

39-7

WHEN RECORDED, RETURN TO:

Ball Janik LLP
2040 E Murray Holladay Rd., Ste. 106
Salt Lake City, UT 84117
801-274-6800

12331304
07/29/2016 10:20 AM \$93.00
Book - 10458 Pg - 1208-1246
GARY W. OTT
RECORDER, SALT LAKE COUNTY, UTAH
ROBERT DAVIS
BY: CBA, DEPUTY - WI 39 P.

DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
OF
NETTIES LANE P.U. D.
(INCLUDING BYLAWS)
A PLANNED UNIT DEVELOPMENT

TABLE OF CONTENTS

RECITALS.....	3
ARTICLE I - DEFINITIONS	3
ARTICLE II - PROPERTY DESCRIPTION.....	5
ARTICLE III – RESTRICTIONS ON USE.....	6
3.1 RESIDENTIAL USE.....	6
3.2 LEASE RESTRICTIONS.	7
3.3 ANIMALS.	7
3.4 OFFENSIVE OR UNLAWFUL ACTIVITIES, NUISANCES.....	7
3.5 RUBBISH AND TRASH.....	7
3.6 PARKING OF VEHICLES.	7
3.7 CLOTHES LINES AND MATERIALS.	8
3.8 SIGNS.....	8
3.9 ANTENNA AND DISH POLICY.	8
3.10 INCREASE IN INSURANCE COST.	8
3.11 ASSOCIATION RULES AND REGULATIONS.	8
ARTICLE IV - ARCHITECTURAL CONTROL	9
ARTICLE V - MAINTENANCE OBLIGATIONS	9
ARTICLE VI - ASSESSMENTS	10
ARTICLE VII - THE ASSOCIATION	15
ARTICLE VIII - RULES, ENFORCEMENT, APPEAL	16
ARTICLE IX - INSURANCE	19
ARTICLE X - AMENDMENT AND DURATION	20
ARTICLE XI - MISCELLANEOUS PROVISIONS.....	21
EXHIBIT A - LEGAL DESCRIPTION	24
EXHIBIT B - BYLAWS	25

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS (hereafter "Declaration") is made on the date evidenced below by all of the owners of the property described herein by and through the Nettie's Lane Homeowners Association, Inc., pursuant to the consents of all such owners evidenced in the Removal of Property from Condominium Ownership Act and Termination of Condominium Declaration for Nettie's Lane Condominiums recorded in the records of the Salt Lake County Recorder.

RECITALS

A. The property subject to this Declaration is the Netties Lane P.U.D. subdivision in Salt Lake County, Utah. Exhibit "A" of this Declaration further defines the property subject to this Declaration. All Lots therein are part of the Association and each Owner of a Lot is a member thereof. The Association is created as a planned development and contains certain Common Area and easements for the benefit of the Owners of Lots therein.

B. The Association desires to continue to provide for the preservation and enhancement of the property values and improvements of the Property and for maintenance of the Common Area.

C. The Property was originally submitted to the provisions of the Utah Condominium Ownership Act and to a Condominium Declaration for Nettie's Lane Condominiums recorded September 15, 2000, as Entry Number 7719492 in the records of the Salt Lake County Recorder. The Property has since been duly removed from the provisions of such Act and the Condominium Declaration has been terminated. This Declaration of Covenants, Conditions and Restrictions supersedes and replaces all prior declarations, and amendments or supplements thereto, recorded against the subdivision.

D. All of the property owners have approved this Declaration.

NOW, THEREFORE, the owners of the below-described property declare that the Property is and shall be held, transferred, sold, conveyed and occupied subject to the covenants, conditions restrictions, easements, charges and liens hereinafter set forth:

ARTICLE I - DEFINITIONS

The following words when capitalized in this Declaration have the following meanings:

1.1 "Act" means the Utah Community Association Act, Utah Code, Title 57, Chapter 8a, as the same shall be amended from time to time.

1.2 "Assessment" means any charge imposed or levied by the Association on or against an Owner or Lot pursuant to the terms of a Governing Document or applicable law.

1.3 "Association" means and refers to the Nettie's Lane Homeowners Association, or any successor incorporated or unincorporated association of the Lot Owners acting under this Declaration.

1.4 “Board” or “Board of Directors” means the entity with primary authority to manage the affairs of the Association.

1.5 “Bylaws” means the Bylaws of the Association (initially attached hereto as **Exhibit B**), as they may be amended from time to time.

1.6 “Common Area” means: (a) In general, all property and interests in real property, all apparatus, installations and facilities included within the Project which exist for common use, whether or not part of a Lot; (b) All common areas and facilities designated as such on the Plat and all property on the Plat excluding the Lots; (c) In general, all apparatus, installations and facilities included within the Project and existing for common use; (d) The road within the Project as shown on the Plat, including the curb and gutter of the road; (e) The fence situated upon the boundary of the Project; (f) All other parts of the project normally in common use or necessary or convenient to its use, existence, maintenance, safety or management; and (g) All common areas as defined in the Act, whether or not enumerated herein.

1.7 “Community” means all of the real property and interests described in the Plat, including all Lots, Common Area, easements, and open space.

1.8 “Good Standing” means: (1) current in all payments of Assessments, and (2) more than 60 days has elapsed since a fine has been assessed against the Owner.

1.9 “Governing Documents” means a written instrument by which the Association may exercise powers or manage, maintain, or otherwise affect the property under the jurisdiction of the Association, including Articles of Incorporation, Bylaws, Plat, this Declaration, rules and regulations, and architectural or design guidelines.

1.10 “Improvement” means every structure or improvement of any kind, including but not limited to landscaping, sprinkler pipes, Units and accessories or additions to Units, decks, porches, awnings, buildings, fences, walls, garages, carports, driveways, storage compartments or other products of construction efforts on or in respect to the Property (but does not include any exterior antenna or satellite dish, authorized in accordance with the Declaration).

1.11 “Lot” means any residential lot or parcel of land shown upon the recorded Plat, including any Improvements thereon, with the exception of the Common Area.

1.12 “Manager” or “Managing Agent” means the person or entity retained to manage the Property and the Association according to the direction of the Board.

1.13 “Member” means a person who holds membership in the Association by virtue of his or her ownership of a Lot.

1.14 “Mortgage” means any mortgage or deed of trust encumbering any Lot and any other security interest existing by virtue of any other form of security instrument or arrangement, provided that such mortgage, deed of trust or other form of security instrument and/or security arrangement, has been recorded among the records of the Recorder's Office.

1.15 “Mortgagee” means the person or entity secured by a Mortgage

1.16 *“Owner”* means the record owner of fee simple title to any Lot, as shown in the records of the County Recorder, but does not include a tenant, contract purchaser, or holder of a leasehold interest or person holding only a security interest in a Lot.

1.17 *“Plat” or “Map”* (these terms may be used interchangeably herein) means the plat for Netties Lane P.U.D. recorded at the Recorder’s Office of Salt Lake County, as the same may be amended or substituted from time to time.

1.18 *“Property” or “Project”* means all of the real property and interests described in the Plat, including all Lots, Common Area, easements, and open space.

1.19 *“Rules and Regulations”* means those rules and regulations adopted by the Association from time to time as it deems necessary or prudent for the enjoyment, or furthering the purposes, of the Property and Association.

1.20 *“Unit”* means a single-family residential dwelling unit constructed upon a Lot.

ARTICLE II - PROPERTY DESCRIPTION

2.1 *Property Subject to the Declaration and Bylaws.* The real property which is, and shall be, transferred, held, sold, conveyed, used, occupied and improved subject to the Act and to this Declaration, the Governing Documents, and all agreements, decisions and determinations made by the Association is all of the real property and interests described in the Plat, including any property annexed into the Project, and including the Lots described on **Exhibit A** attached hereto, which Declaration and covenants, conditions and restrictions therein shall run with the land and shall be binding upon each and every party which shall at any time have any right, title or interest in or to the Property or any part thereof, their heirs, successors and assigns, and to any other person who may in any manner use the Property or any part thereof submitted to the provisions of this Declaration, and shall inure to the benefit of each Owner. To the extent that the Governing Documents are or become inconsistent with the provisions of any future amendments to the Act, the Act, as amended, shall control.

2.2 *Description and Legal Status of Lots.* The Plat shows the Lots, dimensions from which their areas may be determined together with the Definitions above, and the Common Areas. All Lots are residential Lots. All Lots shall be capable of being independently owned, encumbered, and conveyed.

2.3 *Form of Lot Conveyance - Legal Description of Lot.* Each conveyance or installment contract for the sale of a Lot and every other instrument affecting title to a Lot may describe that Lot by the number shown on the Plat with appropriate reference to said Plat and to this Declaration, as each shall appear in the records of the County Recorder, and in substantially the following form: Lot shown on the Plat for the subdivision, appearing in the records of the County Recorder as Entry No. Map No. ; SUBJECT to the Declaration of Covenants, Conditions and Restrictions appearing in the official records of the County Recorder, as may be amended from time to time.

2.4 Use and Occupancy. Except as otherwise expressly provided in the Governing Documents, the Owner(s) of a Lot shall be entitled to the exclusive use and benefits of ownership of such Lot. Each Lot, however, shall be bound by, and the Owner shall comply with, the restrictions contained below and all other provisions of the Governing Documents of the Association for the mutual benefit of the Owners.

2.5 Easements Reserved. In addition to the easements shown on the Plat or provided for under this Declaration, the Bylaws or law, the following easements are hereby reserved for the benefit of the Owners and the Association:

(a) **Utility Easements.** The Association and any private or public utility provider shall have an easement through all Lots and the Common Areas for the installation, maintenance and development of utilities and drainage facilities, as may be necessary, and for providing any other governmental, municipal, or utility service to the Project. Within these easements, no structure, planting or other material shall be placed or permitted to remain which may reasonably interfere with or damage utilities or drainage facilities. The easement area within each Lot and all improvements therein shall be maintained continuously by the Owner of the Lot in accordance with the terms herein, except for those improvements for which a public authority, utility provider, or the Association is responsible. Each Lot Owner shall have an easement in common with all Owners to use all pipes, wires, ducts, cables, conduits, public utility lines and other common facilities located in any of the other Lots and serving his or her Lot.

(b) **Right of Entry.** The Association may at any reasonable time, and from time to time at reasonable intervals, enter upon any Lot (but not a Unit) for the purpose of performing maintenance referred to herein, determining whether or not the Lot is in compliance with the Governing Documents, or whether the use of the Lot is causing damage or harm to the Common Areas. No such entry shall be deemed to constitute a trespass or otherwise create any right of action in the Owner of such Lot.

(c) **Common Areas.** All Owners and the Association are hereby granted a non-exclusive right and easement of use and enjoyment to the Common Areas, including the private road shown upon the Plat, which right shall be irrevocable, perpetual, and appurtenant to such Lot, subject to the provisions of the Governing Documents and to the right of the Association to limit the number of residents, guests and invitees using the Common Area at one time, and which right shall include (without limitation) the right of ingress and egress to such Owner's Lot.

ARTICLE III – RESTRICTIONS ON USE

3.1 Residential Use.

Lots shall be used for residential purposes in accordance with, and subject to, the Governing Documents. No trade, craft, business, profession, commercial, or similar activities shall be conducted on any Lot or in any other portion of the Community if the same causes pedestrian or vehicular traffic which in the Board's determination is in excess of a normal level for residential occupancy; creates a sight or noise nuisance as determined by the Board; is not merely incidental to the use thereof as a dwelling; or has external visible, audible or other indications of use of the

dwelling as anything but as a dwelling, all as determined solely and conclusively by the Board. Owners engaging in any business activities from their Lots hereby agree to indemnify, defend, and hold harmless the Association and its officers, directors, employees, agents, and other Owners from all claims which may arise from such business activities.

3.2 *Lease Restrictions.*

All leases shall be in writing. All leases are subject to the Governing Documents and any failure by the lessee to comply with the terms of the Governing Documents shall be a default under the lease. Lot Owners shall not be permitted to lease their Lots for an initial term of less than six months.

3.3 *Animals.*

No animals of any kind may be raised, bred, kept or permitted within any Lot except dogs, cats, or other household pets provided that they are not kept, bred, or maintained for any commercial purpose or in any unreasonable numbers. The Owner of any dog must keep such dog on a leash when outside of the Lot or keep it confined within the Lot. Those animals which are permitted shall not cause any noise or disturbance that would be deemed a nuisance to other Owners or residents within the Community. Any inconvenience, damage or unpleasantness caused by such pets shall be the responsibility of the respective Owners thereof and Owners shall be responsible for immediate removal of waste of their animals. The Association may, by rule, further restrict or regulate the keeping of pets. An Owner may be required to remove a pet that is in violation of the Governing Documents.

3.4 *Offensive or Unlawful Activities, Nuisances.*

No unsanitary, offensive, unsightly, or noxious conditions or activities, including noise, odor, or other nuisance, shall be permitted on any Lot or Common Area, nor shall anything be placed upon any Lot or Common Area which interferes with or jeopardizes the enjoyment of other Lots or which is a source of annoyance to residents. No unlawful use shall be made of the Property or any part thereof, and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed.

3.5 *Rubbish and Trash.*

No part of the Property may be used or maintained as a dumping ground for rubbish, trash, garbage, or any other waste. No garbage, trash, or other waste may be kept or maintained on any part of the Property except in a sanitary container as specified by the Association or within a trash enclosure which is screened from public view at all times except 18 hours before and after trash collection. All such waste and garbage must be promptly and periodically removed.

3.6 *Parking of Vehicles.*

Parking of boats; trailers; oversized/commercial vehicles (defined as a vehicle more than 8 1/2' wide (including mirrors) or 19 1/2' long, any vehicle that has more than two axles, or a vehicle with a manufacturer stated vehicle weight of more than 6,500 pounds); vehicles displaying commercial advertising, logos, or business names exceeding three square feet per side or containing visible commercial materials, cargo, tools or equipment on the exterior of the vehicle; truck campers; motor homes; RVs; and like vehicles and equipment shall only be allowed within the Community for periods of less than 24 hours and for no more than two 24 hour periods in

any given seven day period, unless parked within a garage. Such a 24 hour period shall begin upon the first instance of parking of the vehicle and shall expire 24 hours later regardless of whether the vehicle is parked continuously for 24 hours. The driving, parking, and storing of vehicles in, on or about the Community (including the Lots) shall be subject to the parking rules adopted from time to time by the Association. The Association may have a vehicle parked in violation of any rule or of this Declaration removed (towed) or booted and the Owner may be assessed the cost of such removal and any storage necessitated thereby and the owner of the vehicle shall indemnify, defend, and hold harmless the Association and its officers and agents from all claims which may arise from any towing, removal, storage or sale of such a vehicle.

3.7 *Clothes Lines and Materials.*

No clothes lines, clothing racks, or other apparatus on which clothes, rags, or similar items are exposed for the purpose of drying or airing shall be located on the Property except within a Unit, unless the same are not visible from any part of the Common Area or any Unit. No clothes, rugs, rags, laundry, or other materials shall be allowed to hang from the windows or from any of the facades or any other part of a Unit unless the same are not visible from any part of the Common Area or any Unit.

3.8 *Signs.*

The Association may from time to time, by Rule, restrict or prohibit the display of signs, advertisements, posters, flags and banners of any kind displayed to the public view on or from any Unit or Lot or the Common Area.

3.9 *Antenna and Dish Policy.*

Satellite dish antennas one meter in diameter or less designed to receive direct broadcast satellite service, including direct-to-home satellite service, or to receive or transmit fixed wireless signals via satellite, may be installed; provided the dish and any wires are installed so as to not be visible from the streets. All other outside television or radio aerials or antennas, satellite dishes or other similar devices are prohibited. If locating the dish so that it is not visible from the streets precludes reception of an acceptable quality signal, the dish shall be installed with the least visibility from the streets possible. Location of an FCC approved dish may not be restricted by the Association so as to: (1) cause unreasonable delay in installation; (2) unreasonably increase the cost of the equipment or its installation, maintenance, or use; or (3) preclude reception of an acceptable quality signal. No dish may encroach upon the Common Area or the property of another Owner. The Owner shall keep the dish in good repair so that it does not violate any portion of this Declaration. Satellite dishes not regulated by the FCC are prohibited.

3.10 *Increase in Insurance Cost.*

Nothing shall be done or kept within any Lot or on the Common Areas, including Limited Common Areas, which will increase the cost of insurance to the Association or to other Owners. No Owner shall permit anything to be done or kept within his or her Lot or Common Areas which will result in cancellation of insurance on any Lot.

3.11 *Association Rules and Regulations.*

In addition to the restrictions and requirements above, the Association from time to time may adopt, modify, or revoke such rules and regulations governing the operation and use of the Lots

and Common Areas as necessary or appropriate in order to assure the peaceful and orderly use and enjoyment of the Property.

ARTICLE IV - ARCHITECTURAL CONTROL

4.1 Modifications. No Improvement shall be commenced, erected, maintained or altered upon any Lot without prior written Board approval. No exterior addition, change or alteration to any Lot, whether structural, landscaping, cosmetic or otherwise, may be made without prior written Board approval. Board approval shall be requested through submission of plans and specifications showing the nature, kind, shape, height, materials, and location of the changes. Board approval is subject to qualifications and criteria determined by the Board, including but not limited to harmony of external design and location in relation to surrounding structures, topography and the Community generally. Such approval shall be solely at the discretion of the Board as it deems appropriate from time to time. In the event the Board fails to approve or disapprove a request by an Owner within 30 days, the Owner may send a final request by certified mail to the Board that the Board approve or deny the original request for approval. The failure of the Board to approve or deny the original request for approval within two weeks of the date of receipt of the final request shall be deemed an approval of the original request for approval.

4.2 Limitation on Liability. The Board shall not be responsible for reviewing, nor shall its approval of any plan or design be deemed approval of any plan or design from the standpoint of structural safety or conformance with building or other codes. Neither the Board nor any member thereof shall be liable to the Association or any person whatsoever for any loss, damage or injury arising out of, or in any way connected with the performance of the Board's duties hereunder.

4.3 Fee. The Association may charge a fee for the actual cost of reviewing and approving plans for the construction or improvement of a Lot, including any costs charged to the Association by any other party, but the Association shall not charge a fee that exceeds such costs.

4.4 Design Guidelines. Design, construction, maintenance and improvement of the Lots and Units shall be consistent with and shall comply with the procedures and criteria set forth in this Declaration and such other building and design criteria which the Board is hereby empowered to adopt (referred to as "**Design Guidelines**") to expand, clarify and otherwise provide for the harmony and compatibility of the Improvements constructed within the Project. Design Guidelines shall also be deemed to include the requirement that the quality of all materials to be used in any construction or Improvements within the Project be equal or superior to that utilized for original construction. All builders and Owners shall comply with and are bound by the design restrictions herein and the Design Guidelines, if and when such are adopted.

ARTICLE V - MAINTENANCE OBLIGATIONS

5.1 Owner's Responsibility. Except to the extent that the Association is responsible therefor under Section 5.2, maintenance of the Lots and the Units shall be the responsibility of the

Owners thereof, who shall maintain such Lots and Units in good condition and repair. Each Unit and Lot shall be maintained so as to not detract from the appearance of the Community and so as to not adversely affect the value or use of any other Unit or Lot.

5.2 Maintenance by Association. The Association shall maintain, repair and replace the Common Area.

5.3 Further Clarification of Responsibilities. To the extent not clarified herein and not inconsistent with the provisions of this Declaration, the Association may, by duly adopted Board resolution, identify and assign those areas of maintenance and responsibility that are either (1) Owner responsibilities; or (2) Association responsibilities. Such determinations shall be set forth in a Board resolution distributed to all Owners and shall be binding against all Owners.

5.4 Acts of Owner. If any area or improvement is damaged, or the need for maintenance, repair or replacement is caused, by the willful or negligent acts of an Owner, their guests, tenants, invitees or other Unit occupants, the Owner shall be responsible for the cost of required maintenance, repair or replacement and such costs shall automatically and immediately be an Assessment against such Owner.

5.5 Failure of Owner to Maintain. The Association may assume an Owner's maintenance responsibility as to a Lot if, in the opinion of the Board, the Owner is unwilling or unable to adequately provide such maintenance. Before assuming such maintenance responsibility, the Board shall provide notice to the Owner of its intention to do so, and if such Owner has not commenced and diligently pursued remedial action within ten days after mailing of such written notice, then the Association may proceed to maintain the Lot. The expenses of such maintenance incurred by the Association shall be reimbursed to the Association by the Owner. Such expenses shall automatically and immediately be an Assessment against such Owner.

ARTICLE VI - ASSESSMENTS

6.1 Covenant for Assessments. Each Owner, by acceptance of a deed hereafter conveying any Lot to it, whether or not so expressed in the deed or other conveyance, shall be deemed to have covenanted and agreed to pay the Association Annual Assessments, Special Assessments, and Individual Assessments, as provided for and defined below. Annual Assessments and Special Assessments shall be assessed equally against each Lot. The Board shall determine whether installments of Annual Assessments are levied and collected on a monthly, quarterly, semi-annual, annual or other basis. Any Owner may prepay one or more installments of any Assessment, without premium or penalty. No Owner may exempt itself from liability for Assessments by abandonment of any Lot owned by such Owner.

6.2 Annual Budget and Assessment.

6.2.1 Adoption of Budget. The Board shall prepare, or cause the preparation of, and adopt an annual budget for the Association, which shall provide, without limitation, for the maintenance of the Common Areas and for the administration, management and operation of the

Association, and shall include a reserve fund line item in an amount the Board determines to be prudent based on the reserve analysis (as defined in Section 6.6.2). If the Board fails to adopt an annual budget, the last adopted budget shall continue in effect. The Board shall present the adopted budget to Owners at a meeting of the Owners.

6.2.2. Determination of Annual Assessment.

(a) The Board shall fix the amount of the annual assessment ("Annual Assessment") against each Lot for each assessment period at least thirty (30) days in advance of the beginning of the period. Written notice of the Annual Assessments shall be sent to all Owners at least thirty (30) days in advance of the beginning of any assessment period, or thirty (30) days in advance of any increase in the Annual Assessment that is to take effect during any assessment period.

(b) The omission by the Board, before the expiration of any assessment period, to fix the amount of the Annual Assessment for that or the next period, shall not be deemed a waiver or modification in any respect of the provisions of this article or a release of any Owner from the obligation to pay the Annual Assessment, or any installment thereof, for that or any subsequent assessment period. In the event of such omission, the Annual Assessment fixed for the preceding period shall continue until a new assessment is fixed.

(c) Equitable Changes. If the Annual Assessments levied at any time are, or will become, inadequate to meet the expenses incurred by the Association for any reason, including nonpayment of any Owner's Assessments on a current basis, the Association may determine the approximate amount of the inadequacy and adopt a resolution which establishes a supplemental budget and establishes the equitable change in the amount of the Annual Assessment. Owners shall be given at least thirty (30) days' written notice of any changes in the amount of an Assessment.

6.3. *Purpose of Assessments.* The Assessments levied by the Association shall be used exclusively for the purpose of fulfilling the purposes of the Association and carrying out this Declaration, and including, but not limited to: (a) The improvement and maintenance, operation, care, and services related to the Common Areas; (b) The payment of insurance premiums; (c) The costs of utilities and other services which may be provided by the Association for the Community; (d) The cost of labor, equipment, insurance, materials, management, legal and other professional and administrative fees incurred or expended in performing the duties under this Declaration or the Bylaws; and (e) The cost of funding all reserves established by the Association, including a general operating excess and a reserve for replacements as provided below; and (f) Any other items properly chargeable as a common expense of the Association.

6.4. *Special Assessments.* In addition to the Annual Assessments authorized in this article, the Association may levy a special assessment from time to time ("Special Assessment") for the purpose of defraying, in whole or in part, the costs incurred or to be incurred by the Association which cannot reasonably be paid for through other types of Assessments, as determined by the Board. The Board may authorize a Special Assessment for any lawful purpose provided, however, that any Special Assessment levied within 12 months of a prior Special Assessment,

and any Special Assessment greater than \$1000 per Owner may only be levied if it is first voted upon by at least 50% of the Owners.

6.5. Individual Assessments. Any expenses which are not common expenses and which benefit or are attributable to fewer than all of the Lots may be assessed exclusively against the Lots affected or benefitted ("Individual Assessments"). Individual Assessments shall include, but are not limited to: (1) Assessments levied against any Lot to reimburse the Association for costs incurred in bringing the Lot or its Owner into compliance with, or to otherwise defend or uphold, or carry out, the provisions of the Governing Documents, and for fines or other charges, including attorney fees, imposed pursuant to this Declaration for violation of the Governing Documents; (2) Expenses, other than common expenses, relating to the cost of maintenance, repair, replacement and reserves of the Lots which may be incurred by the Association.

6.6. Reserve Analysis.

6.6.1. Reserve Analysis Required. The Board shall cause a reserve analysis to be conducted no less frequently than every ten years, and shall review and, if necessary, update a previously conducted reserve analysis no less frequently than every five years. However, the Board may increase or decrease the frequency of conducting and updating a reserve analysis in a formal resolution of the Board delivered to all Owners. The Board may conduct a reserve analysis itself or may engage a reliable person or organization, as determined by the Board, to conduct the reserve analysis.

6.6.2. Reserve Analysis Defined. "Reserve analysis" means an analysis to determine the need for a reserve fund to accumulate reserve funds, and the appropriate amount of any reserve fund. A reserve analysis shall include:

- (a) a list of the components identified in the reserve analysis that will reasonably require reserve funds;
- (b) a statement of the probable remaining useful life, as of the date of the reserve analysis, of each component identified in the reserve analysis;
- (c) an estimate of the cost to repair, replace, or restore each component identified in the reserve analysis;
- (d) an estimate of the total annual contribution to a reserve fund necessary to meet the cost to repair, replace, or restore each component identified in the reserve analysis during the component's useful life and at the end of the component's useful life; and
- (e) a reserve funding plan that recommends how the Association may fund the annual contribution described in subsection (d) above.

6.6.3. Reserve Analysis Summary Provided to Owners. The Association shall: (a) annually provide Owners a summary of the most recent reserve analysis or update; and (b) provide a copy of the complete reserve analysis or update to an Owner who requests a copy.

6.7. Reserve Funds. The Association shall establish and maintain a reserve fund for the purpose of (1) repair, replacement and restoration of the Common Areas and other items for which it is responsible to maintain, repair or replace, (2) any emergency, unforeseen, unusual, or

unanticipated expenditures, and (3) for any other purpose determined from time to time by the Board, by the allocation and payment to such reserve fund of an amount to be designated from time to time by the Board in its best business judgment or of an amount and in the manner as may be required by law.

6.8. *Amounts Due on Transfer of Lot – Reinvestment Fee.* Each time legal title to a Lot passes from one Owner to another, within thirty days after the effective date of such title transaction, the new Owner shall pay to the Association, in addition to any other required amounts a reinvestment fee in the amount of determined by the Board from time to time. The following are not subject to the fee: (i) an involuntary transfer; (ii) a transfer that results from a court order; (iii) a bona fide transfer to a family member of the seller within three degrees of consanguinity who, before the transfer, provides adequate proof of consanguinity, or to a legal entity, such as a trust, in which the owner or the owner's spouse, son, daughter, father or mother hold a beneficial interest of at least fifty percent for estate planning purposes; (iv) a transfer or change of interest due to death, whether provided in a will, trust, or decree of distribution; or (v) the transfer of a Lot owned by a financial institution, except to the extent required for the payment of the Association's costs directly related to the transfer of the property, not to exceed two hundred fifty dollars.

6.9. *Nonpayment of Assessments.* The Annual Assessments shall be due and payable on such basis established by the Association and shall be delinquent if not paid within the period established by the Association from time to time. The due date of any Special Assessment or other Assessment shall be fixed in the resolution authorizing the Assessment or in the notice of the Assessment.

6.9.1. Interest, Late Charge. Delinquent Assessments shall bear interest and be subject to a late charge at the rate and amount determined by the Association from time to time.

6.9.2. Acceleration. If the delinquent installments of any Assessment, including an Annual Assessment, and any charges thereon are not paid in full, the Association may declare all of the unpaid balance of the Assessment to be immediately due and payable upon not less than ten days' written notice to the Owner, and may enforce the collection of the full Assessment and all charges thereon in any manner authorized by law and this Declaration. If, however, the Assessment is accelerated and an Owner subsequently files bankruptcy or the Association otherwise decides acceleration is not in its best interest, the Association, at its option, may elect to decelerate the obligation.

6.9.3. Rent Payments by Tenant to Association. If the Owner of a Lot who is leasing the Lot fails to pay an Assessment for more than 60 days after the Assessment is due, the Association may demand that the tenant pay to the Association all future lease payments due to the Owner, beginning with the next monthly other periodic payment, until all amounts due to the Association are paid. Such demand to the tenant shall be made in accordance with the law and any written procedures of the Association. The Association shall give the Owner written notice of its intent to demand full payment from the tenant and such notice shall be made in accordance with the law and any written procedures of the Association.

6.9.4. **Remedies, Including Suspension of Membership Rights and Services.** All membership rights, including the right of an Owner to vote, shall be automatically suspended during any period of delinquency, unless otherwise determined by the Association. A Board member shall become immediately ineligible to serve on the Board and automatically dismissed from such position if delinquent more than 60 days in the payment of any Assessment. Any service provided by the Association to the Owners may also be terminated as to the delinquent Owner. The Association shall have each and every remedy for collection of Assessments provided in the Utah Community Association Act, Utah Code Title 57, Chapter 8a, as amended from time to time, and the provisions of the Act shall be deemed to be fully set forth herein when required by such Act in order to exercise any such remedy.

6.10. **Lien.** All Assessments imposed together with late charges, interest, fines, costs and reasonable attorney fees provided for in this Declaration (whether or not a legal proceeding is initiated) or by law or awarded by a court for enforcement of the Governing Documents shall be a charge and continuing lien upon each of the Lots against which the Assessment or charge is made and shall be construed as a real covenant running with the land. If an Assessment is payable in installments, the lien is for the amount of each installment as such becomes due and this provision shall be deemed a notice of assessment.

6.11. **Personal Obligation and Costs of Collection.** Assessments (including late charges, interest, fines, costs and reasonable attorney fees incurred or expended by the Association in the collection of Assessments), whether or not a legal proceeding is initiated, shall also be the personal obligation of the Owner holding title to any Lot at the time when the Assessment became due. In a voluntary conveyance, the grantee of a Lot shall be jointly and severally liable with the grantor for all unpaid Assessments against the latter for his share of the unpaid Assessments up to the time of the grant or conveyance, without prejudice to the grantee's rights to recover from the grantor the amounts paid by the grantee.

6.12. **Appointment of Trustee.** By acceptance of a deed for a Lot, each Owner as trustor conveys and warrants to trustee in trust for the Association, as beneficiary, with power of sale, the Owner's Lot and all improvements thereon for the purpose of securing payment of all Assessments provided for in this Declaration. For purposes of this Section and Utah Code Ann. §§57-1-19, et seq., as amended from time to time, the trustee shall mean the attorney for the Association, and the Association may provide notice and disclosure of the trustee by recording an "appointment of trustee" on the records of the local County Recorder. Each Owner hereby also grants to the Association and trustee all powers and rights of non-judicial trust deed foreclosure provided for in Utah Code Ann. §§57-1-19, et seq.

6.13. **Enforcement of Lien.** The lien for unpaid Assessments may be foreclosed by the Association judicially or non-judicially, consistent with the laws of the state of Utah for the non-judicial foreclosure of deeds of trusts. The Association, through duly authorized agents, shall have the power to bid on the Lot at foreclosure sale, and to acquire and hold, lease, mortgage and convey the same. Upon completion of the foreclosure sale, an action may be brought by the Association or the purchaser at the sale in order to secure occupancy of the defaulting Owner's Lot, and the defaulting Owner shall be required to pay the reasonable rental value of such Lot during any period of continued occupancy by the defaulting Owner or any persons claiming

under the defaulting Owner. The Association shall be entitled to the appointment of a receiver to collect the rental income or the reasonable rental value without regard to the value of the security.

6.14. Subordination of Lien to Mortgages. The lien of the Assessments provided for in this article shall be subordinate to the lien of any first mortgagees or deeds of trust now or hereafter placed upon the Lot subject to assessment, except as follows: the sale or transfer of any Lot pursuant to mortgage or deed of trust foreclosure shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. Such sale or transfer shall not relieve the Lot from liability or lien for any Assessments thereafter becoming due.

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

6.16. Statement of Unpaid Assessment & Payoff Information. The Association shall, upon demand at any time, furnish to any Owner liable for assessment a certificate in writing signed by an officer or Managing Agent of the Association setting forth whether Assessments have been paid. The certificate shall be conclusive evidence of payment of any assessment therein stated as having been paid. A reasonable charge may be levied in advance by the Association for each certificate so delivered. The Association may charge a fee for providing Association payoff information needed in connection with the financing, refinancing, or closing of n Owner's sale of the Owner's lot up to the maximum amount allowed by law.

6.17. Application of Payments. Payments shall be applied first to costs and attorney fees, then to late charges, then interest, then to all other Assessments in the order of their coming due.

ARTICLE VII - THE ASSOCIATION

7.1 Organization. The Association is organized as a nonprofit corporation under the nonprofit corporation laws of the state of Utah (Utah Code Annotated Titled 16 Chapter 6a, as may be amended from time to time). In the event the Association is at any time administratively dissolved by the Utah Division of Corporations and Commercial Code, the Board may reincorporate the Association without a vote of the Owners. The affairs of the Association shall be governed by a Board of Directors as provided herein and in the Bylaws.

7.2 Membership. Each Owner during the entire period of Owner's ownership of one or more Lots within the Community shall be a member of the Association. The membership shall commence, exist and continue by simply virtue of the ownership, shall expire automatically upon

termination of ownership and need not be confirmed or evidenced by any certificate or acceptance of membership.

7.3 Voting Rights. The method of voting shall be as provided in the Bylaws. Each Owner shall have one (1) vote in matters of the Association for each Lot owned as set forth in the Bylaws.

7.4 Powers, Duties and Obligations. The Association shall have such powers and duties as may be granted to it or imposed by this Declaration, the Articles of Incorporation and the Bylaws, together with its general powers as a corporation and under any applicable statute, as such statute may be amended, and the power to do any and all things that may be authorized, required or permitted to be done by the Association under and by virtue of this Declaration. Without in any way limiting the generality of the foregoing, the Association shall have the following powers: (a) The Board may delegate by resolution or contract to a Manager any of its powers under this Declaration. (b) The Association may borrow money, provided the assent of a majority of all Owners is obtained prior to mortgaging, pledging or hypothecating any or all of the Association's real property as security. (c) The Association may provide telecommunication services and/or facilities or similar bulk rate services to the Lots only after the prior approval of the Owners is obtained by a vote where a majority of the votes cast are cast in favor of the service.

ARTICLE VIII - RULES, ENFORCEMENT, APPEAL

8.1 Rules and Regulations.

8.1.1. The Board may adopt, amend, modify, cancel, limit, create exceptions to, expand, or enforce the Rules and Regulations, subject to limitation and requirements of the law, including the right of the Owners to disapprove a rule pursuant to law, and subject to the Board's duty to exercise business judgment on behalf of the Association and the Owners.

8.1.2. Before adopting, amending, modifying, canceling, limiting, creating exceptions to, or expanding the Rules and Regulations, the Board shall:

(a) at least 15 days before the Board will meet to consider a change to the Rules and Regulations, deliver notice to the Owners that the Board is considering a change to the Rules and Regulations;

(b) provide an open forum at the Board meeting giving Owners an opportunity to be heard at the Board meeting before the Board takes action under Section 8.1.1; and

(c) deliver to the Owners a copy of the change in the Rules and Regulations approved by the Board within 15 days after the date of the Board meeting.

8.1.3. The Board may adopt a rule without first giving notice to the Owners if there is an imminent risk of harm to the Common Area, an Owner, an occupant of a Lot, a Lot, or a Unit. The Board shall provide notice to the Owners of such a rule within 15 days of adoption by the Board.

8.2 Compliance. Each Owner, occupant and guest of a Lot shall comply with the provisions of the Governing Documents and any applicable statute. Failure to comply therewith shall be grounds for levying of a fine and an action or suit maintainable by the Association or an aggrieved Owner.

8.3 Remedies. Violation of any provisions of the Governing Documents, or of any decision of the Association made pursuant to such documents, shall give the Board the right, but not the obligation, in addition to any other rights set forth in this Declaration or the Bylaws, or under law, to do any or all of the following after giving notice:

8.3.1. Subject to the provisions of this Declaration, to enter the Lot as to which such violation exists and to summarily abate and remove, at the expense of the defaulting Owner, any structure, thing, or condition that may exist contrary to such provisions, and the Board shall not thereby be deemed guilty of any manner of trespass;

8.3.2. To enjoin, abate, or remedy such thing or condition by appropriate legal proceeding;

8.3.3. To levy fines according to a schedule of fines adopted by the Association from time to time and according to Section 8.4 below;

8.3.4. To suspend the right to receive, access or use any services or facilities provided by or through the Association until the violation is corrected, and to suspend the voting rights of an Owner, but not for longer than 60 days, except in the case of a continuous violation;

8.3.5. Bring suit or action against the Owner on behalf of the Association and other Owners to enforce this Declaration, the Bylaws and any rules or regulations adopted pursuant thereto. The Association shall be entitled to an award of its attorney fees and costs in any action taken for the purpose of enforcing or otherwise implementing the terms of the Governing Documents, or for any action taken pursuant to the Governing Documents, if it prevails in such action, regardless of who instituted the action; and

8.3.6. To record, in the records of the County Recorder, against a Lot as to which a violation exists relating to the land or improvements on the land and the noncompliance of such land or improvements with the Governing Documents, a notice of noncompliance setting forth the thing, condition or violation that exists and thereby providing notice to prospective purchasers and all others of the violation and of the requirement that the violation be remedied by the Owner or future Owner of the Lot.

8.4 Fines. The Board may assess a fine against an Owner for a violation of the Governing Documents in accordance with the following provisions.

8.4.1. **Warning.** A written warning ("Warning") shall be sent to the Owner of the lot. The Warning shall:

- (a) describe the violation,
- (b) state the rule or provision of the Governing Documents that the Owner has violated,

(c) state that the Board may, in accordance with the provisions of the law, assess fines against the Owner and suspend membership rights if a continuing violation is not cured or if the Owner commits similar violations within one year after the day on which the Board gives the Owner the Warning or assesses a fine against the Owner,

(d) if the violation is a continuous violation, state a time by which the Owner must cure the violation (which time must be at least 48 hours after the day the Owner is given the Warning), and

(e) state the amount of the fine that will be assessed if a continuous violation is not cured within 48 hours or if the Owner commits similar violations within one year after the day on which the Board gives the Owner the Warning.

8.4.2. Initial Fine. The Board may assess a fine against an Owner if: (i) within one year after the day on which the Board gives the Owner a Warning, the Owner commits another violation of the same rule or provision identified in the Warning; or (ii) for a continuing violation, the Owner does not cure the violation within 48 hours after the day the Owner is given the Warning.

8.4.3. Subsequent Fines for Same Violation. After a fine is assessed against an Owner, the Board may, without further warning, assess an additional fine against the Owner each time the Owner: (i) commits a violation of the same rule or provision within one year after the day on which the Board assesses a fine for a violation of the same rule or provision; or (ii) allows a violation to continue for 10 days or longer after the day on which the Board assesses the fine.

8.4.4. Notice of Fine. Each time a fine is assessed, notice of the fine shall be sent to the Owner describing the violation, stating the rule or provision of the Governing Documents that the Owner has violated, and stating that the Owner may request an informal hearing before the Board to dispute the fine within 33 days after the date of the notice.

8.4.5. Membership Rights. An Owner shall not be deemed an Owner in Good Standing for 60 days after a fine is assessed against the Owner.

8.5 *Appeal by Owner.* Any Owner who is assessed a fine or other penalty or who has rights suspended may request an informal hearing before the Board to dispute the fine, penalty or suspension within 33 days after the date of the notice stating that the fine or penalty is assessed or that rights have been suspended. The hearing requested shall be conducted in accordance with procedures promulgated by resolution of the Board from time to time, or if none, in accordance with the standards determined by the Board at the hearing.

8.6 *Action by Owners.* Subject to any limitation imposed under the Governing Documents or Utah law, an aggrieved Owner may bring an action against such other Owner or the Association to recover damages or to enjoin, abate, or remedy such thing or condition by appropriate legal proceedings.

8.7 *Injunctive Relief.* Nothing in this section shall prevent an Owner, the Association, or other interested party from resorting to a court of competent jurisdiction in those instances where

injunctive relief may be appropriate. In such an action, the violation of any covenants or restrictions in the Governing Documents shall be presumed to cause irreparable harm to the Association and its members.

8.8 Purchase Subject to Violations. Buyers shall take ownership of Lots subject to any violations of the Governing Documents which may exist concerning the Lot, whether or not such violations were disclosed by the seller of the Lot and whether or not the Association knew of the violations at the time of sale. Such buyers shall be liable for correcting such violations upon demand by the Association.

ARTICLE IX - INSURANCE

9.1 Types of Insurance Maintained by the Association.

9.1.1 The Board shall at all times purchase, maintain in force, and pay the premiums for (as well as such other insurance as it deems reasonable) if reasonably available, and consistent with that of similarly situated first-class subdivisions in the county and with the Act: (1) property insurance, if required by law or deemed necessary by the Board; and (2) liability insurance with adequate limits of liability for bodily injury and property damage, but in no event less than one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) aggregate.

9.1.2 The Board may purchase and maintain in force, if and as it deems reasonable, the following types of insurance:

(a) Director's and Officer's Insurance. Directors and officers (D & O) liability insurance coverage.

(b) Fidelity. Fidelity insurance or bond covering all Board members, officers, employees and other persons handling or responsible for the funds of, or administered by, the Association. Where a Managing Agent has the responsibility for handling or administering funds of the Association, fidelity coverage shall include coverage for its officers, employees, and agents handling or responsible for funds of, or administered on behalf of, the Association. Such fidelity bond or insurance 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 Managing Agent, as the case may be, at any given time during the term of each bond or policy, and in no event, no less than a sum equal to three months aggregate assessments on all Lots plus reserve funds. The bonds or policies shall contain waivers by the issuers of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees," or similar terms or expressions. The bonds or policies 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.

9.1.3 Miscellaneous Items. The following provisions shall apply to all insurance coverage of the Association:

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

(b) **Deductible.** The Association shall pay for the deductible on any claim made against the Association's property insurance policy, except where the claim is made because of the negligence or willful acts of an Owner or occupant, including a guest, invitee, or visitor, as determined by the Board. In such cases, the corresponding Owner shall pay the deductible amount.

(c) **Waiver of Subrogation; Individual Neglect.** All policies shall include a waiver of the right of subrogation against Owners individually. All policies shall include a provision that the insurance is not prejudiced by any act or neglect of an individual Owner.

(d) **Special Endorsements.** Each policy shall contain or provide those endorsements commonly purchased by other community associations in the county.

(e) **Intent.** The foregoing provisions 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 hereunder, in such amounts and in such forms as the Board or Association may deem necessary or appropriate from time to time.

9.2 Owner's Insurance. Each Owner and resident shall purchase and maintain adequate liability and property insurance on his or her Lot.

9.2.1 **Primary Coverage.** The insurance coverage of an Owner shall be primary. The Association shall not maintain insurance on an Owner's Lot, Unit, personal property, or contents.

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

9.2.3 **Failure to Repair.** If the Board determines that any Owner has failed to properly discharge its obligation with regard to the repair or reconstruction of the damaged structure, then the Association may, but is not obligated to, provide such repair or reconstruction at the Owner's sole cost and expense.

ARTICLE X - AMENDMENT AND DURATION

10.1 Amendments.

10.1.1 **How Proposed.** Amendments to the Declaration shall be proposed to the Owners by and through the Board upon the request of (1) a majority of the Board of Directors, or (2) Owners holding thirty percent (30%) or more of the voting rights of the Association, in which case the Board shall cause the amendment to be proposed to the membership within 65 days of receipt of such request. The Board shall cause the proposed amendment to be appropriately reduced to writing, which shall then be included in the notice of any meeting at which action is to be taken thereon or attached to any request for vote on or consent to the amendment

10.1.2 **Approval Required.** This Declaration, as well as the Plat, may be amended, and any provision, covenant, condition or restriction whatsoever, may thereby be added, modified or deleted, if such amendment is approved by Owners holding sixty-six percent (66%) of the voting rights of the Association.

10.1.3 Execution and Recordation. An amendment shall not be effective until the amendment is certified by the president of the Association as being adopted in accordance with this Declaration, is acknowledged, and is recorded in the appropriate County Recorder's Office.

10.2 Duration. The provisions, covenants, conditions and restrictions contained in this Declaration shall continue in full force and effect until amended, added to or deleted, in whole or in part from time to time as provided above.

ARTICLE XI - MISCELLANEOUS PROVISIONS

11.1 Priority of Governing Documents. In the event of any conflict between or among this Declaration and any other Governing Document, the document in the highest priority beginning with the first document listed hereinafter shall prevail (as to any such conflict) over any later listed document: this Declaration, the Articles of Incorporation, Bylaws, Rules and Regulations.

11.2 Recovery of Costs and Attorney Fees. The Association shall be entitled to recover its costs and attorney's fees incurred for enforcement of this Declaration regardless of whether any lawsuit or other action is commenced. Such costs and attorney's fees shall automatically be and constitute an assessment against the Owner and the Lot. Additionally, the prevailing party shall be entitled to its attorney fees and costs in any dispute concerning any Governing Document, including an action dealing with the declaration of rights and obligations thereunder with or without a defaulting party, whether such costs and expenses are incurred with or without suit; before or after judgment; in any appeal; in any bankruptcy or receivership proceeding; or in connection with any alternative dispute resolution proceeding.

11.3 Invalidity; Number; Captions. The invalidity of any part of this Declaration shall not impair or affect in any manner the validity, enforceability, or effect of the balance of this Declaration. As used herein, the singular shall include the plural and the plural the singular. The masculine and neuter shall each include the masculine, feminine, and neuter, as the context requires. All captions used herein are intended solely for convenience of reference and shall in no way limit any of the provisions of this Declaration.

11.4 Joint Owners. In any case in which two or more persons share the ownership of any Lot, regardless of the form of ownership, the responsibility of such persons to comply with this Declaration shall be a joint and several responsibility and the act or consent of any one or more of such persons shall constitute the act or consent of the entire ownership interest; provided, however, that in the event such persons disagree among themselves as to the manner in which any vote or right of consent held by them shall be exercised with respect to a pending matter, any such person may deliver written notice of such disagreement to the Board of Directors, and the vote or right of consent involved shall then be disregarded completely in determining the proportion of votes or consents given with respect to such matter in accordance with the Bylaws.

11.5 Lessees and Other Invitees. No damage to, or waste of the Common Areas or any part thereof shall be committed by any Owner or any Unit occupant, guest, invitee, lessee of any Owner, and each Owner shall indemnify and hold the Board and the other Owners harmless

against all loss resulting from any such damage or waste caused by any such person. Lessees, invitees, guests, Unit occupants, contractors, family members and other persons entering the Property under rights derived from an Owner shall comply with all of the provisions of the Governing Documents restricting or regulating the Owner's use, improvement or enjoyment of such Owner's Lot and other areas within the Property. The Owner shall be responsible for obtaining such compliance and shall be liable for any failure of compliance by such persons in the same manner and to the same extent as if the failure had been committed by the Owner.

11.6 Waiver, Precedent and Estoppel. No restriction, condition, obligation or provision contained in this Declaration or rules and regulations adopted pursuant hereto shall be deemed to have been abrogated or waived by the Association, the Board or any Owner by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur and any failure to enforce the same shall not be deemed to constitute precedent or estoppel impairing the right of the Association, Board or Owner as to any similar matter.

11.7 Interpretation. All questions of interpretation or construction of any of the covenants or restrictions in this Declaration shall be resolved by the Board, and its decision shall be final, binding and conclusive on all parties affected for all purposes. The covenants, restriction and terms of this Declaration are to be interpreted broadly to give effect to the Association's role as the governing body of the Community and to grant all the powers necessary for management of the common property, administration of the servitude regime, carrying out other functions set forth herein, and furthering the purposes of the Association. The enumeration of specific items, acts, rights, or powers in this instrument does not limit or restrict and is not to be construed or interpreted as limiting or restricting, the general powers granted to the Association or Board except where powers are expressly restricted.

11.8 Premises Liability. The Association and the Board is and shall remain wholly free and clear of any and all liability to, or claims by, all Owners and all persons and entities, of whatever kind or character, whether sounding in contract or tort, deriving from the occurrence of any injury or damage to any person or property on, or in respect of the use and operation of, the Common Area or any of its improvements, fixtures, and facilities and an Owner shall defend, indemnify and hold harmless the Association and Board against such claim, loss or liability asserted by such Owner or his or her guest, invitee, licensee, tenant, or visitor. In this respect, it shall be the affirmative duty and responsibility of each Owner and user of the Common Area facilities to continuously inspect the same for any defects or perils or other unsafe conditions or circumstances, prior to and during such use or enjoyment thereof; and all users of, and visitors to, the Common Area and its improvements and facilities shall use, enjoy, and visit, the same at their own risk and peril.

11.9 Notice of Sale. Immediately upon the sale of any Lot, the Owner shall promptly inform the secretary or Managing Agent of the name and address of said grantee. The Board may for all purposes act and rely on the information concerning Owners and Lot ownership which is thus acquired by it and the address of each Owner shall be deemed for all purposes to be the address of the Lot owned by such Owner unless the Board is otherwise advised in writing.

IN WITNESS WHEREOF, Nettie's Lane Homeowners Association has executed this Declaration this 18 day of July, 2016 and all owners of the Property have consented to the adoption and recording of this Declaration as evidenced in that Removal of Property from Condominium Ownership Act and Termination of Condominium Declaration for Nettie's Lane Condominiums recorded in the records of the Salt Lake County Recorder.

NETTIE'S LANE
HOMEOWNERS ASSOCIATION, INC.

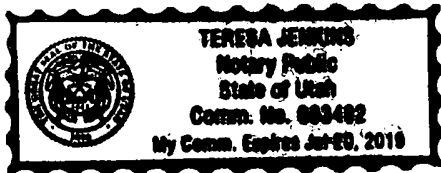
Robert D Davis

By: Robert D. Davis

Its: Secretary

STATE OF UTAH)
)ss:
County of Salt Lake)

Subscribed and sworn to before me on this 18 day of July, 2016 by Robert D. Davis.



Teresa Jenkins
Notary Public

EXHIBIT A

(LEGAL DESCRIPTION)

BEGINNING AT A POINT SOUTH 00°06'32" WEST ALONG THE CENTERLINE OF 2300 EAST STREET, A DISTANCE OF 253.21 FEET TO A MONUMENT AT THE INTERSECTION OF 4500 SOUTH STREET AND 2300 EAST STREET, AND NORTH 89°37'30" WEST, ALONG THE CENTERLINE OF 4500 SOUTH STREET, A DISTANCE OF 1,161.69 FEET AND NORTH TO A POINT AT THE NORTH RIGHT OF WAY LINE OF 4500 SOUTH STREET, A DISTANCE OF 53.00 FEET FROM THE CENTER OF SECTION 3, TOWNSHIP 2 SOUTH, RANGE 1 EAST, SALT LAKE BASE AND MERIDIAN, AND RUNNING THENCE NORTH 89°37'30" WEST, A DISTANCE OF 85.23 FEET; THENCE NORTH 08°01'26" WEST, A DISTANCE OF 145.37 FEET; THENCE WEST, A DISTANCE OF 0.60 FEET; THENCE NORTH, A DISTANCE OF 153.44 FEET TO A POINT AT THE SOUTHERLY LINE OF JO LYNN SUBDIVISION ACCORDING TO THE OFFICIAL PLAT THEREOF RECORD IN THE OFFICE OF THE COUNTY RECORDER OF SALT LAKE COUNTY, UTAH; THENCE NORTH 78°38'00" EAST ALONG SAID SUBDIVISION, A DISTANCE OF 218.81 FEET; THENCE SOUTH, A DISTANCE OF 196.56 FEET; THENCE WEST, A DISTANCE OF 42.27 FEET; THENCE SOUTH 08°02'30" EAST, A DISTANCE OF 3.30 FEET; THENCE NORTH 89°41'11" WEST, A DISTANCE OF 84.71 FEET; THENCE SOUTH 07°17'15" EAST, A DISTANCE OF 142.86 FEET TO THE POINT OF BEGINNING.

CONTAINS: 50,215 SQ.FT. OR 1.153 ACRES

22-03-336-001 THRU -007

EXHIBIT B
BYLAWS
OF
NETTIE’S LANE HOMEOWNERS ASSOCIATION, INC.

ARTICLE 1 - DEFINITIONS 25
ARTICLE 2 – NOTICE, AFFAIRS, ELECTRONIC MEANS 25
ARTICLE 3 – ASSOCIATION MEETINGS, VOTING, QUORUM..... 26
ARTICLE 4 – BOARD OF DIRECTORS – SELECTION, ELECTION, TERM OF OFFICE 29
ARTICLE 5 - MEETINGS OF THE BOARD OF DIRECTORS 30
ARTICLE 6 - POWERS, RIGHTS, AND DUTIES OF THE BOARD 33
ARTICLE 7 - OFFICERS AND THEIR DUTIES 34
 • ARTICLE 8 - INDEMNIFICATION OF OFFICERS AND BOARD MEMBERS 36
ARTICLE 9 - RECORDS AND AUDITS..... 36
ARTICLE 10 - AMENDMENTS..... 38
ARTICLE 11 - MISCELLANEOUS..... 39

ARTICLE 1 - DEFINITIONS

The definitions contained in or adopted by the Declaration shall be applicable to these Bylaws.

ARTICLE 2 – NOTICE, AFFAIRS, ELECTRONIC MEANS

2.1 Notices.

2.1.1 Association. All notices to the Association or the Board shall be sent care of the managing agent or, if there is no managing agent, to the principal office of the Association or to such other address as the Board may hereafter designate from time to time.

2.1.2 Owners.

(a) Notice by Electronic Means. In any circumstance where notice is required to be given to the Owners, the Association may provide notice by electronic means, including text message, email, or an Association website, if the Board deems the notice to be fair and reasonable. An Owner may require the Association, by written demand, to provide notice to the Owner by mail. The Board is authorized to promulgate rules and procedures facilitating the implementation of this section as it deems fit from time to time, including requiring Owners to furnish the Association with a current email address.

(b) Except as otherwise provided in the Declaration, these Bylaws or law, all notices to any Owner shall be sent to such address as may have been designated by him or her, from time to time, in writing to the Board, or if no address has been designated, then to the Owner's Lot.

(c) If a Lot is jointly owned, notice shall be sent to a single address, of which the secretary has been notified in writing by such parties. If no address has been given to the secretary in writing, then mailing to the Lot shall be sufficient.

2.2 Affairs, Electronic Means. Any transaction or action involving the business or affairs of the Association, including but not limited to voting and providing notice or records, may be conducted by electronic means. The Association may accept a vote, consent, written ballot, waiver, proxy appointment, or proxy appointment revocation as the act of the Owner if the Board does so in good faith and has no reason to believe it is not the act of the Owner. A writing may be delivered in an electronic medium or by electronic transmission, and may be signed by photographic, electronic, or other means. An electronic record or electronic signature is attributable to a person if it was the act of the person. An electronic signature may consist of a mark, symbol, character, letter, or number or any combination thereof attached to or logically associated with a record and executed or adopted by a person with the intent to sign the record and the same shall be considered the signature of such person. A writing includes any document, record, vote, ballot, proxy, or instrument required or permitted to be transmitted by an Owner or by the Association.

ARTICLE 3 – ASSOCIATION MEETINGS, VOTING, QUORUM

3.1 Annual Meetings. The Association membership shall meet annually each year on the day and at a time and place within the state of Utah stated in the notice of such meeting.

3.2 Special Meetings. The Association, by and through the Board, shall notice, hold and conduct a special meeting of its Members: (1) on call of the President or a majority of the Board, or (2) if the Association receives one or more written demands for the meeting that state the purposes for which the meeting is to be held, and are signed and dated by Owners in Good Standing holding at least 25% of the voting rights of the Association. When a special meeting is demanded by the members, the Board shall set the time and date for the meeting so that the meeting occurs within 65 days of receipt of the demand and if notice of the meeting is not given by the Board within 30 days after the date the written demand is delivered to an Association

officer, a person signing the demand may set the time and place of the meeting and give notice pursuant to the requirements herein. Business transacted at a special meeting shall be confined to the purposes stated in the notice of the meeting.

3.3 Notice of Meetings. Written notice of each meeting of the members shall be given by, or at the direction of, the Secretary or person designated by the Board, in a fair and reasonable manner, including by delivering a copy of such notice to each member entitled to vote thereat, in accordance with the notice requirements specified in these Bylaws, and sufficiently in advance of the meeting to provide fair and reasonable notice of the meeting, as determined by the Board. Notice shall always be deemed fair and reasonable if given 10 days before the meeting, but shorter notice may also be fair and reasonable when all the circumstances are considered. The notice shall specify the place, day and hour of the meeting, and must include a description of any matter that must be approved by the members and, in the case of a special meeting, the purpose of the meeting.

3.4 Voting. Each Lot shall be allocated one vote.

3.5 Proxies and Absentee Ballots. A vote may be cast in person, by proxy or by absentee ballot. A proxy given by an Owner to any person who represents the Owner at meetings of the Association shall be in writing, dated and signed by such Owner and shall be filed with the secretary in accordance with procedures adopted by resolution of the Board. No proxy shall be valid after the meeting for which it was solicited, unless otherwise expressly stated in the proxy; however, no proxy may be valid for more than eleven (11) months after the date of execution. No proxy shall be valid if it purports to be revocable without notice. An Owner may not revoke a proxy given except by actual notice of revocation to the person presiding over a meeting of the Association, or to the Board if a vote is being conducted by written ballot in lieu of a meeting. Every proxy shall automatically cease upon sale of the Lot.

3.6 Quorum of Owners.

3.6.1 "Quorum" means the minimum number of Owners (when duly represented in person or by proxy at a meeting, or casting a written ballot in an action by written ballot or consenting to an action without a meeting) necessary to make the proceedings valid.

3.6.2 At any meeting of the Association, fifty percent (50%) of the Owners that are represented for any purpose at the annual meeting shall constitute a quorum, except for matters requiring a higher quorum as provided in the Declaration or these Bylaws.

3.6.3 If any meeting of Owners cannot be organized because of a lack of quorum, the Owners who are present may adjourn the meeting to a time at least 48 hours from the time of the meeting at which a quorum was not.

3.6.4 When a quorum is once present to organize a meeting it cannot be broken by the subsequent withdrawal of an Owner or Owners.

3.7 Binding Vote. Action on a matter other than the election of directors is approved and

shall be binding upon all owners for all purposes if a quorum exists and the votes cast favoring the action exceed the votes cast opposing the action, unless a greater number of affirmative votes is required by law or the Governing Documents.

3.8 Order of Business. The order of business at annual meetings of the Association shall be according to the order established by the President, and by way of example, may include the following: (a) Calling of the roll and certifying of proxies; (b) Proof of notice of meeting or waiver of notice; (c) Reading of minutes of the preceding meeting; (d) Reports of officers; (e) Reports of committees, if any; (f) Election of Board members; (g) Unfinished business; (h) New business; and (i) Adjournment.

3.9 Meeting Procedure. Rules of order may be adopted by resolution of the Board, otherwise, the President shall conduct meetings according to the procedure he or she deems fit. A decision of the Association may not be challenged on the basis that appropriate rules of order were not used.

3.10 Action by Written Ballot in Lieu of a Meeting. Any action that may be taken at any annual, regular, or special meeting of Owners may be taken without a meeting if the Association causes to be delivered a written ballot to every Owner entitled to vote on the matter not less than fifteen (15) days prior to the date on which the ballots must be received by the Association in order to be counted. A written ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action. Approval by written ballot pursuant to this section shall be valid only when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. All solicitations for votes by written ballot shall indicate the number of responses needed to meet the quorum requirements; state the percentage of approvals necessary to approve each matter other than election of directors; specify the time by which a ballot must be received by the Association in order to be counted; and be accompanied by written information sufficient to permit each person casting such ballot to reach an informed decision on the matter. In the event the action is for election of Board members, there shall be space on the ballot to write in nominations. Action taken under this section has the same effect as action taken at a meeting of Owners and may be described as such in any document. The Board may elect to conduct a vote pursuant to this section by a secrecy procedure whereby a written ballot is accompanied by: (1) a secrecy envelope; (2) a return identification envelope to be signed by the owner; and (3) instructions for marking and returning the ballot. Written ballots that are returned in secrecy envelopes may not be examined or counted before the deadline for returning ballots has passed.

3.11 Action without Notice and a Meeting. Any action required to be taken or which may be taken at a meeting of Owners may be taken without a meeting and without prior notice if one or more written consents, setting forth the action so taken, are signed by Owners having not less than the minimum voting power that would be necessary to authorize or take the action at a meeting at which all Owners entitled to vote on the action were present and voted. All such writings must be received by the Association within a sixty day period. Any such writing may be received by the Association by electronically transmitted facsimile or other form of

communication providing the Association with a complete copy thereof, including a copy of the signature thereto. Action taken pursuant to this section shall be effective when the last writing necessary to effect the action is received by the Association, unless the writings describing and consenting to the action set forth a different effective date. Any change in ownership of a Lot which occurs after consent has been obtained from the Owner having an interest therein shall not be considered or taken into account for any purpose. Unless the written consents of all Owners entitled to vote have been obtained, notice of any Owner approval under this section shall be given to all Owners at least 10 days before the consummation of the transaction, action, or event authorized by the Owner action. The notice shall contain or be accompanied by the same material that would have been required to be sent in a notice of meeting at which the proposed action would have been submitted to the Owners for action.

3.12 Voting by Fiduciaries and Joint Owners. An executor, administrator, guardian, or trustee may vote in person or by proxy, at any meeting of the Association with respect to any Unit owned or held in such capacity, whether or not the same shall have been transferred to his or her name; provided, that the person shall satisfy the secretary that he or she is the executor, administrator, guardian, or trustee holding the Unit in such capacity. Whenever any Unit is owned by two or more persons jointly, according to the records of the Association, the vote of the Unit may be exercised by any one of the Owners, in the absence of protest by a co-owner prior to the tallying of votes, so long as only one vote for such Unit is cast. In the event of a protest prior to the vote tally, no one co-owner shall be entitled to vote without the approval of all co-owners. In the event of disagreement among the co-owners prior to the vote tally, or the casting of more than one ballot or vote for the Unit and such ballots or vote conflict, the vote of the Unit shall be disregarded completely with respect to the matter.

ARTICLE 4 – BOARD OF DIRECTORS – SELECTION, ELECTION, TERM OF OFFICE

4.1 Number, Term and Qualifications.

4.1.1 The affairs of the Association shall be governed by a Board of Directors composed of three Board members.

4.1.2 Members of the Board shall serve for a term of two (2) years. Elections shall be staggered so all Board members are never elected in the same year.

4.1.3 All Board members must be an Owner or the spouse of an Owner of a Lot. A representative of an entity which owns a Lot may serve on the Board, such that a shareholder of a corporation, a member of an LLC, a partner of a partnership, a trustee or beneficiary of a trust, or a personal representative of an estate, may serve on the Board if the corporation, LLC, partnership, trust or estate owns a Lot.

4.2 Nomination. Nomination for election to the Board shall be made in the manner determined by the Board, which may include a nominating committee, nominations from the floor at a meeting, or the requirement that nominations (including self-nominations) for positions on the Board be made by petition filed with the secretary of the Association at least thirty days prior to the annual meeting of the Association, which petition shall be signed by the nominee named therein indicating his or her willingness to serve as a member of the Board, if elected. The Board may, but shall not be obligated to, inquire of the Owners to identify those having an interest in serving on the Board. The Board or, if established, the nominating committee, shall make as many nominations for election to the Board as it shall in its discretion determine, but not less than the number of vacancies. Self-nomination of candidates who qualify for election shall be permitted, provided they comply with any procedures for self-nomination stated herein or promulgated by the Association at least 30 days before the applicable meeting.

4.3 Election. At the election, the Owners or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. Voting in an election shall be by written ballot. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

4.4 Vacancies. Vacancies on the Board, caused by any reason other than the removal of a Board member by a vote of the Association, shall be filled for the balance of the term by vote of a majority of the remaining Board members even though they may constitute less than a quorum. Each person so elected shall be a Board member until a successor is elected upon expiration of the term for which the person was elected by the other Board members to serve.

4.5 Compensation. No Board member shall receive compensation for any service he or she may render to the Association as a Board member. However, any Board member may be reimbursed for actual expenses incurred in the performance of his or her duties.

4.6 Removal of Board Members.

4.6.1 At any annual or special meeting, any one or more of the Board members may be removed, with or without cause, by a majority of the total voting interests of all Owners. A successor may be elected at that meeting to fill the vacancy thus created. The notice of the meeting must state that the removal is to be considered and any Board member whose removal has been proposed by the owners may be given an opportunity to be heard at the meeting.

4.6.2 A Board member who is delinquent in the payment of an Assessment for longer than three months, is absent from three consecutive regular meetings of the Board, or is absent from more than 25% of the regular Board meetings held in any 12 month period, shall be deemed to have tendered his or her resignation, and upon acceptance by the Board his or her position shall be vacant. The vacancy shall be filled as provided in Section 4.4 above.

ARTICLE 5 - MEETINGS OF THE BOARD OF DIRECTORS

5.1 Organizational Meeting.

5.1.1 Location, Date and Time. The first meeting of a newly-elected Board shall be

held at such place, date and time as shall be fixed by the Board members at the meeting at which the Board members were elected and no notice shall be necessary to owners or to the newly elected Board members in order to legally hold the meeting providing a majority of the elected Board members are present.

5.1.2 Procedure and Business. Until the election of new officers, those existing officers that continue to serve on the Board shall remain in their positions, and the organizational meeting shall be chaired by the president, or in the absence of such person, the vice president, or in the absence of such person, the secretary. At the organizational meeting, the Board shall elect officers in accordance with Section 7.2 below and may conduct any other Association business.

5.2 Regular Meetings, Notice to Board Members. Regular meetings of the Board shall be held at such date, time and place as may be fixed from time to time by resolution of the Board distributed to each Board member, and if so fixed, no other notice thereof need be given to Board members. Should the meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday, or at another date and time agreed upon by the Board with notice to all members of the Board.

5.3 Special Meetings. Special meetings of the Board shall be held when called by the president of the Association, or by any two Board members, after not less than 48 hours' notice to each Board member by mail, electronic mail, telephone, or facsimile, unless waived pursuant to 5.7 below. The notice must state the date, time and place of the meeting.

5.4 Meeting Procedure. Formal rules of order shall only apply to any Board or Association meeting inasmuch as one or more rules of order are adopted by the Board by resolution. Meetings of the Board shall be conducted by the President. A decision of the Board may not be challenged because the appropriate rules of order were not used. A decision of the Board is deemed valid without regard to any procedural errors related to the rules of order unless the error appears on the face of a written instrument memorializing the decision.

5.5 Open Meetings; Executive Sessions.

5.5.1 Open Meetings. Except as provided in subsection 5.5.3, all meetings of the Board shall be open to Owners. At each meeting, the Board shall provide each Owner a reasonable opportunity to offer comments. The Board may limit the comments to one specific time period during the meeting. Beyond such comment period, no Owner shall have a right to participate in the Board meeting unless the Owner is also a member of the Board. The president or Board shall have the authority to exclude an Owner who disrupts the proceedings at a Board meeting. The Board may adopt policies governing meetings of the Board from time to time, including policies to reflect current Utah law (which Utah law may change more frequently than these Bylaws). If such Utah law supersedes any provision of these Bylaws, the policy adopted by the Board shall also supersede these Bylaws to the extent the policy restates then current Utah law. "Meeting" means a gathering of a Board, whether in person or by means of electronic communication in real time under Section 5.6, at which the Board can take binding action.

5.5.2 Notice of Board Meeting to Owners. At least 48 hours before a Board meeting, the Association shall give written notice of the meeting via email to each Owner who requests

notice of a Board meeting (“Meeting Notice”), unless notice of the meeting is included in a meeting schedule that was previously provided to the Owner, or the meeting is to address an emergency, and each Board member receives notice of the meeting less than 48 hours before the meeting. A Meeting Notice shall: (i) be delivered to the Owner by email, to the email address that the Owner provides to the Association; (ii) state the time and date of the meeting; (iii) state the location of the meeting; and (iv) if a Board member may participate by means of electronic communication under Section 5.6 below, provide the information necessary to allow the Owner to participate by the available means of electronic communication.

5.5.3 Executive Sessions. In the discretion of the Board, the Board may close a Board meeting and adjourn to executive session to: (a) consult with an attorney for the purpose of obtaining legal advice; (b) discuss ongoing or potential litigation, mediation, arbitration, or administrative proceedings; (c) discuss a personnel matter; (d) discuss a matter relating to contract negotiations, including review of a bid or proposal; (e) discuss a matter that involves an individual if the discussion is likely to cause the individual undue embarrassment or violate the individual's reasonable expectation of privacy; or (f) discuss a delinquent assessment or fine.

5.5.4 Executive Session Procedure. Except in the case of an emergency, the Board shall vote in an open meeting whether to meet in executive session. If the Board votes to meet in executive session, the president or other presiding officer shall state the general nature of the action to be considered and, as precisely as possible, when and under what circumstances the deliberations can be disclosed to Owners. The statement, motion or decision to meet in executive session must be included in the minutes of the meeting.

5.6 Meetings by Electronic Communication in Real Time (e.g., by Conference Call or Skype). In the event of an emergency, or by decision of the Board, and to the fullest extent allowed by law, meetings of the Board may be conducted by means of electronic communication that allows all members of the Board participating to be able to communicate orally in real time.

5.7 Action Taken by Board without a Meeting (e.g., by Email).

5.7.1 Notice, Response. Any action or decision required or permitted to be taken at a Board meeting may be taken without a meeting if, either:

(a) All members of the Board vote in favor of the action or decision in writing (e.g., via email). Such action or decision is deemed taken at the time the last Board member submits a vote describing the action or decision, unless, prior to that time, any Board member revokes their vote. Or,

(b) If less than all Board members consent to the action in writing, then: (i) if notice is given in writing to each member of the Board, (ii) if no Board member makes a written demand that the action be taken only at a meeting, and (iii) if each Board member, by the deadline stated in the notice, either votes for or against the action, abstains in writing from voting, or fails to respond or vote.

5.7.2 Content of Notice. The notice required by Subsection 5.7.1(a) (the “Notice”) shall state: (i) the action to be taken; (ii) the time by which a Board member must respond to the

Notice; (iii) that failure to respond by the time stated in the Notice will have the same effect as abstaining in writing by the time stated in the Notice and failing to demand in writing by the time stated in the Notice that action not be taken without a meeting; and (iv) any other matters the Association determines to include.

5.7.2 Electronic Transmission. An electronic transmission communicating a vote, abstention, demand, or revocation is valid for all purposes and is considered to be written, signed, and dated for purposes of this Section 5.7 if the electronic transmission is delivered with information from which the Association can determine the date it is sent and that the electronic transmission is transmitted by the person (e.g., if sent from a Board member's known email account). The date on which an electronic transmission is sent is considered the date on which the vote, abstention, demand, or revocation is signed.

5.8 Waiver of Notice. Any Board member may, at any time, waive notice of any meeting of the Board in writing, and the waiver shall be deemed equivalent to the giving of the notice. Attendance by a Board member at any meeting of the Board shall constitute a waiver of notice by the Board member, except where the Board member attends the meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. If all Board members are present at any meeting of the Board, no notice to Board members shall be required and any business may be transacted at the meeting.

5.9 Quorum and Acts. At all meetings of the Board, a majority of the existing Board members shall constitute a quorum for the transaction of business and the acts of the majority of the Board members present shall be the acts of the Board. If, at any meeting of the Board, there is less than a quorum present, the majority of those present may adjourn the meeting from time to time without further notice. At any such adjourned meeting any business which might have been transacted at the meeting as originally called may be transacted.

For purposes of determining a quorum with respect to a particular proposal, and for purposes of casting a vote for or against a particular proposal, a Board member may be considered to be present at a meeting and to vote if the Board member has granted a signed written proxy: (i) to another Board member, or other person, who is present at the meeting; and (ii) authorizing the other Board member or person to cast the vote that is directed to be cast by the written proxy with respect to the particular proposal that is described with reasonable specificity in the proxy (a directed proxy).

ARTICLE 6 - POWERS, RIGHTS, AND DUTIES OF THE BOARD

6.1 General Powers and Duties. The Board shall have the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by law or the Governing Documents specifically directed to be exercised and done by, or upon the vote of, the Owners.

6.2 Best Interest of Association and Reliance on Information. A Board member or officer shall discharge the Board member or officer's duties (a) in good faith, (b) with the care an ordinarily prudent person in a like position would exercise under similar circumstances, and (c)

in a manner the Board member or officer reasonably believes to be in the best interests of the Association. The Board members shall, at all times, keep themselves reasonably informed and take such steps and necessary actions as a reasonable, prudent person would do to serve the best interest of the Association.

6.3 Reliance on Information. In discharging duties, a Board member or officer is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, if prepared or presented by: (a) one or more officers or employees of the Association whom the Board member or officer reasonably believes to be reliable and competent in the matters presented, (b) legal counsel, a public accountant, or another person as to matters the Board member or officer reasonably believes are within the person's professional or expert competence, or (c) in the case of a Board member, a sub-committee of the Association or Board of which the Board member is not a member if the Board member reasonably believes the sub-committee merits confidence.

6.3 Conflicts of Interest.

6.3.1 A conflict of interest or conflicting interest transaction includes a contract, transaction, or other financial relationship between the Association and (1) a Board member, (2) a party related to a Board member, or (3) an entity in which a Board member is a director or officer or has a financial interest.

6.3.2 A Board member shall avoid conflicts of interest or conflicting interest transactions, unless: (1) the material facts as to the Board member's relationship or interest and as to the conflicting interest transaction are disclosed or are known to the Board, (2) the Board in good faith authorizes, approves, or ratifies the conflicting interest transaction by the affirmative vote of a majority of the disinterested Board members (even if the disinterested Board members are less than a quorum), and (3) the conflicting interest transaction is fair as to the Association.

ARTICLE 7 - OFFICERS AND THEIR DUTIES

7.1 Designation and Qualification.

(a) **Designation.** The principal officers of the Association shall be a president, a vice-president, a secretary and a treasurer. The Board may designate the office of assistant treasurer and assistant secretary and the Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

(b) **Qualifications.** The principal officers must be Board members (and shall cease to be an officer upon ceasing to be on the Board). Any Board member may be an officer of the Association.

(c) **Multiple Offices.** A person may simultaneously hold more than one office.

(d) **Special Appointments.** The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

7.2 Election and Vacancies. The officers of the Association may be elected by the Board at the organizational meeting of each new Board or any Board meeting thereafter to serve until their respective successors are elected at the next organizational meeting. If any office becomes vacant by reason of death, resignation, removal, disqualification or any other cause, the Board shall elect a successor to fill the unexpired term.

7.3 Resignation. Any officer may resign at any time by giving written notice to the Board, the president or the secretary. The resignation shall take effect on the date of receipt of the notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of the resignation shall not be necessary to make it effective.

7.4 Removal of Officers. Officers shall hold office at the pleasure of the Board. Upon an affirmative vote of a majority of the members of the Board any officer may be removed, either with or without cause.

7.5 Compensation of Officers. No officer who is a member of the Board may receive any compensation from the Association for acting as an officer, unless the compensation is authorized by a vote of the Owners. The Board may fix any compensation to be paid to any officers who are not also Board members.

7.6 Duties of Officers. Officers shall have such duties prescribed with respect to the office by the Declaration, Bylaws, and by the Board, to the extent not inconsistent with these Bylaws or the Declaration. The Board may delegate any powers or duties of officers to other persons or agents as the Board deems necessary or appropriate from time to time. Any principal officer may prepare, execute, certify, and record amendments to the Declaration or these Bylaws on behalf of the Association in accordance with the amendment provisions of the Declaration or these Bylaws. The general duties of the officers are as follows:

(a) 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. The president shall have all of the general powers and duties which are usually vested in the office of president of an association. The president shall have the authority to sign all leases, mortgages, deeds and other written instruments, including amendments to the Governing Documents.

(b) Vice-President. The vice-president shall act in the place and stead of the president in the event of the president's absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required by the Board. The Vice-President shall likewise have the authority to sign all leases, mortgages, deeds and other written instruments.

(c) Secretary. The secretary shall prepare and maintain the minutes of all meetings of the Board and the minutes of all meetings of the Association, have charge of such books, papers and records as the Board may direct, shall have the responsibility for preparation and maintenance of other records and information required to be kept by the Association under the Act and under Section 16-6a-1601 of the Utah Revised Nonprofit Corporation Act; and for authenticating records of the nonprofit corporation, and in general, shall perform all of the duties incident to the office of secretary,

(d) Treasurer. The treasurer shall have responsibility for the Association's funds and securities not otherwise held by a managing agent, and shall be responsible for causing full and accurate accounts of all receipts and disbursements to be kept in books belonging to the Association. The treasurer shall be responsible for causing the deposit of all monies and other valuable effects in the name and to the credit of the Association in such depositories as may, from time to time, be designated by the Board and disbursing funds as directed by resolution of the Board.

ARTICLE 8 - INDEMNIFICATION OF OFFICERS AND BOARD MEMBERS

Each Board member, committee member and officer of the Association and each Owner if acting as an agent of the Association by the express authority of the Board, in consideration of his or her services, shall be indemnified by the Association to the extent permitted by the Utah Revised Nonprofit Corporation Act (regardless of the Association's corporate status or lack thereof) against expenses and liabilities reasonably incurred by him or her in connection with the defense of any actual or threatened action, suit or proceeding, civil or criminal, to which he or she may be a party by reason of being or having been a Board member, committee member, officer of the Association or Owner agent. The foregoing right to indemnification shall not be exclusive of any other rights to which the Board member or officer or person may be entitled by law or agreement or vote of the members or otherwise. No member of the Board or any committee of the Association, and no officer of the Association and no Owner if acting as an agent of the Association by the express authority of the Board shall be personally liable to the Association or its Members or to any Owner for damages for breach of fiduciary duty, mistake of judgment, negligence, tortious acts or other conduct but this Article shall not eliminate or limit the liability of such for acts or omissions that involve intentional misconduct, fraud or a knowing violation of law. No member of the Board or any committee of the Association, and no officer of the Association shall be personal liable in contract under any agreement, instrument or transaction entered into by them on behalf of the Association. Further, no member of the Board or any committee of the Association, and no officer of the Association and no Owner if acting as an agent of the Association by the express authority of the Board shall have any personal liability arising out of the use, misuse or condition of the Project or any part thereof that might in any way be assessed against or imputed to them as a result of or by virtue of their capacity as Directors, officers or committee members or agent. When a member of the Board is sued for liability for actions undertaken in his or her role as a member of the Board, the Association shall indemnify him or her for his or her losses or claims, and undertake all costs of defense, until and unless it is proven that he or she acted with willful or wanton misfeasance or with gross negligence. After such proof, the Association is no longer liable for the cost of defense, and may recover costs already expended from the member of the Board who so acted. Members of the Board are not personally liable to the victims of crimes occurring at the Project. Punitive damages may not be recovered against the Association, but may be recovered from persons whose activity gave rise to the damages.

ARTICLE 9 - RECORDS AND AUDITS

The Association shall maintain within the state of Utah all documents, information and other

records of the Association in accordance with the Governing Documents, the Community Association Act and the Utah Revised Nonprofit Corporation Act.

9.1 General Records.

9.1.1 Permanent Records. The Association shall keep (or cause to be kept) as permanent records: (1) The Declaration, Bylaws and Articles of Incorporation, (2) minutes of all meetings of the Association and of the Board; (3) a record of all actions taken by the Association members or the Board without a meeting; (4) a record of all actions taken by a committee of the Board in place of the Board on behalf of the Association; and (5) a record of all waivers of notices of meetings of members and of the Board or any committee of the Board.

9.1.2 Resolutions and Rules. The Association shall maintain (1) a record of the rules, regulations, and policies adopted by the Association, (2) appropriate accounting records, and (3) a record of its members in a form that permits preparation of a list of the name and address of all members in alphabetical order, and showing the number of votes each member is entitled to vote.

9.1.3 Assessment Roll. The assessment roll shall be maintained in a set of accounting books in which there shall be an account for each Lot. The account shall designate the Lot number, the name and address of the Owner or Owners, the amount of each Assessment against the Owners, the dates and amounts in which the Assessment comes due, the amounts paid upon the account, and the balance due on the Assessments.

9.1.4 Records at Principal Office. The Association shall keep a copy of each of the following records at its principal office (copies of such records kept electronically by an Association officer or manager shall satisfy this requirement regardless of where located as long as such electronic records are capable of being transmitted to, or viewed by, others, such as via email from an electronic storage medium or via website): (1) all Governing Documents; (2) the minutes of all Owners' meetings for a period of three years; (3) records of all action taken by Owners without a meeting, for a period of three years; (4) all written communications to Owners generally as Owners for a period of three years; (5) a list of the names and business or home addresses of the current Board members and officers; (6) a copy of its most recent annual report (annual renewal) delivered to the Division of Corporations under Utah Code Section 16-6a-1607; and (7) all financial statements prepared for periods ending during the last three years that show in reasonable detail the assets and liabilities and results of the operations of the Association.

9.1.5 Form of Records. The Association shall maintain its records in written form or in another form capable of conversion into written form within a reasonable time. "Written form" does not mean paper form. The Association may maintain any of its records by retaining an electronic record of the information in the record that: (1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise, and (2) remains accessible for later reference.

9.2 Financial Reports and Audits. An annual report of the receipts and expenditures of the

Association shall be rendered by the Board to all Owners at the Association annual meeting to those present or within 15 days to those Owners not present at the meeting. From time to time, the Board, at the expense of the Association, may obtain an audit by a certified public accountant or other financial review of the books and records pertaining to the Association.

9.3 Inspection of Records by Owners.

9.3.1 Inspection of Records Kept at Principal Office. If an Owner gives the Association written request at least five business days before the date on which the Owner wishes to inspect and copy, or electronically receive, the records, an Owner is entitled to either (1) inspect and copy during regular business hours at the Association's principal office, or (2) receive electronically any of the records in Section 9.1.4 above.

9.3.2 Inspection of Other Records - Proper Purpose Required. An Owner may inspect and copy any of the other records of the Association during regular business hours at a reasonable location specified by the Association only if a written request is made 5 days before the date of inspection and: (1) the request is made in good faith and for a proper purpose; (2) the Owner describes with reasonable particularity the purpose and the records the Owner desires to inspect; and (3) the records are directly connected with the described purpose.

9.3.3 The Board, by resolution, may adopt reasonable rules governing the frequency, time, location, notice and manner of examination and duplication of Association records and the imposition of a reasonable fee for furnishing copies of any documents, information or records described in this Article, consistent with the Act. The fee may include reasonable personnel costs incurred to furnish the information, consistent with the Act, except the Association may not require an Owner to pay a fee for production of the records in Section 9.1.4, except for copying costs.

9.4 Redaction; Records Not Subject to Inspection. The Association may redact a Social Security number, a bank account number, and any communication subject to attorney-client privilege from any document the Association produces for inspection or copying. The Board may withhold from inspection or copying any records: (i) considered by the Board in executive session and the minutes of any executive session, or (ii) that in its reasonable business judgment would constitute an unwarranted invasion of privacy (including, if so determined by the Board, a list of phone numbers or email addresses of Owners) or involve pending or anticipated litigation or contract negotiations.

ARTICLE 10 - AMENDMENTS

Approval of a majority of the voting rights of the Owners is required to amend these Bylaws. An amendment shall not be effective until certified by the president of the Association as being adopted in accordance with these Bylaws, acknowledged, and recorded against the Lots in the records of the County Recorder.

ARTICLE 11 - MISCELLANEOUS

11.1 Waiver, Precedent and Estoppel. No restriction, condition, obligation, or provision contained in these Bylaws or rules and regulations adopted pursuant hereto shall be deemed to have been abrogated or waived by the Association by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur and any failure to enforce the same shall not be deemed to constitute precedent or estoppel impairing the right of the Association as to any similar matter.

11.2 Invalidity; Number; Captions. The invalidity of any part of these Bylaws shall not impair or affect in any manner the validity, enforceability, or effect of the balance of these Bylaws. As used herein, the singular shall include the plural and the plural the singular. The masculine and neuter shall each include the masculine, feminine, and neuter, as the context requires. All captions used herein are intended solely for convenience of reference and shall in no way limit any of the provisions of these Bylaws.

11.3 Fiscal Year. The fiscal year of the Association shall be determined by the Board.

11.4 Conflicts. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

IN WITNESS WHEREOF, the Association has caused these Bylaws to be executed by its duly authorized officer on this 19 day of July, 2016.

**NETTIE'S LANE
HOMEOWNERS ASSOCIATION, INC.**

(Sign): RD Davis
(Print Name): Robert D. Davis, Secretary