

BYLAWS OF

DAY BREAK Plat A & Plat B

OWNERS' ASSOCIATION

ARTICLE I

General Plan of Ownership

Section 1. Name. The name of the corporation is DAY BREAK OWNERS' ASSOCIATION, hereinafter referred to as "Association". The principal office of the Association shall be located in South Ogden City, Weber County, State of Utah.

Section 2. Bylaws Applicability. The provisions of these Bylaws are applicable to the planned residential unit development known as DAY BREAK located in South Ogden City, Weber County, State of Utah ("the Properties").

Section 3. Personal Application. All present and future Owners and their tenants, future tenants, employees and any other person that might use the facilities of the Properties in any manner, are subject to the regulations set forth in these Bylaws and in the Declaration of Covenants, Conditions, Restrictions and Reservation of Easements ("the Declaration") recorded or to be recorded in the Office of the Weber County Recorder and applicable to the Properties.

The mere acquisition or rental of any Lot or Unit in the Properties or the mere act of occupancy of any Lot in the Properties will signify that these Bylaws are accepted, ratified and will be complied with.

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DOUG CROFTS, WEBER COUNTY RECORDER
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REC FOR: KIER.CORPORATION

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ARTICLE II

Voting Rights, Majority of Quorum, Quorum, Proxies

Section 1. Voting Rights. Membership and voting rights of the Association shall be as provided in the Declaration and Articles of Incorporation.

Section 2. Majority of Quorum. Unless otherwise provided in these Bylaws or the Declaration, any action which may be taken by vote of Members of the Association may be taken by Members representing a majority of a quorum of the Members.

Section 3. Quorum. Except as otherwise provided in these Bylaws, the presence in person or by proxy of Members representing at least fifty-one percent (51%) of the total voting power of the Association shall constitute a quorum of the Membership. Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum.

Section 4. Proxies. Votes may be cast in person or by proxy. Proxies must be in writing and filed with the Secretary at least 24 hours before the appointed time of each meeting. Every proxy shall be revocable and shall automatically cease after completion of the meeting for which the proxy was filed and upon conveyance by the Member of his Lot.

ARTICLE III

Administration

Section 1. Association Responsibilities. The Association shall have the responsibility of administering the Properties, approving the annual budget, establishing and collecting all assessments and arranging for the management of the Properties pursuant to an agreement containing provisions relating to the duties, obligations, removal and compensation of the Manager.

Section 2. Place of Meetings of Members. Meetings of the Members shall be held on the Properties or such other suitable place as close thereto as practicable in South Ogden City, Weber

County, State of Utah, convenient to the Owners as may be designated by the Board of Trustees.

Section 3. Annual Meeting of Members. The first annual meeting of the Members shall be held within thirty (30) days after fifty-one percent (51%) of the escrows for the sale of all of the Lots in the Properties have closed, or within six (6) months after the close of escrow for the sale of the first Lot in the Properties, whichever occurs first. Thereafter, the annual meetings of the Association shall be held on the anniversary date of the first annual meeting; provided, however, that should the anniversary date fall on a legal holiday, then such annual meeting of the Members shall be held on the next day thereafter which is not a legal holiday. At each annual meeting there shall be elected, by ballot of the Members, a Board of Trustees in accordance with the requirements of Section 5 of Article IV of these Bylaws. At the first annual meeting, the Board of Trustees shall be elected to serve until the second annual meeting and at the second annual meeting, a Board of Trustees shall be elected for a term of one (1) year beginning with the second annual meeting. Unless a member of the Board of Trustees resigns before the expiration of his term of office, each Trustee shall hold his office until his successor has been elected and the first annual meeting involving such successor is held. The term of office of any Trustee elected to fill a vacancy created by the resignation of his predecessor shall be the balance of the unserved term of his predecessor. The Members may also transact such other business of the Association as may properly come before them. Each first mortgagee of a Lot in the Properties may designate a representative to attend all annual meetings of the Members.

Section 4. Special Meetings of Members. Special meetings of the Members may be called at any time by a majority of a quorum of the Board of Trustees or upon a petition signed by Members holding at least fifteen percent (15%) of the voting power of each class of the Members, having been presented to the Secretary. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice, unless by consent of those Members holding at least four-fifths (4/5ths) of the voting powers of the Association, either in person or by proxy. Each first mortgagee of a Lot in the

Properties may designate a representative to attend all special meetings of the Members.

Section 5. Notice of Meetings of Members. It shall be the duty of the Secretary to mail a notice of each annual or special meeting of Members, stating the purpose thereof as well as the day, hour and place where it is to be held, to each Owner of record and to each first mortgagee of a Lot which has filed a written request for notice with the Secretary, at least ten (10) days but not more than sixty (60) days prior to such meeting. The notice may set forth time limits or speakers and nominating procedures for the meeting. The mailing of a notice, postage prepaid, in the manner provided in this Section shall be considered notice served, after said notice has been deposited in a regular depository of the United States mail. If no address has been furnished to the Secretary, notice shall be deemed to have been given to a Member if posted in a conspicuous place on the Association property.

Section 6. Adjourned Meetings. If any meeting of Members cannot be organized because a quorum has not attended, the Members who are present, either by person or by proxy, may adjourn the meeting to a time not less than five (5) days nor more than thirty (30) days from the time the original meeting was called, at which meeting the quorum requirement shall be the presence, in person or by proxy, of the Members holding at least twenty-five percent (25%) of the voting power of the Association. Such adjourned meetings may be held without notice thereof as provided in this Article III except that notice shall be given by announcement at the meeting at which such adjournment is taken. If a meeting is adjourned for more than thirty (30) days, notice of the adjourned meeting shall be given as in the case of an original meeting.

Section 7. Order of Business. The order of business at all meetings of the Members shall be as follows: (a) roll call to determine the voting power represented at the meeting; (b) proof of notice of meeting or waiver of notice; (c) reading of minutes of preceding meeting; (d) reports of officers; (e) reports of committees; (f) election of inspector of elections; (g) election of Trustees; (h) unfinished business; and (i) new business. Meetings of Members shall be conducted by the officers of the Association in order of their priority.

Section 8. Action Without Meeting. Any action, which under the provision of the Utah Corporation Code, may be taken at a meeting of the Members, may be taken without a meeting if authorized by a writing signed by all of the Members who would be entitled to vote at a meeting for such purpose and filed with the Secretary.

Section 9. Consent of Absentees. The transactions of any meeting of Members, either annual or special, however called and noticed, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present, either in person or by proxy and if, either before or after the meeting, each of the Members not present in person or by proxy, signs a written waiver of notice or a consent to the holding of such meeting or an approval of the minutes thereof. All such waivers, consents, or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 10. Minutes, Presumption of Notice. Minutes or a similar record of the proceedings of meetings of Members, when signed by the President or Secretary, shall be presumed truthfully to evidence the matters set forth therein. A recitation of the minutes of any such meeting that notice of the meeting was properly given shall be prima facia evidence that such notice was given.

ARTICLE IV

Board of Trustees

Section 1. Number and Qualifications. The property, business and affairs of the Association shall be governed and managed by a Board of Trustees composed of five (5) persons, each of whom, except for those appointed and serving as first Trustees, must either be an Owner of a Lot in the Properties or an agent of Declarant, for so long as Declarant owns a Lot in the Properties. Trustees shall not receive any stated salary for their services as Trustees; provided, however, that: (1) nothing herein contained shall be construed to preclude any Trustee from serving the Association in some other capacity and receiving compensation

thereof; and (2) any Trustee may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 2. Powers and Duties. The Board of Trustees has the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are now, by law or by these Bylaws, directed to be exercised and done exclusively by the Owners. The Board of Trustees shall not enter into any service contract for a term in excess of one (1) year without the approval of a majority of Owners.

Section 3. Special Powers and Duties. Without prejudice to such foregoing general powers and duties and such powers and duties as are set forth in the Declaration, the Board of Trustees is vested with and responsible for the following powers and duties:

- (a) To select, appoint and remove all officers, agents, and employees of the Association; to prescribe such powers and duties for them as may be consistent with law, with the Articles of Incorporation, the Declaration and these Bylaws; to fix their compensation and to require from them security for faithful service when deemed advisable by the Board of Trustees.
- (b) To conduct, manage, and control the affairs and business of the Association and to make and enforce such rules and regulations therefor as may be consistent with law, with the Articles of Incorporation and these Bylaws, as the Board of Trustees may deem necessary or advisable.
- (c) To change the principal office for the transaction of business of the Association from one location to another within the County of Weber as provided in Article I hereof; to designate any place within such county for the holding of any annual or special meeting or meetings of Members consistent with the provisions of Article III, Section 2 hereof; and to adopt and use a corporate seal and to alter the form of such seal from time to time as the Board of Trustees, in its sole judgment, may deem best, provided that such seal shall, at all times, comply with the provision of Utah law.

- (d) To borrow money and to incur indebtedness for the purposes of the Association and to cause to be executed and delivered therefor, in the Association's name, Promissory Notes, bonds, debentures, Deeds of Trust, Mortgages, pledges, hypothecations, or other evidences of debt and securities therefor.
- (e) To fix and levy, from time to time, Assessments, Special Assessments and Reconstruction Assessments upon the Owners, as provided in the Declaration; to fix and levy, from time to time in any fiscal year, Capital Improvements; to determine and fix the due date for the payment of such assessments and the date upon which the same shall become delinquent; provided, however, that such assessments shall be fixed and levied only to provide for the payment of the expenses of the Association and of taxes and assessments upon real or personal property owned, leased, controlled, or occupied by the Association, or for the payment of expenses for labor rendered or materials or supplies used and consumed, or equipment and appliances furnished for the maintenance, improvement, or development of such property, or for the payment of any and all obligations in relation thereto, or in performing or causing to be performed any of the purposes of the Association, for the general benefit and welfare of its Members, in accordance with the provisions of the Declaration. The Board of Trustees is hereby authorized to incur any and all expenses for any of the foregoing purposes and to provide, or cause to be provided, adequate reserves for replacements as it shall deem to be necessary or advisable in the interest of the Association or welfare of its Members. The funds collected by the Board of Trustees from the Members, attributable for replacement reserves, for maintenance, recurring less frequently than annually and for capital improvements shall, at all times, be held in trust for the Owners and shall not be co-mingled with other assessments collected from the Owners. Disbursements from such trust reserve fund shall be made only in accordance with the provisions of the Declaration. Such Assessments, Reconstruction Assessments, Special Assessments and Capital Improvement Assessments shall

be fixed in accordance with the provisions of the Declaration. Should any Owner fail to pay such assessments before the delinquency, the Board of Trustees, in its discretion, is authorized to enforce the payment of such delinquent assessments as provided in the Declaration.

- (f) To enforce the provisions of the Declaration covering the Properties, these Bylaws or other agreements of the Association.
- (g) To contract for and pay fire, casualty, errors and omissions, liability, malicious mischief vandalism, liquor liability and other insurance, insuring the Owners, the Association, the Board of Trustees and other interested parties, in accordance with the provisions of the Declaration, the Board of Trustees deems advisable, which may include, without limitation, medical expenses of persons injured on the Common Area and to bond the agents and employees of any management body, if deemed advisable by the Board of Trustees. The Board of Trustees shall review, not less frequently than annually, all insurance policies and bonds obtained by the Board of Trustees on behalf of the Association.
- (h) To contract for and pay maintenance, gardening, utilities, materials and supplies and services relating to the Common Area and to employ personnel necessary for the operation of the Properties, including legal and accounting services, and to contract for and pay for improvements and any recreational facilities on the Common Area. In case of damage by fire or other casualty to the Common Area, if insurance proceeds exceed TWENTY-FIVE THOUSAND (\$25,000.00) DOLLARS, or the cost of repairing or rebuilding exceeds available insurance proceeds by more than FIVE THOUSAND (\$5,000.00) DOLLARS, then the Board of Trustees shall obtain firm bids from two or more responsible contractors to rebuild any portions of the Common Area, in accordance with the original plans and specifications with respect thereto and shall, as soon

as possible thereafter, call a special meeting of the Members to consider such bids.

- (i) To delegate its powers according to law and subject to the approval of the Members, to adopt these Bylaws.
- (j) To grant easements where necessary for utilities and sewer facilities over the Properties to serve the Properties.
- (k) To fix, determine and name, from time to time, if necessary or advisable, the public agency, fund, foundation, or corporation which is then or thereafter organized or operated for charitable purposes, to which the assets of this Association shall be distributed upon liquidation or dissolution, according to the Articles of Incorporation of the Association. The assets so distributed shall be those remaining after satisfaction of all just debts and obligations of the Association and after distribution of all property held or acquired by the Association under the terms of a specific trust or trusts.
- (l) To adopt such Rules and Regulations as the Board of Trustees may deem necessary for the management of the Properties, which Rules and Regulations shall become effective and binding after: (1) they are adopted by a majority of the Board of Trustees at a meeting called for that purpose, or by the written consent of such number of Trustees attached to a copy of the Rules and Regulations of the Association; and (2) they are posted in a conspicuous place in the Common Area. For so long as Declarant holds or directly controls at least twenty-five percent (25%) of the voting power of the Association, such Rules and Regulations shall not materially affect the rights, privileges, or preferences of any Owner as established by the Declaration, the Articles of Incorporation of the Association, and these Bylaws, without the prior written approval of the Utah Commissioner of Real Estate. Such Rules and Regulations may concern, without limitation, use of the Association property, signs, parking restrictions, minimum standards of property

maintenance consistent with the Declaration, and the procedures of the Architectural Committee and any other matter within the jurisdiction of the Association as provided in the Declaration; provided, however, that such Rules and Regulations shall be enforceable only to the extent that they are consistent with the Declaration, the Articles of Incorporation, and these Bylaws.

Section 4. Management Agent. The Board of Trustees may contract for the Association, a professional management agent at a compensation established by the Board of Trustees to perform such duties and services as the Board of Trustees shall authorize, including but not limited to, the duties listed in Section 3 of this Article IV, provided, however, any such contract shall not exceed three (3) years and may be terminated by either party, without payment of a termination fee, on ninety (90) days or less written notice.

Section 5. Election and Term of Office. At the first annual meeting of the Association:

- (a) Three (3) Trustees shall be elected for a two (2) year term; and
- (b) Two (2) Trustees shall be elected for a one (1) year term.

At the expiration of the initial one (1) year term, two (2) Trustees shall be elected for a two (2) year term. Election for new Trustees whose terms have expired shall be at each annual meeting of the Members. New Trustees shall be elected by secret written ballot, by a majority of the Owners as provided in these Bylaws. In the event that an annual meeting is not held or the Board of Trustees is not elected thereat, the Board of Trustees may be elected at a special meeting of the Members held for that purpose. Each Trustee shall hold office until his successor has been elected or until his death, resignation, removal or judicial adjudication of mental incompetence. Any person serving as a Trustee may be re-elected and there shall be no limitation on the number of terms during which he shall serve. Each Member may accumulate his votes for the election and removal of Trustees as provided in this Article IV. At any election of the Board of Trustees, each Member may give one or more candidate for Trustee a number of votes equal to the share of the voting power as set forth in the Declaration, multiplied by the number of Trustees to be elected.

Notwithstanding the foregoing, whenever: (1) notice is give for an election of Trustees of the Board of Trustees; and (2) upon such date, the Members other than Declarant do not have a sufficient percentage of the voting power of the Association to elect at least one Trustee through the foregoing cumulative

voting procedure, such notice shall also provide for the following special election procedure. Election of one Trustee shall be apportioned entirely to the Members other than Declarant. Any person shall be an eligible candidate for the special election upon receipt by the Secretary of a "Declaration of Candidacy", signed by the candidate, at any time prior to the election. Such election shall be by secret ballot unless a majority of the Members other than the Declarant determines otherwise. The person receiving a majority of the votes cast by the Members other than Declarant shall be elected a member of the Board of Trustees in a co-equal capacity with all other Trustees. The remaining members of the Board of Trustees shall be elected through the customary cumulative voting procedure outlined above.

Section 6. Books, Audit. The Board of Trustees shall cause to be maintained a full set of books and records showing the financial condition of the affairs of the Association, in a manner consistent with generally accepted accounting principles, and at no greater than annual intervals shall obtain an independent certified audit of such books and records. A copy of each such audit shall be delivered to a Member within thirty (30) days after the completion of such audit, upon written request from said Member. A balance sheet and an audited operating (income) statement for the Association shall be distributed to each Member (and to any institutional holder of a first mortgage on a Lot in the Properties, upon request) within sixty (60) days of accounting dates as follows:

- (a) An initial balance sheet and an initial operating statement as of an accounting date which shall be the last day of the month closest in time to six (6) months following the date of closing of the first sale of a Lot to a Member;
- (b) Thereafter, an annual balance sheet and an annual operating statement as of the last day of the Association's fiscal year.

The operating statement for the first six (6) month accounting period referred to in (a) above shall include a schedule of assessments received or receivable itemized by Lot number and by the name of the person or entity assessed.

Section 7. Vacancies. Vacancies in the Board of Trustees caused by any reason other than the removal of a Trustee by a vote of the Members of the Association shall be filled by vote of the majority of the remaining Trustees, even though they may constitute less than a quorum; and each person so elected shall be a Trustee until a successor is elected at the next annual meeting of the Members of the Association, or at a special meeting of the Members called for that purpose. A vacancy or vacancies shall be deemed to exist in case of death, resignation, removal or judicial adjudication of mental incompetence of any Trustee, or in case the Members fail to elect the full number of authorized Trustees at any meeting at which such election is to take place.

Section 8. Removal of Trustees. At any regular or special meeting of the Members duly called, any one or more of the Trustees may be removed, with or without cause, by a majority vote of the Members of the Association and a successor may then and there be elected to fill the vacancy thus created. Any Trustee whose removal has been proposed by the Members shall be given an opportunity to be heard at the meeting. If more than one Trustee is to be removed at any one time, each Member may accumulate his votes and vote for or against such removal of one or more of the Trustees in the number of votes equal to his share of the voting power as set forth in the Declaration, multiplied by the number of Trustees sought to be removed. Where the entire Board of Trustees is not removed at one time, no Trustee shall be removed if the number of votes cast against his removal exceeds the quotient arrived at when the total number of Members entitled to vote is divided by one plus the authorized number of Trustees. If any or all of the Trustees are so removed, new Trustees may be elected at the same meeting. Notwithstanding the foregoing, any Trustee who has been elected to office solely by the votes of Members other than Declarant pursuant to Section 5 of this Article IV may be removed from office prior to the expiration of his term of office, only by the vote of at least a simple majority of the voting power residing in Members other than Declarant.

Section 9. Organization Meeting. The first regular ("organization") meeting of a newly elected Board of Trustees shall be held within ten (10) days of election of the Board of Trustees, at such place as shall be fixed and announced by the

Trustees at the meeting at which such Trustees were elected, for the purpose of organization, election of officers and the transaction of other business. No notice shall be necessary to the newly elected Trustees in order to legally constitute such meeting, provided a majority of the whole Board of Trustees shall be present.

Section 10. Other Regular Meetings. Other regular meetings of the Board of Trustees shall be open to the Members and may be held at such time and place within the Properties as shall be determined, from time to time, by a resolution adopted by a majority of a quorum of the Trustees; provided, however, that such meeting shall be held not less frequently than quarterly.

Notice of regular meetings of the Board of Trustees shall be given to each Trustee, personally or by mail, telephone or telegraph, at least seventy-two (72) hours prior to the date named for such meeting and shall be posted at a prominent place or places within the Common Area.

Section 11. Special Meetings. Special meetings of the Board of Trustees shall be open to all Members and may be called by the President (of, if he is absent or refuses to act, by the Vice President) or by any two (2) Trustees. At least seventy-two (72) hours notice shall be given to each Trustee, personally or by mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided) and the purpose of the meeting and shall be posted at a prominent place or places within the Common Area. If served by mail, each such notice shall be sent, postage prepaid to the address reflected on the records of the Association and shall be deemed given, if not actually received earlier, at 5:00 p.m. on the second day after it is deposited in a regular depository of the United States mail as provided herein. Whenever any Trustee has been absent from any special meeting of the Board of Trustees, an entry in the minutes to the effect that notice has been duly given shall be conclusive and incontrovertible evidence that due notice of such meeting was given to such Trustee, as required by law and as provided herein.

Section 12. Waiver of Notice. Before or at any meeting of the Board of Trustees, any Trustee may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Trustee at any meeting of

the Board of Trustees shall be a waiver of notice by him of the time and place thereof. If all Trustees are present at any meeting of the Board of Trustees, no notice shall be required and any business may be transacted at such meeting. The transactions of any meeting of the Board of Trustees, however called and noticed or wherever held after regular call and notice, of a quorum be present, and if, either before or after the meeting each of the Trustees not present signs such a written waiver of the notice, a consent to holding such meeting or an approval of the minutes thereof. All such waivers, consents and approvals shall be filed with the records of the Association or made a part of the minutes of the meeting.

Section 13. Quorum and Adjournment. Except as otherwise expressly provided herein, at all meetings of the Board of Trustees, a majority of the Trustees shall constitute a quorum for the transaction of business and the acts of the majority of the Trustees present at a meeting at which a quorum is present shall be the acts of the Board of Trustees. If, at any meeting of the Board of Trustees there is less than a quorum present, the majority of those present may adjourn the meeting, from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 14. Action without Meeting. The Trustees shall have the right to take any action, in the absence of a meeting, which they could take at a meeting by obtaining the vote or written consent of all of the Trustees. Any action so approved shall have the same effect as though taken at a meeting of the Board of Trustees.

Section 15. Fidelity Bonds. The Board of Trustees may require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Association.

Section 16. Committees. The Board of Trustees, by resolution may, from time to time, designate such committees as it shall desire and may establish the purposes and powers of each such committee created. The resolution designating and establishing the committee shall provide for the appointment of its members,

as well as a chairman; shall state the purposes of the committee and shall provide for reports, termination and other administrative matters as deemed appropriate by the Board of Trustees.

ARTICLE V

Officers

Section 1. Designation. The principal officers of the Association shall be a President, a Vice President, a Secretary and a Treasurer, all of whom shall be elected by the Board of Trustees. The Board of Trustees may appoint an Assistant Treasurer and an Assistant Secretary, and such other officers as, in their judgment, may be necessary. Officers other than the President need not be Trustees. The office of the Secretary and the office of the Treasurer may be held by the same person, but the office of President and Secretary may not be held by the same person.

Section 2. Election of Officers. Upon an affirmative vote of a majority of the entire Board of Trustees, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Trustees, or at any special meeting of the Board of Trustees called for such purpose. Any officer may resign at any time by giving written notice to the Board of Trustees or the President or Secretary of the Association. Any such resignation shall take effect at the date of receipt of such notice or at any later time specified therein; and unless otherwise specified in said notice, acceptance of such resignation by the Board of Trustees shall not be necessary to make it effective.

Section 3. Removal of Officers. Upon an affirmative vote of a majority of the entire Board of Trustees, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Trustees or at any special meeting of the Board of Trustees called for such purpose. Any officer may resign at any time by giving written notice to the Board of Trustees or to the President or Secretary of the Association. Any such resignation shall take effect at the date of receipt of such notice or at any later time specified therein; and unless otherwise specified in said notice, acceptance of such

resignation by the Board of Trustees shall not be necessary to make it effective.

Section 4. Compensation. Officers, agents and employees shall receive such reasonable compensation for their services as may be authorized or ratified by the Board of Trustees. Appointment of any officer, agent or employee shall not, of itself, create contractual rights of compensation for services performed by such officer, agent or employee, provided that no officer, employee or Trustee of Declarant or any affiliate of Declarant may receive any compensation.

Section 5. President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board of Trustees. He shall have all of the general powers and duties which are usually vested in the office of the President of a corporation, including but not limited to the power, subject to the provisions of Article IV, Section 16, to appoint committees from among the Members from time to time as he may, in his discretion, decide is appropriate, to assist in the conduct of the affairs of the Association. The President shall, subject to the control of the Board of Trustees, have general supervision, direction and control of the business of the Association. The President shall be, ex officio, a member of all standing committees and he shall have such other powers and duties as may be prescribed by the Board of Trustees or these Bylaws.

Section 6. Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent, disabled, refuses or is unable to act. If neither the President nor the Vice President are able to act, the Board of Trustees shall appoint some other member of the Board of Trustees to do so on an interim basis. The Vice President shall also perform such other duties as shall, from time to time, be imposed upon him by the Board of Trustees or these Bylaws or the Articles of Incorporation of the Association.

Section 7. Secretary. The Secretary shall keep the minutes of all meetings of the Board of Trustees and the minutes of all meetings of the Association at the principal office of the Association, or at such other place as the Board of Trustees may order. The Secretary shall keep the seal of the Association in

safe custody and shall have charge of such books and papers as the Board of Trustees may direct; and the Secretary shall, in general, perform all of the duties incident to the office of Secretary. The Secretary shall give, or cause to be given, notices of meetings of the Members of the Association and of the Board of Trustees required by these Bylaws or by law to be given. The Secretary shall maintain a book of record Owners listing the names and addresses of the Owners as furnished the Association, and such books shall be changed only at such time as satisfactory evidence of a change in ownership of a Lot is presented to the Secretary. The Secretary shall perform such other duties as may be prescribed by the Board of Trustees.

Section 8. Treasurer. The Treasurer shall have responsibility for Association funds and securities and shall be responsible for keeping or causing to be kept full and accurate accounts, tax records and business transactions of the Association, including accounts of all assets, liabilities, receipts and disbursements in books belonging to the Association. The Treasurer shall be responsible for 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 of Trustees. The Treasurer shall co-sign all checks and promissory notes on behalf of the Association as may be ordered by the Board of Trustees, in accordance with the Declaration; shall render to the President and Board of Trustees, upon request, an account of all of his transactions as Treasurer and of the financial condition of the Association and shall have such other powers and perform such other duties as may be prescribed by the Board of Trustees or by these Bylaws.

ARTICLE VI

Obligations of Owners

Section 1. Assessments.

- (a) All owners are obligated to pay, in accordance with the provisions of the Declaration, all assessments imposed by the Association, to meet all expenses of the Association, which may include, without limitation, a liability insurance policy premium and an insurance premium for a policy to cover repair and reconstruction

work in case of hurricane, fire, earthquake or other hazard, as more fully provided in Article IV, Section 3 of these Bylaws. Except as otherwise provided in the Declaration with respect to the collection of Special Assessments, the assessments shall be made equally among the Lots owned.

- (b) All delinquent assessments shall be enforced, collected or foreclosed in the manner provided in the Declaration.

Section 2. Maintenance and Repair.

- (a) Every Owner must perform promptly, at his sole cost and expense, all maintenance and repair work on his Lot as required under the provisions of the Declaration. As further provided in the Declaration, all plans for alterations and repair of improvements on the Lots within the Properties must receive the prior written consent of the Architectural Committee. The Architectural Committee shall establish reasonable procedures for the granting of such approval, in accordance with the Declaration.
- (b) As further provided in the Declaration, each owner shall reimburse the Association for any expenditures incurred in repairing or replacing any portion of the Common Area owned by the Association, which are damaged through the fault of such Owner. Such expenditures shall include all court costs and reasonable attorney's fees incurred in enforcing any provision of these Bylaws or the Declaration.

ARTICLE VII

Amendment to Bylaws

These Bylaws, the Articles of Incorporation and the Declaration, may be amended by the Association in a duly constituted meeting of the Members for such purpose. No amendment to these Bylaws shall take effect unless approved by at least a majority of a quorum of Members present, in person or by proxy, at a duly constituted regular or special meeting of the Members;

provided, however, that these Bylaws may be amended by a majority of the entire Board of Trustees at any time prior to the sale of the first Lot to a purchaser from Declarant. The prior written approval of each institutional holder of a first deed of trust or lien of record made in good faith and for value on a Lot in the Properties must be secured before any material amendment to these Bylaws may take effect, and this sentence may not be amended without such prior written approval. The term "institutional holder" as used herein shall mean a mortgagee which is a bank or savings and loan association or established mortgage company or other entity chartered under federal or state laws, any corporation or insurance company, or any federal or state agency. If any loan on a Lot in the Properties is insured or guaranteed by the Federal Housing Administration (FHA), or the Veterans Administration (VA) or if the FHA or VA has committed to insure or guarantee loans on Lots in the Properties, the FHA or the VA shall have the right to veto amendments for so long as there exists a Class B Membership, provided, however, that neither the Declaration, Articles of Incorporation nor Bylaws will be amended in such a manner that the rights of any first mortgagee will be adversely affected.

ARTICLE VIII

Mortgages

Section 1. Notice to the Association. An Owner who mortgages his Lot shall notify the Association, through the Manager or the Secretary of the Board of Trustees in the event there is no Manager, of the name and address of his mortgagee; and the Association shall maintain such information in a book entitled "Mortgagees of Lots." Any such Owner shall likewise notify the Association as to the release or discharge of any such mortgage.

Section 2. Notice of Unpaid Assessments. The Board of Trustees of the Association shall, at the request of a mortgagee of a Lot, report any unpaid assessments due from the Owner of such Lot, in accordance with the provisions of the Declaration.

ARTICLE IX

Meaning of Terms

All terms appearing herein initially capitalized shall have the same meanings as are applied to such terms in the Declaration, which terms include, without limitation, "Declarant," "the Properties," "Common Area," "Manager," "Owner," "Board of Trustees," "Architectural Committee," "Subdivision," "Improvement," "Lot," "Articles of Incorporation," "Member," "Mortgage," "Mortgagee," "Assessments," "Special Assessments," "Capital Improvement Assessments," and "Reconstruction Assessments."

ARTICLE X

Conflicting Provisions

In case any of these Bylaws conflict with any provision of the laws of the State of Utah, such conflicting Bylaw shall be null and void upon final court determination to such effect, but all other Bylaws shall remain in full force and effect. In case of any conflict between the Articles of Incorporation and these Bylaws, the Articles of Incorporation shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

ARTICLE XI

Indemnification of Trustees and Officers

Except to the extent that such liability or damage or injury is covered by insurance proceeds, the Board of Trustees may authorize the Association to pay expenses incurred by or to satisfy a judgment or fine rendered or levied against, a present or former Trustee, officer, committee member or employee of the Association in an action brought by a third party against such person, whether or not the Association is joined as a party defendant, to impose a liability or penalty on such person for the act alleged to have been committed by such person while a Trustee, officer, committee member or employee; provided, however, the Board of Trustees determines, in good faith, that such Trustee, officer, committee member or employee was acting in

good faith within what he reasonably believed to be the scope of his employment or authority and for a purpose which he reasonably believed to be in the best interests of the Association or its Members. Payments authorized hereunder include amounts paid and expenses incurred in settling any such action or threatened action. The provisions of this section shall apply to the estate, executor, administrator, heirs, legatees or devisees of a Trustee, officer, committee member or employee, and the term "person" where used in the foregoing section, shall include the estate, executor, administrator, heirs and legatees or devisees of such person.

ARTICLE XII

Miscellaneous

Section 1. Execution of Documents. The Board of Trustees, except as in these Bylaws otherwise provided, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name and on behalf of the Association and such authority may be general or confined to specific instances; and unless so authorized by the Board of Trustees, no officer, agent, committee member or employee shall have any power or authority to bind the Association by any contract or engagement or pledge its credit or to render it liable for any purpose or in any amount.

Section 2. Inspection of Bylaws. The Association shall keep, in its office for the transaction of business, the original or a copy of these Bylaws as amended or otherwise altered to date, certified by the Secretary, which shall be open to inspection by the Owners and all first mortgagees at all reasonable times during business hours.

Section 3. Fiscal Year. The fiscal year of the Association shall be determined by the Board of Trustees and having been so determined, is subject to change from time to time as the Board of Trustees shall determine.

Section 4. Membership Book. The Association shall keep and maintain, in its office for the transaction of business, a book containing the name and address of each Member. Termination or transfer of ownership of any Lot and certificate of membership by

an Owner shall be recorded in the book, together with the date on which such ownership was transferred, in accordance with the provisions of the Declaration.

ARTICLE XIII

Notice and Hearing Procedure

Section 1. Suspension of Privileges. In the event of an alleged violation of the Declaration, these Bylaws or the Rules and Regulations of the Properties adopted hereunder, and after written notice of such alleged violation is given to the Owner or to anyone in his family alleged to be in default in the manner herein provided, the Board of Trustees shall have the right, after the alleged violator has been given an opportunity for an appropriate hearing as hereinafter provided, and upon an affirmative vote of a majority of all members of the Board of Trustees, to suspend or condition said Owner and his family's right to the use of the Common Area facilities. Any such suspension shall be for a period of not more than thirty (30) days for any non-continuing infraction, but in the case of a continuing infraction (including non-payment of any assessment after the same has become delinquent), suspension may be imposed for so long as the violation continues. The failure of the Board of Trustees to enforce the Rules and Regulations of the Properties, these Bylaws or the Declaration, shall not constitute a waiver of the right to enforce the same thereafter. The remedies set forth above and otherwise provided by these Bylaws or by law shall be cumulative and none shall be exclusive. However, any individual Member must exhaust all available internal remedies of the Association prescribed by these Bylaws, or by the Rules and Regulations adopted by the Association, before the Owner may resort to a court of law for relief with respect to any alleged violation by another Member of any provision of the Declaration, these Bylaws or the Rules and Regulations. The foregoing limitation pertaining to exhausting administrative remedies shall not necessarily apply to the Board of Trustees or to any Member where the complaint alleges non-payment of Assessments, Capital Improvement Assessments or Reconstructive Assessments.

Section 2. Written Complaint. A hearing to determine whether a right or privilege of an Owner or any of his family

("Respondent") under the Declaration or these Bylaws should be suspended or conditioned, shall be initiated by the filing of a written complaint by any Owner or by any officer or member of the Board of Trustees with the President of the Association or other presiding member of the Board of Trustees. The complaint shall constitute a written statement of charges which shall set forth, in ordinary and concise language, the acts or omissions with which the Respondent is charged, to the end that the Respondent will be able to prepare his defense. The complaint shall specify the specific provisions of the Declaration, these Bylaws or the Rules and Regulations of the Properties which the Respondent is alleged to have violated, but shall not consist merely of charges phrased in the language of such provision without supporting facts.

Section 3. Service of Complaint. Upon the filing of a complaint, the President shall serve a copy thereof on the Respondent by any of the following means: Service shall be by: (a) given personally; (b) sent by registered or certified mail, return receipt requested and addressed to the Respondent at the address appearing on the books of the Association; or (c) posted on the Lot and in a conspicuous place on the Common Area and in the office of the Association. Service by mailing or posting shall be deemed delivered and effective two (2) days after such posting and mailing in a regular depository of the United States mail. The complaint shall be accompanied with a postcard or other written form entitled "Notice of Defense" which, when signed by the Respondent or on behalf of the Respondent, will constitute a notice of defense hereunder. The copy of the complaint shall be accompanied by: (a) a statement that the Respondent may request a hearing before a Tribunal, in a form substantially as provided in Article XIII, Section 4; and (b) a copy of Article XIII of these Bylaws. No order adversely affecting the rights of the Respondent shall be made in any case, unless the Respondent shall have been served as provided herein.

Section 4. Statement to Respondent. The statement accompanying the complaint to the Respondent shall be substantially in the following form:

"Unless a written request for a hearing signed by or on behalf of the person named as Respondent in the accompanying complaint

is delivered or mailed to the Board of Trustees within fifteen (15) days after the complaint was served upon you, the Board of Trustees may proceed upon the complaint without a hearing and you will have thus waived your right to a hearing. The request for a hearing may be made by delivering or mailing the enclosed form entitled "Notice of Defense" to the Board of Trustees at the following address: _____

You may, but need not, be represented by counsel at any or all stages of these proceedings. If you desire the names and addresses of witnesses or an opportunity to inspect any relevant writing or item on file in connection with this matter in the possession, custody or control of the Board of Trustees, you may contact the Chairman of the Board of Trustees."

Section 5. Notice of Defense. The Notice of Defense shall state that the Respondent may:

- (a) Request a hearing before a Tribunal as hereinafter provided;
- (b) Object to a complaint upon the grounds that it does not state acts or omissions upon which the Board of Trustees may proceed;
- (c) Object to the form of the complaint on the grounds that it is so indefinite or uncertain that the Respondent cannot identify the violating behavior or prepare his defense; or
- (d) Admit to the complaint in whole or in part.

The Respondent shall be entitled to a hearing on the merits of the matter if the Notice of Defense is timely filed with the Board of Trustees. The Respondent may file a separate statement by way of mitigation, even if he does not file a Notice of Defense. Any objection to the form or substance of the complaint

shall be considered by the Tribunal within ten (10) days after receipt. The Tribunal shall make its determination and notify all parties within said ten (10) day period. If the complaint is insufficient, the complaining party shall have seven (7) days within which to amend the complaint to make it sufficient. The same procedure as set forth above shall be followed with respect to any amended or supplemental complaint. If it is determined by the Tribunal that the complaint is still insufficient, then the matter shall be dismissed by the Tribunal.

Section 6. Amended or Supplemental Complaint before Submission to Tribunal. At any time before the matter is submitted to the Tribunal for its findings of fact and recommendations, the Board of Trustees may file or permit the filing of an amended or supplemental complaint. All parties shall be notified thereof in the manner herein provided. If the amended or supplemental complaint presents new charges, the Board of Trustees shall afford the Respondent a reasonable opportunity to prepare his defense thereto. All new charges shall be deemed controverted and any objection to the amended or supplemental complaint may be made orally and shall be noted in the record of proceedings.

Section 7. Discovery. After initiation of a proceeding in which the Respondent is entitled to a hearing on the merits, the Respondent and the individual filing the complaint or supplemental complaint, upon written request made to the other party, prior to the hearing and within fifteen (15) days after service by the Board of Trustees of the complaint or within ten (10) days after service of any amended or supplemental complaint, is entitled to: (1) obtain the names and addresses of witnesses to the extent known to the other party; and (2) inspect and make a copy of any statements, writings and/or investigative reports relevant to the subject matter of the hearing. Nothing in this section, however, shall authorize the inspection or disclosure by law or otherwise made confidential or protected as the attorney's work product. Any party claiming his request for discovery has not been complied with shall submit a petition to compel discovery with the Tribunal appointed by the President. The Tribunal shall make a determination and issue a written order setting forth the matters or parts thereof which the petitioner is entitled to discover.

Section 8. Tribunal. The President shall appoint a Tribunal of three (3) Owners upon receipt of a written complaint as provided in Section 2 of this Article. No member of the Tribunal shall be a Trustee of the Association nor shall any member of the Tribunal be involved in any prior investigation of the matter on behalf of the Board of Trustees nor related by blood or marriage to either the complaining party or the Respondent. In appointing the members of the Tribunal, the President should make a good faith effort to avoid appointing next door neighbors of the Respondent or any Owner who are witnesses to the alleged violation giving rise to the complaint. The decision of the President shall be final, except that the Respondent may challenge any member of the Tribunal for cause, where a fair and impartial hearing cannot be afforded, at any time prior to the taking of evidence at the hearing. In the event of such a challenge, the Board of Trustees shall meet to determine the sufficiency of the challenge, without the President voting. If such challenge is sustained, the President shall appoint another Owner to replace the challenged member of the Tribunal. All decisions of the Board of Trustees in this regard shall be final. The Tribunal shall elect a chairman, appoint a hearing officer who shall be legally trained, and appoint a recorder to present evidence and to ensure that a proper record of all proceedings is maintained by the qualified reporter. The chairman shall preside at the meeting but the hearing officer shall rule on the admission and exclusion of evidence and shall advise the agency on matters of law. The Tribunal shall exercise all other powers relating to the conduct of the hearing.

Section 9. Notice of Hearing. The Tribunal shall serve a Notice of Hearing, as provided herein, on all parties at least ten (10) days prior to the hearing, if such hearing is requested by the Respondent. The hearing shall be held no sooner than thirty (30) days after the service of the complaint as provided in Section 3 of this Article XIII. The notice to the Respondent shall be substantially in the following form but may include other information:

"You are hereby notified that a hearing will be held before a Tribunal appointed by the President of the Association at _____, on the _____ day of _____, 19____, at the hour _____.

of _____, upon the charges made in the complaint served upon you. You may be present at the hearing; may, but need not be represented by counsel; may present any relevant evidence and will be given full opportunity to cross-examine all witnesses testifying against you. You are entitled to compel the attendance of witnesses and the production of books, documents or other items by applying to the Board of Trustees of the Association."

Section 10. Depositions and Written Interrogatories. On verified petition of any party, the Board of Trustees, upon recommendation by the Tribunal, may order that the testimony of any material witness residing within the Properties be taken by deposition in the manner prescribed by law for depositions and written interrogatories in civil actions. The petition shall set forth the nature of the pending proceeding, the name and address of the witness whose testimony is desired, a showing of the materiality of his testimony, a showing that the witness will be unable to attend and shall request an order requiring the witness to appear and testify before the Secretary of the Association.

Section 11. Affidavits.

- (a) At any time ten (10) days, or more prior to a hearing or a continued hearing, any party may mail or deliver to the opposing party a copy of any affidavit which he proposes to introduce in evidence, together with a notice as provided in subsection (b). Unless the opposing party, within seven (7) days after such mailing or delivery, mails or delivers to the proponent a request to cross-examine an affiant, his right to cross-examine such affiant is waived and the affidavit, if introduced in evidence, shall be given the same effect as if the affiant had testified orally. If an opportunity to cross-examine an affiant is not afforded after request therefor is made as herein provided, the affidavit may be introduced in evidence but shall be given only the same effect as other hearsay evidence.

- (b) The notice referred to in subsection (a) above shall be substantially the form as follows:-

"The accompanying Affidavit of _____ will be introduced as evidence at the hearing in the matter of _____ before a Tribunal of the Association. _____ will not be called to testify orally and you will not be entitled to question him/her unless you notify _____ that you wish to cross-examine him/her. To be effective, your request must be mailed or delivered to _____ on or before _____, 19____."

Section 12. Hearing.

- (a) Whenever the Tribunal has commenced to hear the matter and a member of the Tribunal is forced to withdraw prior to a final determination by the Tribunal, the remaining members shall continue to hear the case and the hearing officer shall replace the withdrawing member. Oral evidence will be taken only on oath or affirmation administered by an officer of the Association. The use of affidavits and written interrogatories in lieu of oral testimony shall be encouraged by the Tribunal.
- (b) The hearing need not be conducted according to technical rules relating to evidence and witnesses. Any relevant evidence shall be admitted if it is the sort of evidence on which responsible persons are accustomed to rely in the conduct of serious affairs, regardless of the existence of any common law or statutory rule which might make improper the admission of such evidence over objection in civil actions. Hearsay evidence may be used for the purpose of supplementing or explaining other evidence, but shall not be sufficient in itself to support a finding, unless it would be admissible over objection in civil matters.

The rules of privilege shall be effective to the extent that they are otherwise required by statute to be recognized at the hearing and irrelevant and unduly repetitious evidence shall be excluded.

- (c) Each party shall have these rights: (1) to call and examine witnesses; (2) to introduce exhibits; (3) to cross-examine opposing witnesses on any matter relevant to the issues even though the matter was not covered in the direct examination; (4) to impeach and to rebut the evidence against him. If Respondent does not testify in his own behalf, he may be called and examined as if under cross-examination.
- (d) Neither the accusing Owner nor the allegedly defaulting Owner must be in attendance at the hearing. The hearing shall be open to attendance by all Owners. In rendering a decision, official notice may be taken at any time of any generally accepted matter within the Declaration, these Bylaws, the Rules and Regulations of the Properties, or the workings of the Association. Parties present at the hearing shall be informed of the matters to be noticed by the Tribunal and these matters shall be made a part of the record of proceedings. The Tribunal may grant continuances on a showing of good cause.

Section 13. Decision. The hearing officer who was in attendance at the hearing, if any, shall assist and advise the Tribunal in making its decision. If the Respondent fails to file a Notice of Defense as provided in Section 5 of Article XIII, or fails to appear at a hearing, the Tribunal may take action based on the evidence presented to it without notice to the Respondent. However, the Respondent may make any showing by way of mitigation. The Tribunal shall make its determination, only in accordance with the evidence presented to it and in accordance with these Bylaws. After all testimony and documentary evidence has been presented to the Tribunal committee, the Tribunal committee shall vote, by secret written ballot, upon the matter, with a majority of the entire Tribunal committee controlling. A copy of the findings and recommendations of the Tribunal shall be posted by the Board of Trustees at a conspicuous place on the Common Area and a copy shall be served by the President on each

party in the matter and his attorney, if any. Disciplinary action under the Declaration, these Bylaws or the Rules and Regulations of the Properties shall be imposed only by the Board of Trustees and in accordance with the findings and recommendations of the Tribunal in their entirety, or the Board of Trustees may reduce the proposed penalty and adopt the balance of the recommendations. In no event shall the Board of Trustees impose more stringent disciplinary action than recommended by the Tribunal. The decision of the Board of Trustees shall be in writing and shall be served and posted in the same manner as the findings and recommendations of the Tribunal. The decision of the Board of Trustees shall become effective ten (10) days after it is served upon the Respondent, unless otherwise ordered in writing by the Board of Trustees. The Board of Trustees may order a reconsideration, at any time within fifteen (15) days following service of its decision on the parties, on its own motion or on petition by any party.

ARTICLE XIV

Membership in the Association

Section 1. Membership. Every Owner of a Lot shall be a member of the Association and no Owner shall have more than one membership in the Association. Membership in the Association shall not be assignable, except to the successor in interest of the Owner (including a Mortgagee) and every membership in the Association shall be appurtenant to and may not be separated from the fee ownership of such Lot. Ownership of such Lot shall be the sole qualification for membership in the Association.

Each member shall be issued a Certificate of Membership in the Association. The Certificate of Membership shall include the following:

CERTIFICATE NUMBER
CLASS OF MEMBERSHIP
THE NAME OF THE ASSOCIATION
THE NAME OF THE MEMBER
RESTRICTIONS ON TRANSFER
DATE OF ISSUANCE
THE LOT(S) TO WHICH THE MEMBERSHIP IS APPURTENANT

There shall be as many Members as there are Owners of Lots in the Properties.

Section 2. Transfer. The Association Membership held by any Owner of a Lot shall not be transferred, pledged or alienated in any way, except upon the sale or encumbrance of such Lot, and then only to the purchaser or mortgagee of such Lot. Any attempt to make a prohibited transfer is void and will not be reflected upon the books and records of the Association. A Class A Member who has sold his Lot to a contract purchaser under an agreement to purchase shall be entitled to delegate to such contract purchaser his membership rights in the Association. Such delegation shall be in writing and shall be delivered to the Board of Trustees before such contract purchaser may vote. However, the contract seller shall remain liable for all charges and assessments attributable to his Lot until fee title to the Lot sold is transferred. In the event the Owner of any Lot should fail or refuse to transfer the membership registered in his name to the purchaser of such Lot upon transfer of fee title thereto, the Board of Trustees shall have the right to record the transfer upon the books of the Association. The Board of Trustees shall have the right to charge a reasonable Special Assessment against any Owner and his Lot equal to the cost of the Association of effectuating any such transfer of his membership upon the books of the Association.

ADOPTED this _____ day of _____, 1997.

SECRETARY

(SEAL)