessed to the Owners in proportion to their respective undivided interests in the Common Areas. The Declarant shall be liable for the amount of any assessments against the Condominiums owned by it. Neither the Clubhouse nor the owner thereof shall be subject to assessment for the Common Expenses of the Project.

c. Annual Budget. Annual Assessments shall be determined on the basis of a fiscal year beginning January 1 of each year and ending the December 31 next following; provided the first fiscal year shall begin on the date of this Declaration and end on the December 31 next following. On or before December 15 of each year, the Board of Directors shall prepare and furnish to each Owner, or cause to be prepared and furnished to each Owner, an operating budget for the upcoming fiscal year. The budget shall itemize the estimated expenses of Common Expense 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 the Project shall be operated during such annual period. Such budgets shall be unnecessary for Annual Assessments relative to, or for operation of the Project during, any operating period ending before January 1, 2005.

d. Notice and Payment. Except with respect to the first fiscal year, the Board of Directors shall notify each Owner as to the amount of the Annual Assessment against such Owner's Condominium on or before December 15 each year for the fiscal year beginning on January 1 next following. Each Annual Assessment shall be payable in twelve 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 for the first fiscal year shall be based upon such portion of the first fiscal year and shall be payable in such installments and at such times as the Association, in the sole discretion of its Board of Directors, may determine. All unpaid installments of any Annual Assessment shall bear interest at the rate of fifteen percent (15%) per annum from the date each such installment becomes due until paid. In addition, in the event that any installment of any Annual Assessment is not paid on the date such installment becomes due, it shall be subject to a penalty for late payment of three dollars (\$3.00) per day from the date each such installment becomes due until paid. The failure of the Board of Directors to give timely notice of any Annual Assessment 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 Owner 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 Owner in the manner provided in this Declaration.

e. Inadequate Funds. In the event that the Common Expense Fund proves inadequate at any time for whatever reason, including nonpayment of any Owner's assessment, the Board of Directors may on behalf of the Association levy additional assessments in accordance with the procedure set forth in Section below, except that the vote therein specified shall be unnecessary.

3. Special Assessments. In addition to the Annual Assessments authorized by this Article 9, the Board of Directors may, on behalf of the Association, levy, at any time and from time to time, upon the affirmative vote of at least fifty-one percent (51%) of the Total Votes of the Association, Special Assessments, payable over such periods as the Board of Directors may determine, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of the Project or any part thereof, or for any

other expenses incurred or to be incurred as provided in this Declaration (including without limitation Common Expenses). Neither the Clubhouse nor the owner thereof shall be subject to assessment for the Common Expenses of the Project. This Section shall not be construed as an independent source of authority for the Association to incur expenses, but shall be construed to prescribe the manner of assessing for expenses authorized by other Sections or Articles hereof. Any amounts assessed pursuant hereto shall be assessed to owners in proportion to their respective undivided interests in the Common Areas. Notice in writing of the amount of each such Special Assessment and the time for payment thereof shall be given promptly to the Owners; no payment shall be due less than fifteen (15) days after such notice shall have been given. All unpaid portions of any Special Assessment shall bear interest at the rate of fifteen percent (15%) per annum from the date such portions become due until paid. In addition, in the event that any Special Assessment is not paid on the date such Special Assessment becomes due, it shall be subject to a penalty for late payment of three dollars (\$3.00) per day from the date each such Special Assessment becomes due until paid. All funds received from assessments under this Section shall be part of the Common Expense Fund.

4. Lien for Assessments: All sums assessed to Owners of any Condominium within the Project pursuant to the provisions of this Article 9, together with penalties and interest thereon as provided herein, shall be secured by a lien on such Condominium in favor of the Association. To evidence a lien for sums assessed pursuant to this Article 9, the Board of Directors may prepare a written notice of lien setting forth the amount of the assessment, the date due, the amount remaining unpaid, the name of the Owner of the Condominium, and a description of the Condominium. Such a notice shall be signed and acknowledged by a duly authorized officer of the association and may be recorded in the office of the County Recorder of Utah County, State of Utah. No notice of lien shall be recorded until there is a delinquency in payment of the assessment. Such lien may be enforced by sale or foreclosure conducted in accordance with the provisions of law applicable to the exercise of powers of sale or foreclosure in deeds of trust or mortgages or in any other manner permitted by law. In any such foreclosure, the Owner 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 Owner shall also be required to pay to the Association any assessments against the Condominium which shall become due during the period of foreclosure, and all such assessments shall be secured by the lien being foreclosed. The Board of Directors shall have the right and power in behalf of the Association to bid in at any foreclosure sale, and to hold, lease, mortgage, or convey the subject Condominium in the name of the Association. A release of notice of lien shall be executed by the Management Committee and recorded in the Office of the County Recorder of Salt Lake County, Utah, upon payment of all sums and secured by a lien which has been made the subject of a recorded notice of lien.

5. Personal Obligation of Owner. The amount of any Annual or Special Assessment against any Condominium shall be the personal obligation of the Owner of such Condominium to the Association. Suit to recover a money judgment for such personal obligation shall be maintainable by the Association without foreclosing or waiving the lien securing the same. No Owner may avoid or diminish any such personal obligation by waiver of the use and enjoyment of any of the Common Areas or by abandonment of his Condominium or by waiving any

services or amenities provided for in this Declaration. In the event of any suit to recover a money judgment for unpaid assessments hereunder, the involved Owner shall pay the costs and expenses incurred by the Association in connection therewith, including reasonable attorneys' fees in an amount as the court may deem reasonable, in favor of the Association, as well as the amount of any delinquent payment, interest thereon, costs of collection and court costs. As provided in the Act, a purchaser of a Condominium in any voluntary conveyance of a Condominium shall be jointly and severally liable with the seller thereof for all unpaid assessments against the Condominium up to the time of the grant or conveyance, without prejudice to the purchaser's right to recover from the seller the amount paid by the purchaser for such assessments. Notwithstanding the foregoing, a sale or transfer of a Condominium pursuant to a foreclosure or trust deed sale of a Mortgage shall extinguish a subordinate lien for Common Expenses which became payable prior to such sale or transfer.

6. Restrictions on Right to Use Common Areas and Common Facilities. During any period in which an Owner is in default in the payment of the Annual or Special Assessments against such Owner's Condominium, the Board of Directors may, in addition to any other rights or remedies available at law or pursuant to this Declaration and upon twenty (20) days prior written notice to such Owner, restrict such Owner's right to use the Common Areas and Common Facilities and the Master Association may restrict such Owner's right to use the Clubhouse.

7. Working Capital Fund. The Declarant shall establish and maintain for the Project, a working capital fund equal to at least two (2) monthly installments of the annual assessment of each Unit. Each Unit's share of the working capital fund must be collected and transferred to the Association upon the first to occur of the following events: (a) by the transferee of such Unit at the time that the first transfer of such Unit by the Declarant is closed or (b) by the Declarant upon termination of the Declarant's control of the Association as described in Article 7, Section 2. With respect to each Unit for which the Declarant pays the contribution to the working capital fund, Declarant shall be reimbursed for such contribution by the Purchaser of such Unit at the time of closing of the sale to such purchaser. The working capital funds must be maintained in a segregated account for the use and benefit of the Association. The purpose of the working capital funds is to ensure that the Association will have cash available to meet unforeseen expenditures or to acquire additional equipment or services deemed necessary or desirable by the Association. Amounts paid into the working capital fund are not to be considered advance payments of any regular assessment. The working capital fund shall be transferred to the association for deposit to a segregated fund when control of the Association is transferred to the Owners. The Declarant shall not use the working capital fund to defray any of its expenses, reserve contributions, or construction costs or to make up any budget deficits.

8. Information Concerning Unpaid Assessments. Upon payment of a reasonable fee not to exceed Ten Dollars (\$10.00) and upon written request of any Owner or Mortgagee, prospective mortgagee or prospective purchaser of a Unit, the Board shall issue a written statement setting forth the amount of the unpaid assessments, if any, with respect to such Unit; the amount of the current yearly assessment and the portion thereof which has theretofore been paid; credit for advance payments of prepaid items including but not limited to, an Owner's share

of prepaid insurance premiums, and such statement shall be conclusive upon such Board in favor of persons who rely thereon in good faith. Unless such request for a statement of account shall be complied with within thirty (30) days, all unpaid assessments which become due prior to the lien of the mortgagee which become due prior to the date of making such request shall be subordinate to the lien of the mortgagee which acquired its interest subsequent to requesting such statement.

9. Termination of Utility Service. If an Owner fails or refuses to pay any assessment when due, the Board of Directors may, after giving notice and an opportunity to be heard, terminate the Owner's right to receive utility services paid as a Common Expense and access and use of the Clubhouse or any other recreational facilities in the Project that are part of the Common Areas and Facilities. Said notice shall inform the Owner that utility service or right of access and use of the Clubhouse or any other recreational facilities (a) will be terminated if payment of the assessment is not received within the time provided herein, (b) the amount of the assessment due, including any interest or late payment fee, and (c) the right to request a hearing. An Owner who is given notice under this paragraph may request an informal hearing to dispute the assessment by submitting a written request to the Board of Directors within fourteen (14) days after the date on which the Owner receives the notice. The Board of Directors will conduct the hearing in accordance with the rules and regulations of the Association. If a hearing is requested, utility services or right of access and use of Clubhouse or any other recreational facilities may not be terminated until after the hearing has been conducted and a final decision has been entered. Upon payment of the assessment due, including any interest or late payment fee, the Board of Directors shall take action to reinstate the terminated utility services or access and use of the Clubhouse or any other recreational facilities.

10. Payment of Tenant Lease Payments.

a. If an Owner is leasing his/her Unit and fails to pay an assessment for more than sixty (60) days after the assessment is due, the Board of Directors may demand that any tenant that is leasing the Owner's Unit pay to the Association all future lease payments due the Owner, beginning with the next monthly or other periodic payment, until the amount due to the Association is paid.

b. The Board of Directors shall give the Owner written notice of its intent to demand full payment from the tenant. Said notice shall (i) provide notice to the tenant that full payment of the remaining lease payments will be paid to the Association beginning with the next monthly or other periodic payment unless the delinquent assessment is received by the Association within the time provided herein, (ii) state the amount of the assessment due, including any interest or late payment fee, and (iii) state that any costs of collection, not to exceed the amount permitted by law in the State of Utah, and other assessments that become due may be added to the total amount due.

c. If the Owner fails to pay the Assessment by the date specified in said notice, the Board of Directors may then deliver written notice to the Owner's tenant demanding that the tenant make all future payments otherwise due the Owner to the Association. The Board

of Directors shall mail a copy of said tenant notice to the Owner. Said notice shall state (i) that due to the Owner's failure to pay the assessment within the time period allowed, the Owner has been notified of the intent of the Board of Directors to collect all lease payments due to the Association, (ii) that until notification by the Association that the assessment due, including any interest, collection cost, or late payment fee, has been paid, the tenant shall pay to the Association all future lease payments due to the Owner, and (iii) that payment by the tenant to the Association in compliance with this paragraph will not constitute a default under the terms of the tenant's lease agreement with the Owner.

11. All funds deposited with the Association pursuant to this paragraph shall be (i) deposited in a separate account; and (ii) disbursed to the Association until the assessment due, together with any cost of administration, not to exceed \$25.00, is paid in full. Any remaining balance shall be paid to the Owner within five (5) business days after payment in full to the Association.

12. Within five (5) business days after payment in full of the assessment, including any interest or late payment fee, the Board of Directors shall notify the tenant in writing that future lease payments are no longer due to the Association. A copy of said notice shall also be mailed to the Owner.

13. Cumulative Remedies. The assessment lien and the rights to foreclosure and sale thereunder shall be in addition to and not in substitution for all other rights and remedies which the Association and its assigns may have hereunder and by law, including a suit to recover a money judgment for unpaid assessments, as above provided.

ARTICLE 10 - INSURANCE

1. Insurance for Fire and Other Perils. The Association shall at all times obtain, maintain, and pay the premiums upon, as a Common Expense, a "master" or "blanket" type policy of property insurance covering all of the Common Areas and Facilities and Limited Common Areas (except land, foundation, excavation and other items normally excluded from coverage) including fixtures, to the extent they are part of the Common Areas and Facilities of the Project, building service equipment and supplies, and other common personal property belonging to the Association. All references herein to a "master" or "blanket" type policy of property insurance, are intended to denote single entity condominium insurance coverage. In addition, any fixtures, equipment or other property owned by the Association within the Units must be covered in such "blanket" or "master" policy. Such policy must be consistent with state and local insurance laws and at least be equal to such coverage as is commonly required by prudent institutional mortgage investors in the area in which the Project is located. The policy shall be in an amount equal to 100% of current replacement cost of the Common Areas and Facilities (exclusive of land, foundation, excavation and other items normally excluded from coverage). The name of the insured under such policy must be set forth therein substantially as follows: "Milano Village Condominiums Owners Association, a Utah nonprofit corporation" for use and benefit of the individual Owners (designated by name if required by law)." The policies may also be issued in the name of an authorized representative of the Association, including any

insurance trustee with whom the Association has entered into an Insurance Trust Agreement, or any successor trustee, as insured, for the use and benefit of the individual owners. Loss payable shall be in favor of the Association (or Insurance Trustee), as a trustee, for each Owner and each such Owner's Mortgagee, if any. The Association or insurance trustee, if any, must be required to hold any proceeds of insurance in trust for Owners and their Mortgagees, as their interests may appear. Each Owner and each Owner's Mortgagee, if any, shall be beneficiaries of the policy according to the undivided interest in the Common Areas and Facilities appertaining to the Owner's Unit. Certificates of insurance shall be issued to each Owner and Mortgagee upon written request. Such policies shall contain the standard mortgage clause, or equivalent endorsement (without contribution), which is commonly accepted by private institutional mortgage investors in the area in which the Project is located and which appropriately names Federal National Mortgage Association ("FNMA") and Federal Home Loan Mortgage Corporation ("FHLMC") if such corporations are holders of Mortgages on Units within the Project. Such policies must also provide that they may not be cancelled or substantially modified, without at least 10 days' prior written notice to the Association and to each Mortgagee listed as a scheduled holder of a Mortgage in the policies. Policies are unacceptable where: (i) under the terms of the insurance carrier's charter, by-laws, or policy, contributions or assessments may be made against Owners, FNMA, FHLMC, or the designee of FNMA or FHLMC; or (ii) by the terms of the carrier's charter, by-laws or policy, loss payments are contingent upon action by the carrier's board of directors, policyholders, or members, or (iii) the policy includes any limiting clauses (other than insurance conditions) which could prevent FNMA, FHLMC, or the Owners from collecting insurance proceeds. The policies must also provide for the following: recognition of any Insurance Trust Agreement; a waiver of the right of subrogation against the Owners individually; that the insurance is not prejudiced by any act or neglect of individual Owners which is not in the control of such Owners collectively; and that the policy is primary in the event the Owner has other insurance covering the same loss. The requirements stated in this paragraph are generally provided by the insurer in the form of a "Special Condominium Endorsement" or its equivalent. The insurance policy shall afford, as a minimum, protection against the following: (1) loss or damage by fire and other perils normally covered by the standard extended coverage endorsement; (2) in the event the Project contains a steam boiler, loss or damage resulting from steam boiler equipment accidents in an amount not less than \$50,000 per accident per location (or such greater amount as deemed prudent based on the nature of the property); (3) all other perils which are customarily covered with respect to condominiums similar to the Project in construction, location and use, including all perils normally covered by the standard "all-risk" endorsement, where such is available. In addition, such policies shall include an "Agreed Amount Endorsement" and, if available, an "Inflation Guard Endorsement", and, construction code endorsements (such as a Demolition Cost Endorsement, a Contingent Liability from Operation of Building Laws Endorsement and an Increased Cost of Construction Endorsement) if the Project is subject to a construction code provision which would become operative and require changes to undamaged portions of any Building, thereby imposing significant costs in the event of partial destruction of the Project by an insured hazard.

2. Liability Insurance. The Association shall maintain comprehensive general liability insurance coverage covering all of the Common Areas and Facilities, commercial space

owned and leased by the Association, if any, and public ways of the Project. Coverage limits shall be in amounts generally required by private institutional mortgage investors for condominium projects similar to the Project in construction, location, and use. However, such coverage shall be for at least \$1,000,000 for bodily injury, including deaths of persons and property damage arising out of a single occurrence. Coverage under this policy shall include, without limitation, legal liability of the insureds for property damage, bodily injuries and deaths of persons in connection with the operation, maintenance or use of the Common Areas and Facilities, and legal liability arising out of lawsuits related to employment contracts of the Association. Such policies must provide that they may not be cancelled or substantially modified, by any party, without at least 10 days' prior written notice to the Association and to each holder of a Mortgage on any Unit in the Project that is listed as a scheduled holder of a Mortgage in the insurance policy. Such policies must also include protection against such other risks as are customarily covered with respect to condominium projects similar to the Project in construction, location and use, including, but not limited to, host liquor liability, employers liability insurance, contractual and all-written contract insurance, and comprehensive automobile liability insurance.

3. Flood Insurance. Should the Project hereafter be identified by the Secretary of Housing and Urban Development as being located within an area which has been officially identified as having special flood hazards and for which flood insurance has been made available under the National Flood Insurance Program (NFIP), the Association shall obtain and pay the premiums upon, as a common expense, a "master" or "blanket" policy of flood insurance on the Buildings and any other property covered by the required form of policy (herein insurable property), in an amount deemed appropriate by the Association, but not less than the following: The lesser of: (a) the maximum coverage available under the NFIP for all Buildings and other insurable property within the Project to the extent that such buildings and other insurable property are within an area having special flood hazards; or (b) 100% of "current replacement cost" of all such Buildings and other insurable property within such area. Such policy shall be in a form that meets the criteria set forth in the most current guidelines on the subject issued by the Federal Insurance Administrator.

4. Fidelity Bonds. The Association shall also obtain and maintain blanket fidelity bonds for all officers, directors, and employees of the Association and all other persons handling, or responsible for, funds of or administered by the Association. Where the Association has a management agent that is responsible for handling or administering funds of the Association, the management agent shall be required to maintain fidelity bond coverage for its officers, employees and agents handling or responsible for funds of, or administered on behalf of, the Association. Such fidelity bonds shall name the Association as an obligee and shall not be less than the estimated maximum of funds, including reserve funds, in the custody of the Association or the management agent, as the case may be, at any given time during the term of each bond. However, in no event may the aggregate amount of such bonds be less than a sum equal to 3 months aggregate assessments on all Units plus reserve funds. The bonds shall contain waivers by the issuers of the bonds of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees", or similar terms or expressions. The premiums on all bonds required herein, except those maintained by the management agent, shall

be paid by the Association as a Common Expense. The bonds shall provide that they may not be cancelled or substantially modified (including cancellation for non-payment of premium) without at least 10 days' prior written notice to the Association or Insurance Trustee. Such bonds shall also provide that the FNMA Servicer, if FNMA is a holder of Mortgages on Units within the Project, on behalf of FNMA, also, receive such notice of cancellation or modification.

5. Insurance Trustees; Power of Attorney. Notwithstanding any of the foregoing provisions and requirements relating to property or liability insurance, there may be named as an insured, on behalf of the Association, the Association's authorized representative, including any trustee with whom the Association may enter into any Insurance Trust Agreement or any successor to such trustee (each of whom shall be referred to herein as the "Insurance Trustee"), who shall have exclusive authority to negotiate losses under any policy providing such property or liability insurance and to perform such other functions as are necessary to accomplish this purpose. Each Owner appoints the Association, or any Insurance Trustee or substitute Insurance Trustee designated by the Association, as attorney-in-fact for the purpose of purchasing and maintaining such insurance, including: the collection and appropriate disposition of the proceeds thereof; the negotiation of losses and execution of releases of liability; the execution of all documents; and the performance of all other acts necessary to accomplish such purpose.

6. Qualifications of Insurance Carriers & General Coverage Requirements. The Association shall use generally acceptable insurance carriers that meet the specific requirements of FHLMC and FNMA if such corporations are holders of Mortgages on Units within the Project (See the FNMA Conventional Home Mortgage Selling Contract Supplement and the FHLMC Sellers Guide for specific requirements regarding the qualifications of insurance carriers). Notwithstanding anything herein contained to the contrary, insurance coverages required to be obtained hereunder must be in such amounts and meet other requirements of FNMA, FHLMC, FHA and the Department of Veterans Affairs.

7. Unit Owners' Content Policies. Each Owner shall be responsible to purchase and maintain in force a condominium unit owner contents policy (State Farm HO6 or equivalent) (the "Content Policy"). All claims for damage to an individual Unit must first be submitted by the Owner on his Content Policy. The Board of Directors will not be required to file claims on its master policy for any claims or damage that are covered under an Owner's Content Policy.

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

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

ARTICLE 11 - DAMAGE OR DESTRUCTION

1. Association as Attorney in Fact. All of the Owners irrevocably constitute and appoint the Association their true and lawful attorney in fact in their name, place, and stead for the purpose of dealing with the Project, except damage to the Clubhouse or the Detention Basin, upon its damage or destruction as hereinafter provided. Acceptance by any grantee of a deed from the Declarant or from any Owner shall constitute an appointment by said grantee of the Association as such grantee's attorney in fact as herein provided. As attorney in fact, the Association shall have full and complete authorization, right and power to make, execute, and deliver any contract, deed, or other instrument with respect to the interest of an Owner in which may be necessary or appropriate to exercise the powers herein granted. The Master Association is hereby irrevocably constituted and appointed the true and lawful attorney in fact for the purpose of dealing with the Clubhouse and the Detention Basin in the event of their damage or destruction and shall be held or distributed as provided by the Articles and By-laws of the Master Association.

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

3. Procedures. In the event any part of the Project is damaged or destroyed, the Association shall proceed as follows:

4. Notice to Eligible First Mortgage Holders. The Association shall give timely written notice to each Eligible First Mortgagee holding a First Mortgage on a Unit in the event of substantial damage to or destruction of such Unit or any part of the Common Areas.

5. Estimate of Costs. As soon as practicable after an event causing damage to or destruction of any part of the Project, except the Clubhouse or the Detention Basin, the Association shall obtain complete and reliable estimates of the costs to repair and reconstruct that part of the Project damaged or destroyed.

6. Sufficient Insurance. If the proceeds of the insurance maintained by the Association exceed the estimated costs to repair and reconstruct the damaged or destroyed part of the Project such repair and reconstruction shall be carried out.

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

Special Assessment shall be allocated and collected as provided in Article 9 Section 3 hereof, except that the vote therein specified shall be unnecessary. Further levies may be made in like manner if the amounts collected (together with the proceeds of insurance) are insufficient to pay all actual costs of such repair and reconstruction.

8. Insufficient Insurance – 75% or More Destruction. If the proceeds of the insurance maintained by the Association are less than the estimated costs to repair and reconstruct the damaged or destroyed part of the Project, except the Clubhouse, and if seventy-five percent (75%) or more of the Project, excluding the Clubhouse, is damaged or destroyed, such damage or destruction shall be repaired and reconstructed if, but only if, within one hundred (100) days following the damage or destruction, the Owners shall elect by a vote of at least seventy-five percent (75%) of the Total Votes of the Association to carry out such repair and reconstruction. If, however, the Owners shall not, within one hundred (100) days after such damage or destruction, elect by a vote of at least seventy-five percent (75%) of the Total Votes of the Association to carry out such repair and reconstruction, the Association shall, subject to the provisions of Article 14 Section 2, record in the office of the County Recorder of Utah County, State of Utah, a notice setting forth such facts. Upon the recording of such notice, the following shall occur:

- a. The Project shall be deemed to be owned in common by the Owners.
- b. The undivided interest in the Project owned in common which shall appertain to each Owner shall be the percentage of the undivided interest preciously owned by such Owner in the Common Areas;
- c. Any liens affecting any of the Condominiums shall be deemed to be transferred, in accordance with the existing priorities, to the undivided interest of the respective Owner in the Project; and
- d. The Project shall be subject to an action for partition at the suit of any Owner, in which event the net proceeds of any sale resulting from such suit for partition, together with the net proceeds of the insurance of the Project, if any, shall be considered as one fund and shall be divided among all Owners in a percentage equal to the percentage of undivided interest owned by each respective Owner in the Common Areas, as set forth in Exhibit B hereto, after first paying out of the respective share of each Owner, to the extent sufficient for the purposes, all liens on the undivided interest in the Project owned by such Owner.

9. In no event shall an owner of a Unit or any other party have priority over any First Mortgagee holding a First Mortgage on such Unit with respect to the distribution to such unit of any insurance proceeds.

a. Repair or Reconstruction. If the damage or destruction is to be repaired and reconstructed as provided above, the Association shall, as soon as practicable after receiving the said estimate of costs, commence and diligently pursue to completion the repair and reconstruction of that part of the Project damaged or destroyed. The Association may take

all necessary or appropriate action to effect repair and reconstruction, as attorney in fact for the Owners, and no consent or other action by any Owner shall be necessary in connection therewith, except as otherwise expressly provided herein. The Project shall be restored or repaired to substantially the same condition in which it existed prior to the damage or destruction, with each Unit and the Common Areas having the same vertical and horizontal boundaries as before.

b. Disbursement of Funds for Repair and Reconstruction. If repair or reconstruction is to occur, the insurance proceeds held by the Association and any amounts received from assessments made pursuant to Article 9 Section 3 hereof shall constitute a fund for the payment of costs of repair and reconstruction after casualty. It shall be deemed that the first money disbursed in payment for costs of repair and reconstruction shall be made from insurance proceeds; if there is a balance after payment of all costs of such repair and reconstruction, such balance shall be distributed to the Owners in proportion to their respective percentages of Ownership of the Common Areas.

ARTICLE 12 - CONDEMNATION

1. Condemnation. If at any time or times all or any part of the Project shall be taken or condemned by any public authority under power of eminent domain, the provisions of this Article 12 shall apply. A voluntary sale or conveyance of all or any part of the Project in lieu of condemnation, but under threat of condemnation, shall be deemed to be a taking by power of eminent domain. If any Unit or portion thereof or the Common Areas or Facilities or any portion thereof is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, the Board of Directors shall give prompt written notice of any such proceeding or proposed acquisition to each Owner in the Project and to any Eligible First Mortgagee holding a First Mortgage on a Unit in the Project.

2. Proceeds. All compensation, damages, and other proceeds from any such taking by power of eminent domain (hereinafter the "condemnation award"), except such compensation, damages and other proceeds relative to the Clubhouse or the Detention Basin, shall be made payable to the Association and shall be distributed by the Board of Directors, on behalf of the Association, as herein provided. All compensation, damages, and other proceeds from any such taking by power of eminent domain relative to the Clubhouse or the Detention Basin shall be made payable to the Master Association and shall be held or distributed as provided by the Articles and By-laws of the Master Association.

3. Complete Taking. In the event the entire Project is taken by power of eminent domain, condominium ownership pursuant hereto shall terminate and the condemnation award, except such as shall be attributable to the Clubhouse, shall be allocated among and distributed to the Owners in proportion to their respective undivided interests in the Common Areas. Such distribution shall be made by check payable jointly to the respective Owners and their respective Mortgagees, as appropriate. In the event the entire Project is taken by power of eminent domain, the condemnation award attributable to the Clubhouse or the Detention Basin shall be allocated

and distributed to the Master Association and shall be held or distributed as provided by the Articles and By-laws of the Master Association.

4. Partial Taking. In the event less than the entire Project is taken by power of eminent domain, the following shall occur:

a. Allocation of Award. As soon as practicable, the Board of Directors shall, on behalf of the Association, reasonably and in good faith, apportion the condemnation award between compensation and severance damages, or other proceeds, and shall allocate such apportioned amounts and pay the same to the Owners as follows:

ii. The total amount apportioned to taking of or injury to the Common Areas shall be allocated among and distributed to all Owners (including Owners whose entire Units have been taken) in proportion to their respective undivided interests in the Common Areas;

iii. The total amount apportioned to severance damages shall be allocated among and distributed to the Owners of those Condominiums that have not been taken, in proportion to their respective undivided interests in the Common Areas;

iv. The respective amounts apportioned to the taking of or injury to a particular Unit shall be allocated and distributed to the Owner of such Unit

v. The amount apportioned to the taking of or injury to the Clubhouse or to the Detention Basin shall be allocated and distributed to the Master Association, and shall be held or distributed as provided by the Articles and By-laws of the Master Association;

vi. The total amount apportioned to consequential damages and any other takings or injuries shall be allocated and distributed as the Association determines to be equitable under the circumstances;

vii. If apportionment or allocation is already established by negotiation, judicial decree, statute, or otherwise, the Association shall employ such apportionment and allocation to the extent it is relevant and applicable; and

viii. Distribution of allocated proceeds shall be made by check payable jointly to individual Owners, the Master Association, if applicable, and their respective Mortgagees, as appropriate.

3. No provision of this Article 12 or any other provisions in this Declaration, the Articles, or the Bylaws shall entitle the Owner of a Unit or other party to priority over any First Mortgagee holding a First Mortgage lien on such Unit with respect to the distribution to such Unit of the proceeds of any award, settlement, or proceeds from any eminent domain or condemnation proceeding.

4. Continuation and Reorganization. If less than the entire Project is taken by power of eminent domain, condominium ownership pursuant hereto shall not terminate, but shall continue. In such event, the Project shall be reorganized as follows:

a. If any partial taking results in the taking of an entire Unit, the Owner thereof shall cease to be a Member of the Association and all voting rights and the undivided interest in the Common Areas appertaining to such Unit shall be reallocated to, and shall appertain to, the remaining Units in proportion to their respective undivided interests in the Common Areas.

b. If any partial taking results in the taking of a portion of a Unit and if no determination is made by the Board of Directors that such taking makes it impractical to use the remaining portion of such Unit for any lawful purpose permitted by this Declaration, then the fair market value of such remaining portion of the Unit shall be determined by the Board of Directors and all voting rights and the undivided interest in the Common Areas appertaining to such Unit shall be reduced in proportion to the diminution in fair market value of such Unit resulting from the taking. The voting rights and undivided interest in the Common Areas so divested from such Unit shall be reallocated to, and shall appertain to, such Unit and the other Units in the Project in proportion to their respective undivided interests in the Common Areas; provided, however, that such Unit shall participate in such reallocation on the basis of the undivided interest reduced in accordance with the preceding sentence.

c. If any partial taking results in the taking of a portion of a Unit and if there is a determination made by the Board of Directors that such taking makes it impractical to use the remaining portion of such Unit for any lawful purpose permitted by this Declaration, then all voting rights and the entire undivided interest in the Common Areas appertaining to such Unit shall be reallocated to, and shall appertain to, the remaining Units in proportion to their respective undivided interests in the Common Areas, and the remaining portion of such Unit shall thenceforth be part of the Common Areas.

d. The Board of Directors shall have the duty and authority to make all determinations and to take all actions necessary or appropriate to effectuate reorganization of the Project under the provisions of this Section; provided, however, that if any such determination shall have been or such action taken by judicial decree, the Board of Directors shall defer thereto and proceed in accordance therewith.

5. Repair and Reconstruction. Any repair and reconstruction necessitated by condemnation shall be governed by the provisions of Article 11 hereof for cases of Damage or Destruction; provided, however, that the provisions of said Article dealing with sufficiency or insufficiency of insurance proceeds shall not be applicable.

6. Association to Represent Owners in Condemnation. The Association shall represent the Owners in any condemnation proceedings or in negotiations, settlements and agreements with any condemning authority for acquisition of the Common Areas and Facilities, or part thereof, by the condemning authority. Each Owner appoints the Association as attorney-

in-fact for such purpose. The Association may appoint a Trustee to act on behalf of the Owners, in carrying out the above functions, in lieu of the Association. In the event of a taking or acquisition of part or all of the Common Areas and Facilities by a condemning authority, the award or proceeds of settlement shall be payable to the Association, or any Trustee, to be held in trust for Owners and their Mortgagees, if any, as their interests may appear.

7. Master Association Representation in Condemnation. The Master Association shall represent the various Associations, the Owners of the Project and the owners of the Adjacent Projects in any condemnation proceedings or in negotiations, settlements and agreements with any condemning authority for acquisition of the Clubhouse or the Detention Basin, or part thereof, by the condemning authority. In the event of a taking or acquisition of part or all of the Clubhouse or the Detention Basin by a condemning authority, the award or proceeds of settlement shall be payable to the Master Association, to be distributed in accordance with the terms thereof to and among the member associations or to or among the Owners of this Project and/or the owners of the Adjacent Projects which are members of the Master Association in accordance with the Articles and By-laws of the Master Association.

ARTICLE 13 - OBSOLESCENCE

1. Adoption of Plan. Subject to the provisions of Article 14 hereof, Owners holding seventy-five percent (75%) or more of the Total Votes of the Association may agree that the Project is obsolete and adopt a written plan for the renewal and reconstruction of the Project. Written notice of the adoption of such a plan shall be given to all Owners and Mortgagees.

2. Payment for Renewal and Reconstruction. The Association shall levy a Special Assessment sufficient to provide funds to pay the estimated expenses of renewal or reconstruction. Such Special Assessment shall be allocated and collected as provided in Article 9 Section 3 hereof, except that the vote therein specified shall be unnecessary. Further levies may be made in like manner if the amounts collected prove insufficient to pay the actual expenses of such renewal or reconstruction. In the event amounts collected pursuant hereto are in excess of the amounts required for renewal or reconstruction, such excess shall be distributed to the Owners in proportion to their respective percentages of ownership of the Common Areas.

3. Sale of Project. Subject to the provisions of Article 14 hereof, the Owners may at any time, by an affirmative vote of at least seventy-five percent (75%) of the Total Votes of the Association, at a special meeting of the Members of the Association duly called for such purpose, elect to sell or otherwise dispose of the Project. In such event, the Board of Directors shall forthwith record in the office of the County Recorder of Utah County, State of Utah, a notice setting forth such facts, and upon the recording of such notice by the Board of Directors, the Project shall be sold or otherwise disposed of by the Board of Directors as attorney in fact for all of the Owners. Such action shall be binding upon all Owners and each Owner shall have the duty to execute and deliver such instruments and to perform all acts in such manner and form as may be necessary or appropriate to effect such sale or other disposition of the Project. The proceeds of such sale or disposition, other than with respect to the Clubhouse, shall be apportioned among the Owners in proportion to their respective undivided interests in the

Common Areas, and such apportioned proceeds shall be paid into separate accounts, each such account representing one Condominium. Each such account shall remain in the name of the Association, and shall be further identified by the Condominium designation and the name of the Owner. The Board of Directors, as attorney in fact, shall use and disburse the total amount of each such account, without contribution from one account to another, first to the payment of valid tax and special assessment liens on the Condominium in favor of any governmental assessing authority, second to the payment of any First Mortgagee holding a First Mortgage lien on the Condominium, third to the payment of assessments made pursuant to this Declaration, fourth to the payment of other holders of liens or encumbrances on the Condominium in the order of priority of their liens, and the balance remaining, if any, to the respective Owners. The proceeds of such sale or disposition with respect to the Clubhouse or the Detention Basin shall be allocated and distributed to the Master Association and shall be held or distributed as provided by the Articles and By-laws of the Master Association.

ARTICLE 14 - MORTGAGE PROTECTION

1. **Notices to Mortgagees.** Each Owner shall furnish the Board of Directors with the name and address of any Mortgagee that holds, insures or guarantees a Mortgage against an Owner's Condominium, and the Board of Directors shall maintain such information. Upon the written request of a Mortgagee to the Association, the Board of Directors shall provide the Mortgagee timely written notice of (a) any proposed amendment of the Declaration effecting a change in the boundaries of any Unit or the exclusive easement rights appertaining thereto, the interest in the Common Areas and Facilities and Limited Common Areas appertaining to any Unit, except the amendments assigning the covered parking spaces, the liability for Common Expenses appertaining thereto the number of votes appertaining to any Unit; (b) any proposed termination of the condominium regime; (c) any condemnation loss or casualty loss that affects a material portion of the Project or that affects any Unit subject to a Mortgage held, insured or guaranteed by the Mortgagee; (d) any delinquency in the payment of any common expense assessments owed by the Owner of any Unit subject to a Mortgage held, insured or guaranteed by the Mortgagee, where such delinquency has continued for a period of 60 days or more; and (e) any lapse, cancellation or material modification of any insurance policy maintained by the Association.

2. **Restoration after Condemnation or Damage.**

a. Any restoration or repair of the Project after a partial condemnation or damage due to an insurable hazard shall be substantially in accordance with the Declaration and the original plans and specifications for the Project unless the approval of Mortgagees holding Mortgages on Units to which at least 51% of the votes of Units subject to Mortgages held by such Mortgagees are allocated, is obtained.

b. Any election to terminate the condominium regime after substantial destruction or a substantial taking in condemnation of the Project must require the approval of the Mortgagees holding Mortgages on Units to which at least 51% of the votes of Units subject to Mortgages held by such Mortgagees are allocated.

c. Unless the formula for reallocation of interests in the Common Areas after a partial condemnation or partial destruction of the Project is fixed in advance by the Declaration or the Act, no reallocation of interests in the Common Areas resulting from a partial condemnation or partial destruction of the Project may be effected without the approval of the Mortgagees holding Mortgages on Units to which at least 51% of the votes of Units subject to Mortgages held by such Mortgagees are allocated.

3. Amendments.

a. Except as otherwise provided herein, the affirmative vote or consent of Owners holding at least 67 percent of the Total Votes in the Association shall be required to amend this Declaration or the Plat. Any amendment so authorized shall be accomplished through the recordation of an instrument executed by the members of the Board of Directors. In such instrument the Board of Directors shall certify that the vote required by this Section for amendment has occurred.

b. Notwithstanding the above, until Units representing seventy-five percent (75%) of the undivided ownership interest in the Project have been sold, Declarant alone shall have and is hereby vested with the right to effect such amendments.

c. The affirmative vote or consent of Owners to which at least 67 percent of the Total Votes in the Association are allocated and the approval of at least 67 percent of the Mortgagees requesting written notice of any proposed amendment of this Declaration or the Plat shall be required to terminate the condominium regime.

d. The affirmative vote or consent of Owners to which at least 67 percent of the Total Votes in the Association are allocated and the approval of at least 51 percent of the Mortgagees requesting written notice of any proposed amendment of this Declaration or the Plat shall be required to materially amend any provisions of the Declaration or the Plat, or to add any material provisions thereto, which establish, provide for, govern or regulate any of the following: (1) Voting; (2) Assessments, assessment liens or subordination of such liens; (3) Reserves for maintenance, repair and replacement of the Common Areas and Facilities; (4) Insurance or Fidelity Bonds; (5) Rights to use of the Common Areas and Facilities; (6) Responsibility for maintenance and repair of the several portions of the Project; (7) Expansion or contraction of the Project or the addition, annexation or withdrawal of property to or from the Project, except as otherwise provided in this Declaration; (8) Boundaries of any Unit; (9) The interests in the Common Areas and Facilities or the Limited Common Areas; (10) Convertibility of Units into Common Areas and Facilities or of Common Areas and Facilities into Units; (11) Leasing of Units; (12) Imposition of any right of first refusal or similar restriction on the right of an Owner to sell, transfer, or otherwise convey his or her Unit in the Project; and (13) Establishment of self-management by the Association where professional management has been required by FNMA, FHLMC, FHL or Department of Veterans Affairs.

e. Notwithstanding anything contained in this Section 14.3 to the contrary, the consent or affirmative vote of Owners of Units to which at least 67 percent of the Total Votes in the Association are allocated and the approval of at least 51 percent of Mortgagees requesting written notice of any proposed amendment of this Declaration or the Plat shall be required to amend any provisions included in the Declaration or the Plat which are for the express benefit of such Mortgagees.

ARTICLE 15 - COMPLIANCE WITH DECLARATION AND BYLAWS

1. **Compliance.** Each Owner shall comply strictly with the provisions of this Declaration, the Articles of Incorporation and Bylaws of the Association, rules and regulations promulgated by the Association, and the decisions and resolutions of the Association adopted pursuant thereto, as the same may lawfully be modified and amended from time to time. Failure to comply with any of the same shall be grounds for an action to recover sums due for damages or for injunctive relief or for both, maintainable by the Association or by an aggrieved Owner.

2. **Enforcement.** This Declaration, the Bylaws, any rules and regulations promulgated by the Board of Directors, and any decisions made by the Board of Directors may be enforced by the Board of Directors and any Owner as follows:

a. Breach of any of the covenants contained in the Declaration, the Bylaws, any rules and regulations promulgated by the Board of Directors, or any decisions made by the Board of Directors and the continuation of any such breach, as well as noncompliance with decisions of the Board of Directors, may be enjoined, abated or remedied by appropriate legal proceedings by an aggrieved Owner, by the Board of Directors, or by any successor in interest of the Association. Any judgment rendered in any action or proceeding pursuant hereto shall include a sum for attorney's fees in an amount as the court may deem reasonable, in favor of the prevailing party, as well as the amount of any delinquent payment, interest thereon, costs of collection and court costs.

b. The result of every act or omission whereby any of the covenants contained in this Declaration, the Bylaws or any rules and regulations or decisions by the Board of Directors are violated in whole or in part is hereby declared to be and constitutes a nuisance, and every remedy allowed by law or equity against a nuisance either public or private shall be applicable against every such result and may be exercised by any Owner, by the Board of Directors, or by the Association's successor in interest.

c. The remedies herein provided for breach of the covenants contained in this Declaration or in the Bylaws shall be deemed cumulative, and none of such remedies shall be deemed exclusive.

d. The failure of the Board of Directors to enforce any of the covenants contained in this Declaration or in the Bylaws or any of the rules and regulations or decisions of the Board of Directors shall not constitute a waiver of the right to enforce the same thereafter.

e. A breach of the covenants, conditions or restrictions contained in this Declaration or in the Bylaws or any of the rules and regulations or decisions of the Board of Directors shall not affect or impair the lien or charge of any bona fide first Mortgage made in good faith and for value on any Condominium, provided, however, that any subsequent Owner of such property shall be bound by said covenants, whether such Owner's title was acquired by foreclosure in a trustee's sale or otherwise.

ARTICLE 16 - EXPANSION OF PROJECT

The Project is an expandable condominium project; that is to say, a condominium project to which additional land or an interest therein may be added in accordance with this Declaration and the Act.

1. Description of Additional Land. The Additional Land is more particularly described on Exhibit "B".

2. Declarant's Reservation of Option to Expand. Declarant hereby reserves the right, at its sole and exclusive option, but without any obligation whatsoever to do so, to expand the Project from time to time by adding to the Project all or any portion of the Additional Land, together with all improvements heretofore or hereafter constructed thereon, and by creating new Units, Common Areas and Facilities and/or Limited Common Areas within those portions of the Additional Land added to the Project, so long as Declarant does so in accordance with the provisions of this Article and Section 57-8-13.6 of the Act, but subject to the following limitations:

(a) If not exercised, Declarant's right to expand the Project shall expire without further act of Declarant on the date which is seven (7) years after the date this Declaration is recorded in the office of the recorder of the county in which the Project is situated;

(b) The maximum number of Units that may be created on the Additional Land is Sixty-Four (64) and, to the extent it is included in the Additional Land, to the creation of the Clubhouse; and

(c) All Units that may be created on the Additional Land shall be used exclusively for residential purposes or, in the case of the Clubhouse shall be used for residential related purposes and the office purpose for the Master Association as set forth above.

3. Consent Not Required. Declarant shall not be required to obtain the consent of any Owners or any other person or entity having any right or interest in all or any portion of the Project prior to or subsequent to expanding the Project by adding all or any portion of the Additional Land to the Project.

4. No Limitation on Size of Addition. Declarant may add all or any portion of the Additional Land to the Project without any limitation whatsoever as to the size of the portion or portions of the Additional Land added to the Project.

5. Expansion May Occur at Different Times. Declarant may add portions of the Additional Land to the Project at different times and from time to time as Declarant sees fit.

6. No Assurances as to Certain Matters. Declarant makes no assurances whatsoever:

(a) As to the location of any improvements which Declarant may elect to make on any portion or portions of the Additional Land added to the Project;

(b) As to whether structures which may be erected on any portion of the Additional Land added to the Project will be compatible with structures on the Property in terms of the principal materials used or architectural style; however, Declarant does make the assurance that the quality of construction of the Units constructed on the Additional Land will be the same as the quality of construction of the Units in this Declaration.

(c) As to the description of any other improvements that may be made on any portion of the Additional Land added to the Project;

(d) That any Units created on any portion of the Additional Land added to the Project will be substantially identical to the Units on the Property; or

(e) As to the types, sizes or maximum number of Limited Common Areas which Declarant may create within any portion of the Additional Land added to the Project.

7. Improvements to Additional Property. All Improvements to the Additional Property shall be substantially complete before the Additional Property is added to the Project.

8. Recording of Condominium Plat and Amendment to Declaration. In order to expand the Project as provided in this Article, Declarant shall, within seven (7) years after the date this Declaration is recorded in the office of the recorder of the county in which the Project is situated:

(a) Record a new or supplemental condominium Plat (the "Supplemental Plat") containing the information necessary to comply with the Act; and

(b) Simultaneously record with each Supplemental Plat an amendment to this Declaration (the "Amendment"), duly executed and acknowledged by Declarant and all of the owners and lessees of the Additional Land added to the Project. Each such Amendment shall contain a legal description by metes and bounds of that portion of the Additional Land being added to the Project and shall reallocate undivided interests in the Common Areas and Facilities in accordance with subsection 57-8-13.10(2) of the Act.

9. Consequences of Expansion. Immediately upon compliance with Section 7 of the Article:

(a) The Additional Land, or any portion thereof, added to the Project and all improvements (including Units, Common Areas and Facilities, and Limited Common Areas) located or to be located thereon, shall become a part of the Project and shall be governed and subject to each, every and all of the definitions, terms, provisions, covenants, conditions and restrictions applicable to the Project under the Act, this Declaration, the Articles of Incorporation, the Bylaws and the rules and regulations promulgated by the Board of Directors, all as amended to the date thereof;

(b) Without further act of Declarant, such compliance shall operate to grant, transfer and convey pro tanto to those Owners owning Units within the Project immediately prior to such expansion their respective undivided interest in the new Common Areas and Facilities added to the Project as a result of such expansion and to reduce pro tanto such Owners' respective undivided interest in the Common Areas and Facilities of the Project as such Common Areas and Facilities of the Project existed immediately prior to such expansion. Such reallocation shall be made in accordance with the provisions of Article 4 Section 7 taking into account the par or stated value of each Unit as it relates to the total par or stated value of all Units after the inclusion of the Units located on the Additional Land. Such compliance shall also operate (1) to vest in any then Mortgagee of any Unit in the Project such interest so acquired by the Owner, thus encumbering the new Common Areas and Facilities added to the Project to the extent of such Owner's interest therein, and (2) to conform the undivided interest of both Owners and Mortgagees to the interest set forth in the Amendment, for all purposes, including, but not limited to, voting and assessment of Common Expenses. Prior to recording of a Supplemental Plat and Amendment, all deeds to Units shall be delivered subject to a conditional limitation that the percentage undivided interest in the Common Areas and Facilities which is appurtenant to such Unit shall be automatically reallocated pro tanto on the recording of such documents, whether or not explicitly stated in such deeds; and

(c) Each Owner and each Mortgagee shall be deemed to have acquiesced to each Supplemental Plat and Amendment recorded in accordance with and for the purposes set forth in this Article, shall be deemed to have granted unto Declarant an irrevocable power of attorney, coupled with an interest, to effectuate, execute, acknowledge, deliver and record any further instruments as may from time to time be required in order to accomplish the purposes of this Article, and shall be deemed to have agreed and covenanted to execute such further instruments, if any, as may be required by Declarant, its successors or assigns, to accomplish such purposes.

10. No Encumbrance on Additional Land Until Expansion. Nothing contained in this Declaration shall constitute or be deemed to create a lien, encumbrance, restriction or limitation upon the Additional Land or any portion thereof until such land is actually added to the Project in accordance with this Article.

11. Amendment. No provision of this Article shall be amended without the prior written consent of Declarant.

ARTICLE 17 - GENERAL PROVISIONS

1. Intent and Purpose. The provisions of this Declaration, and any Supplemental or Amended Declaration, shall be liberally construed to effectuate the purpose of creating a uniform plan for the development and operation of a Condominium Project. Failure to enforce any provision, restriction, covenant, or condition contained in this Declaration, or in any Supplemental or Amended Declaration, shall not operate as a waiver of any such provision, restriction, covenant, or condition or of any other provisions, restrictions, covenants, or conditions.

2. Construction. The provisions of this Declaration shall be in addition and supplemental to the provisions of the Condominium Act and all other provisions of law. Whenever used herein, unless the context shall otherwise require, the singular shall include the plural, the plural shall include the singular, the whole shall include any part thereof, and any gender shall include both genders. The Article and Section headings set forth herein are for convenience and reference only and are not intended to expand, limit, or otherwise affect the meaning or interpretation of this Declaration or any provision hereof. The provisions hereof shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any one provision or portion thereof shall not affect the validity or enforceability of any other provisions hereof.

3. Notices and Registration of Mailing Address. Each Owner shall register from time to time with the Association his current mailing address. All notices, demands, and other communications to any Owner as provided for in this Declaration shall be in writing and shall be sufficient for all purposes if personally served or if sent by first class U.S. mail postage prepaid, addressed to the Owner at his registered mailing address or, if no address has been registered, to the Unit of such Owner. All notices, demands, and other communications to the Association as provided for in this Declaration shall be in writing and shall be sufficient for all purposes if personally served or if sent by first class U.S. mail, postage prepaid, addressed to the Association at its offices at 201 West 3200 North, Provo, Utah 84604, or to such other address as the Association may hereafter specify to the Owners in writing. Any notice, demand, or communication referred to in this Declaration shall be deemed to have been given and received when personally served or when deposited in the U.S. mail, postage prepaid, and in the form provided for in this Section, as the case may be.

4. Audit. Any Owner may at any reasonable time, upon appointment and at his own expense, cause an audit or inspection to be made of the books and records maintained by the Association. The Association, at the expense of the Common Expense Fund, shall obtain an audit, by certified public accountants, of all books and records pertaining to the Project at no greater than annual intervals, and copies thereof shall be furnished to the Owners.

5. Disclosure of Information. Upon the written request of any person or entity that has either an interest or a prospective interest in a Condominium, the Association shall, within a reasonable time, provide such person or entity with a copy of an unaudited financial statement of the Association or, if the Association shall have audited financial statements, a copy of the audited financial statements, for the immediately preceding fiscal year. The Association shall,

upon request, during normal business hours or under reasonable circumstances, make available to Owners, lenders, and holders and insurers of any First Mortgage current copies of the Declaration, Bylaws, and other rules governing the Project and other books, records and financial statements of the Association. The Association shall also, upon request, during normal business hours and under reasonable circumstances, make available to prospective purchasers current copies of the Declaration, Bylaws, other rules governing the Project, and the most recent audited financial statement for the Association, if such is prepared.

6. Amendment. Except as otherwise provided herein (including, but not limited to, Article 14), this Declaration may be amended if Owners holding at least sixty-seven percent (67%) of the Total Votes in the Association consent and agree to such amendment by instruments which are duly recorded in the office of the County Recorder of Utah, State of Utah.

7. Termination. Subject to the provisions of Article 14 and except as provided by law or in this Declaration in the case of substantial destruction by fire or other casualty or in the case of a taking by condemnation or eminent domain, the prior written approval of all of the Owners of Condominium Units in the Project shall be required before the Project may be abandoned or terminated.

8. Effective Date. This Declaration shall be effective upon recording.

9. Agent for Service. The name and address of the person to receive service of process in all cases provided by the Condominium Act shall be the registered agent and address of the Association as shown in the official corporate records maintained in the office of the Utah Department of Commerce, Division of Corporations and Commercial Code. On the date of this Declaration, the registered agent of the Association is: Scott W. Hansen whose address is 201 West 3200 North, Provo, Utah 84604

10. Limitation on Association's Liability. The Association shall not be liable for any failure of water service or other utility service (if any) to be obtained and paid for by the Association hereunder, or for injury or damage to any person or property caused by the elements or by another Owner or person in or upon the Project, or resulting from electricity, water, rain, snow, or ice which may leak or flow from outside or from any parts of the Building or its drains, pipes, conduits, appliances, or equipment, or from any other place, unless caused by the grossly negligent or willful misconduct of the Association. No diminution or abatement of any assessments under this Declaration shall be claimed or allowed for inconvenience or discomfort arising from the making of any repairs or improvements to or maintaining the Project or any part thereof, or from, any action taken to comply with the provisions of this Declaration or with the laws, ordinances, regulations, rules, or order of any governmental authority.

11. Owner's Obligations. All obligations of an Owner, under and by virtue of the provisions contained in this Declaration shall continue, notwithstanding that such Owner may be leasing, renting, or selling under contract such Owner's Condominium. The Owner of a Condominium within the Project shall have no obligation for expenses or other obligations accruing after he conveys such Condominium.

12. Declarant's Right to Sell Units. Notwithstanding anything contained herein to the contrary, the Declarant shall have the right to maintain facilities in the Common Areas and in the Units owned by Declarant that are reasonably necessary to market the Condominiums, including, without limitation, sales and management offices, model units, parking areas, and advertising signs. No more than two model units and one sales office will be established and maintained by Declarant in the Project at any time.

13. Fines. The Board of Directors may assess a fine against an Owner for a violation of the Declaration, the Bylaws, any rules and regulations promulgated by the Board of Directors, or any decisions made by the Board of Directors. Before assessing a fine, the Board of Directors shall give notice to the Owner of the violation and inform the Owner that a fine will be imposed if the violation is not cured within the time provided in the Declaration, the Bylaws, the rules and regulations adopted by the Board of Directors, or any decisions made by the Board of Directors, which shall be at least 48 hours. A fine assessed by the Board of Directors shall:

a. be made only for a violation of a rule or regulation which is specifically listed in the Declaration, the Bylaws, any rules and regulations adopted by the Board of Directors, or the decisions made by the Board of Directors as an offense which is subject to a fine;

b. be in the amount specifically provided for in the Declaration, the Bylaws, any rules and regulations promulgated by the Board of Directors, or any decisions made by the Board of Directors for that specific type of violation, not to exceed \$500; and

c. accrue interest and late fees as provided in the Declaration, Bylaws, or the rules and regulations.

Cumulative fines for a continuing violation may not exceed \$500 per month. An Owner who is assessed a fine may request an informal hearing before the Board of Directors to protest or dispute the fine within 30 days from the date the fine is assessed. The hearing shall be conducted in accordance with the standards provided in the Declaration, Bylaws, or rules and regulations. No interest or late fees may accrue until after the hearing has been conducted and a final decision has been rendered. An Owner may appeal a fine by initiating a civil action within 180 days after (a) a hearing has been held and a final decision has been rendered by the Board of Directors; or (b) the time to request an informal hearing has expired without the Owner making such a request. Any fine assessed which remains unpaid after the time for appeal has expired becomes a lien against the Owner's Condominium in accordance with the same standards as a lien for the nonpayment of common expenses under Utah Code Ann. Section 57-8-20.

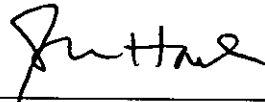
14. Availability of the Declaration, Bylaws, Rules and Regulations, and Financial Statement. Upon the written request of any Owner or any Mortgagee, the Board of Directors shall make current copies of the Declaration, Bylaws, any rules and regulations adopted by the Board of Directors, and any decisions made by the Board available for inspection during normal business hours or under other reasonable circumstances. Upon the written request of any existing

or prospective Mortgagee, the Board of Directors shall prepare and furnish within a reasonable time a financial statement of the Association for the immediately preceding year.

IN WITNESS WHEREOF, the undersigned Declarant has executed this Declaration the 14 day of August, 2008.

DECLARANT:

THE HANSEN GROUP, L.C.
A Utah limited liability company



By: Scott W. Hansen
Title: Member/Manager

STATE OF UTAH)
 : ss.
COUNTY OF UTAH)

The foregoing instrument was acknowledged before me this 14 day of August, 2008, by Scott W. Hansen, the Member Manager of THE HANSEN GROUP, L.C., a Utah limited liability company.



NOTARY PUBLIC
My Commission Expires: 7/27/10
Residing At: Utah, US

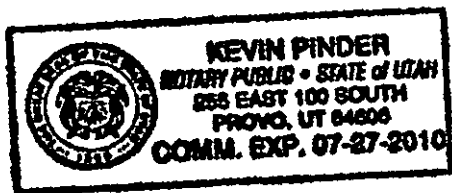


EXHIBIT A

(Legal Description of the Land)

That certain real property located in Utah County, State of Utah and more particularly described as follows:

Commencing at a point located North 00°39'38" West along the Section line 1371.35 feet and West 812.74 feet from the East quarter corner of Section 9, Township 6 South, Range 2 East, Salt Lake Base and Meridian; thence along the Northerly boundary line of Phase 3, Tuscan Villas, Planned Unit Development as follows: South 38.31 feet, South 45°00'00" West 33.29 feet, North 45°00'00" West 58.00 feet, South 45°00'00" West 236.35 feet, North 45°00'00" West 18.00 feet, South 45°00'00" West 17.49 feet, South 45°00'00" East 18.00 feet, South 45°00'00" West 136.79 feet, along the arc of a 402.00 foot radius curve to the left 196.21 feet (chord bears North 38°52'13" West 194.27 feet), North 52°51'09" West 1.77 feet; thence along the arc of a 434.00 foot radius curve to the left 281.66 feet (chord bears North 71°26'39" West 276.74 feet); thence North 18.00 feet; thence along the arc of a 452.00 foot radius curve to the right 30.15 feet (chord bears South 88°07'26" East 30.14 feet); thence North 134.37 feet; thence East 11.96 feet; thence North 84°27'36" East 36.26 feet; thence East 92.43 feet; thence North 40°39'20" East 33.11 feet; thence North 60.32 feet; thence East 18.00 feet; thence North 6.06 feet; thence East 44.99 feet; thence South 18.00 feet; thence East 89.96 feet; thence North 18.08 feet; thence East 23.04 feet; thence South 62.07 feet; thence West 165.63 feet; thence South 40°39'20" West 51.21 feet; thence South 52.72 feet; thence South 68°08'14" East 96.98 feet; thence South 06°00'13" West 58.53 feet; thence South 53°35'37" East 85.87 feet; thence South 36°24'23" West 47.25 feet; thence along the arc of a 420.00 foot radius curve to the right 154.46 (chord bears South 38°54'04" East 153.59 feet); thence North 45°00'00" East 106.85 feet; thence North 45°00'00" West 5.00 feet; thence North 45°00'00" East 10.26 feet; thence North 45°01'13" West 108.50 feet; thence North 45°00'00" East 62.00 feet; thence South 45°00'00" East 113.50 feet; thence North 45°00'00" East 175.16 feet; thence North 14°53'36" West 46.14 feet; thence South 76°54'50" West 110.21 feet; thence North 45°00'00" West 114.59 feet; thence North 45°00'00" East 62.00 feet; thence South 45°00'00" East 81.34 feet; thence North 76°54'50" East 73.24 feet; thence South 14°53'36" East 5.29 feet; thence North 75°04'54" East 44.00 feet; thence South 14°53'36" East 90.14 feet; thence North 75°06'24" East 30.47 feet; thence South 14°53'36" East 14.79 feet; thence East 12.64 feet to the point of beginning.

Area: 84,208 sq. ft. 1.93 acres

EXHIBIT B

(Legal Description of the Additional Land)

That certain real property located in Utah County, State of Utah and more particularly described as follows:

Commencing at a point located North 00°39'38" West along the Section line 1190.99 feet and West 1071.40 feet from the East quarter corner of Section 9, Township 6 South, Range 2 East, Salt Lake Base and Meridian; thence along the boundary line of Phase 1, Milano Village Condominiums as follows: South 45°00'00" West 10.26 feet, South 45°00'00" East 5.00 feet, South 45°00'00" West 106.85 feet, along the arc of a 420.00 foot radius curve to the left 154.46 feet (chord bears North 38°54'04" West 153.59 feet) feet; thence North 36°24'23" East partially along Phase 1, Milano Village Condominiums 101.88 feet; thence South 45°01'13" East partially along Phase 1, Milano Village Condominiums 162.95 feet to the point of beginning. Area: 16,625 sq. ft. 0.38 acres

Commencing at a point located North 00°39'38" West along the Section line 1355.13 feet and West 898.32 feet from the Found East quarter corner of Section 9, Township 6 South, Range 2 East, Salt Lake Base and Meridian; thence South 45°00'00" West 175.16 feet; thence North 45°00'00" West 98.18 feet; thence North 45°00'00" East 104.75 feet; thence North 76°54'50" East 110.36 feet; thence South 14°42'08" East 46.13 feet to the point of beginning. Area = 16,285 sq. ft. 0.37 acres

Commencing at a point located North 00°39'38" West along the Section line 1374.77 feet and west 1017.29 feet from the East quarter corner of Section 9, Township 6 South, Range 2 East, Salt Lake Base and Meridian; thence South 45°00'00" West along Phase 3, Milano Village Condominiums 104.75 feet; thence North 45°00'00" West partially along Phase 3, Milano Village Condominiums 15.34 feet; thence South 45°00'00" West 62.00 feet; thence North 45°00'00" West 54.43 feet; thence North 36°24'23" East 70.80 feet; thence North 37°04'13" West 43.28 feet; thence North 02°47'09" East 22.88 feet; thence North 44°30'19" East 73.83 feet; thence South 45°00'00" East 139.21 feet to the point of beginning. Area: 17,621 sq. ft. 0.40 acres

Commencing at a point located North 00°39'38" West along the Section line 1424.35 feet and West 1232.72 feet from the East quarter corner of Section 9, Township 6 South, Range 2 East, Salt Lake Base and Meridian; thence South 41°23'26" West 70.60 feet; thence along Phase 1, Milano Village Condominiums as follows: North 68°08'14" West 96.98 feet; North 52.72 feet, North 40°39'20" East 51.21 feet, East 165.63 feet; thence South 45°00'00" East 7.07 feet, thence West 48.42 feet, thence South 35°58'46" West 32.16 feet, thence South 43.69 feet to the point of beginning. Area: 14,513 sq. ft. 0.33 acres

EXHIBIT C
(Units, Undivided Ownership Interests, and Votes)

<u>UNIT NO.</u>	<u>PAR or STATED VALUE</u>	<u>UNDIVIDED OWNERSHIP INTERESTS</u> (Percentage)	<u>VOTES</u>
101	\$185,000	6.25%	1
102	\$185,000	6.25%	1
103	\$185,000	6.25%	1
104	\$185,000	6.25%	1
105	\$185,000	6.25%	1
106	\$185,000	6.25%	1
107	\$185,000	6.25%	1
108	\$185,000	6.25%	1
109	\$185,000	6.25%	1
110	\$185,000	6.25%	1
111	\$185,000	6.25%	1
112	\$185,000	6.25%	1
113	\$185,000	6.25%	1
114	\$185,000	6.25%	1
115	\$185,000	6.25%	1
116	\$185,000	<u>6.25%</u>	<u>1</u>
	\$2,960,000	100.00%	16

*Par or State Value has been determined as provided in the Declaration

EXHIBIT D

(Condominium Plat)

Boundary Description

Commencing at a point located North 00°39'38" West along the Section line 1371.35 feet and West 812.74 feet from the East quarter corner of Section 9, Township 6 South, Range 2 East, Salt Lake Base and Meridian; thence along the Northerly boundary line of Phase 3, Tuscan Villas, Planned Unit Development as follows: South 38.31 feet, South 45°00'00" West 33.29 feet, North 45°00'00" West 58.00 feet, South 45°00'00" West 236.35 feet, North 45°00'00" West 18.00 feet, South 45°00'00" West 17.49 feet, South 45°00'00" East 18.00 feet, South 45°00'00" West 136.79 feet, along the arc of a 402.00 foot radius curve to the left 196.21 feet (chord bears North 38°52'13" West 194.27 feet), North 52°51'09" West 1.77 feet; thence along the arc of a 434.00 foot radius curve to the left 281.66 feet (chord bears North 71°26'39" West 276.74 feet); thence North 18.00 feet; thence along the arc of a 452.00 foot radius curve to the right 30.15 feet (chord bears South 88°07'26" East 30.14 feet); thence North 134.37 feet; thence East 11.96 feet; thence North 84°27'36" East 36.26 feet; thence East 92.43 feet; thence North 40°39'20" East 33.11 feet; thence North 60.32 feet; thence East 18.00 feet; thence North 6.06 feet; thence East 44.99 feet; thence South 18.00 feet; thence East 89.96 feet; thence North 18.08 feet; thence East 23.04 feet; thence South 62.07 feet; thence West 165.63 feet; thence South 40°39'20" West 51.21 feet; thence South 52.72 feet; thence South 68°08'14" East 96.98 feet; thence South 06°00'13" West 58.53 feet; thence South 53°35'37" East 85.87 feet; thence South 36°24'23" West 47.25 feet; thence along the arc of a 420.00 foot radius curve to the right 154.46 (chord bears South 38°54'04" East 153.59 feet); thence North 45°00'00" East 106.85 feet; thence North 45°00'00" West 5.00 feet; thence North 45°00'00" East 10.26 feet; thence North 45°01'13" West 108.50 feet; thence North 45°00'00" East 62.00 feet; thence South 45°00'00" East 113.50 feet; thence North 45°00'00" East 175.16 feet; thence North 14°53'36" West 46.14 feet; thence South 76°54'50" West 110.21 feet; thence North 45°00'00" West 114.59 feet; thence North 45°00'00" East 62.00 feet; thence South 45°00'00" East 81.34 feet; thence North 76°54'50" East 73.24 feet; thence South 14°53'36" East 5.29 feet; thence North 75°04'54" East 44.00 feet; thence South 14°53'36" East 90.14 feet; thence North 75°06'24" East 30.47 feet; thence South 14°53'36" East 14.79 feet; thence East 12.64 feet to the point of beginning.

Area: 84,208 sq. ft. 1.93 acres